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

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 MOTHER FRANCES HOSPITAL REGIONAL HEALTH CARE CENTER		D Employer identification number 75-0818167
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) 1315 DOCTORS DRIVE Suite	Room/suite	E Telephone number (903) 531-5764
	City or town, state or country, and ZIP + 4 TYLER, TX 75701		
			G Gross receipts \$ 693,914,631
F Name and address of principal officer LINDSEY BRADLEY 910 E HOUSTON TYLER, TX 75701		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)	

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




J Website: WWW.TMFHS.ORG **H(c) Group exemption number:**

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities TO PROVIDE THE COMMUNITY WITH A FULL RANGE OF COMPREHENSIVE HEALTH CARE SERVICES WITHOUT REGARD TO THE PATIENT'S RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE, OR ABILITY TO PAY		
	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)	3	12
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	6
5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	3,701	
6 Total number of volunteers (estimate if necessary)	6	175	
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	1,824,628	
b Net unrelated business taxable income from Form 990-T, line 34	7b	-204,005	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	1,688,563	6,805,963
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	514,549,516	517,199,854
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	8,607,018	13,973,070
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	7,366,446	7,124,020
		532,211,543	545,102,907
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	6,125,768	14,135,481
	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)	174,739,419	173,665,473
	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)	303,182,959	326,833,378
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	484,048,146	514,634,332
	19 Revenue less expenses Subtract line 18 from line 12	48,163,397	30,468,575
	Net Assets or Fund Balances		Beginning of Current Year
20 Total assets (Part X, line 16)		743,630,542	695,128,742
21 Total liabilities (Part X, line 26)		367,687,075	330,441,467
22 Net assets or fund balances Subtract line 21 from line 20		375,943,467	364,687,275

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	
	JOYCE HESTER CFO Type or print name and title					
Paid Preparer Use Only	Print/Type preparer's name Amanda Maya		Preparer's signature		Date	Check <input type="checkbox"/> if self-employed PTIN
	Firm's name  BKD LLP				Firm's EIN 	
	Firm's address  2800 Post Oak Blvd Ste 3200 HOUSTON, TX 77056				Phone no (713) 499-4600	

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

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization’s mission

TO PROVIDE THE COMMUNITY WITH A FULL RANGE OF COMPREHENSIVE HEALTHCARE SERVICES WITHOUT REGARD TO THE PATIENT'S RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE, OR ABILITY TO PAY

2

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

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

3

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

If “Yes,” describe these changes on Schedule O

4

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

4a

(Code) (Expenses \$ 457,710,818 including grants of \$ 14,135,481) (Revenue \$ 517,199,854)

THE HOSPITAL'S OPERATING PLAN INCORPORATES PROVISIONS FOR INDIVIDUALS WHO DO NOT POSSESS THE ABILITY TO PURCHASE ESSENTIAL MEDICAL SERVICES OUR COMMITMENT TO OUR COMMUNITY EXTENDS TO FREE OR SUBSIDIZED INDIVIDUAL CARE, SUBSIDIZED EDUCATION OF HEALTHCARE PROFESSIONALS, DISCOUNTED FEES FOR PARTICIPANTS IN GOVERNMENT PROGRAMS, COMMUNITY HEALTH EDUCATION AND DONATIONS TO OTHER COMMUNITY AGENCIES SPECIFIC COMMUNITY SERVICES AND PROGRAMS INCLUDE WELLNESS AND PREVENTION EDUCATION PROGRAMS, COMMUNITY DIAGNOSTIC SCREENING PROGRAMS, SENIOR CITIZEN HEALTH AWARENESS PROGRAMS, AWARENESS PROGRAMS FOR YOUTH AT RISK, AND AWARENESS PROGRAMS FOR PERSONS WITH SPECIAL PHYSICAL OR MENTAL NEEDS

4b

(Code) (Expenses \$ including grants of \$) (Revenue \$)

4c

(Code) (Expenses \$ including grants of \$) (Revenue \$)

4d

Other program services (Describe in Schedule O)
























(Expenses \$ including grants of \$) (Revenue \$)

4e

Total program service expenses 457,710,818

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 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d Yes	
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	No
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 Yes	
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	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV 	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

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	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <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	Yes	
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		No
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		No
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	296
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	3,701
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	Yes
b	If "Yes," enter the name of the foreign country: CJ 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	Yes
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	Yes
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	12	
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	6	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
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	Yes
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 MOTHER FRANCES HOSP ACCTG DE 1315 DOCTORS DRIVE TYLER, TX (903) 531-5764

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) RAY THOMPSON SYS EXEC VP/DIRECTOR/ASST SEC	15 0 28 0	X		X				553,564	1,028,049	21,049
(2) LAURA OWEN SR VP/CEO/DIRECTOR	40 0 0 0	X		X				303,837	0	21,897
(3) BEN FITZGERALD DIRECTOR/CHAIRMAN	1 0 0 0	X		X				0	0	0
(4) FAGG SANFORD MD DIRECTOR	20 0 0 0	X						33,333	0	0
(5) SISTER TERESA MIKA DIRECTOR/SECRETARY PART OF YR	1 0 40 0	X		X				0	0	0
(6) SISTER MALGORZATA MAJSZCZYK DIRECTOR	1 0 0 0	X						0	0	0
(7) SISTER EDYTA KRAWCZYK DIRECTOR	1 0 0 0	X						0	0	0
(8) ROYAL BECKER MD DIRECTOR	1 0 40 0	X						0	934,126	24,666
(9) ANDY KIRKPATRICK MD DIRECTOR	1 0 40 0	X						0	740,935	27,474
(10) PAT THOMAS MD DIRECTOR	1 0 1 0	X						49,596	0	0
(11) CC BAKER DIRECTOR/VICE CHAIR	1 0 0 0	X		X				0	0	0
(12) SISTER IRENE ASZTEMBORSKA DIRECTOR	1 0 40 0	X		X				0	0	0
(13) J LINDSEY BRADLEY JR SYSTEM PRESIDENT	10 0 33 0			X				396,745	1,328,235	21,049
(14) JOYCE HESTER SR VICE PRESIDENT/CFO	10 0 32 0			X				108,429	343,358	14,147
(15) CHRIS GLENNEY VP OPERATIONS	40 0 0 0			X				254,884	0	26,768
(16) ROBERT ROSE SR VP, PATIENT CARE SERVICES	40 0 0 0			X				280,624	0	22,646
(17) JOHN MCGREEVY SENIOR VICE PRESIDENT	40 0 0 0			X				357,869	0	20,325

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) TODD HANCOCK VP	40 0 0 0			X				257,365	0	29,225
(19) WILLIAM SANDBERG CRNA	40 0 0 0					X		280,102	0	15,341
(20) ROSALYN GOOCH CRNA	40 0 0 0					X		258,165	0	15,793
(21) DAVID CORRIER CRNA	40 0 0 0					X		265,049	0	17,186
(22) ROBERT BIENERT CRNA	40 0 0 0					X		305,677	0	10,409
(23) TAWONDA FELTON CRNA	40 0 0 0					X		382,788	0	15,364
(24) STEVEN KEUER MD SYSTEM PRESIDENT/CMO	0 0 41 0						X	0	1,294,702	28,146
(25) GIFFORD ECKHOUT MD EXECUTIVE VICE PRESIDENT	0 0 41 0						X	0	803,111	25,449
(26) DAVID TEEGARDEN MD SYSTEM PRESIDENT/CMO	0 0 0 0						X	0	202,767	19,772
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								4,088,027	6,675,283	376,706

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▶80

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.		
(A) Name and business address	(B) Description of services	(C) Compensation
COMPLETE RX LTD , 3100 S GESSNER RD HOUSTON TX 77063	PHARMACY SERVICES	32,587,523
AUSTIN COMMERCIAL LP , 1614 RAMBLING STONE RD RICHMOND TX 77469	CONSTRUCTION	22,044,771
HURON CONSULTING SERVICES LLC , 4795 PAYSHERE CIRCLE CHICAGO IL 60674	CONSULTING SERVICES	4,874,790
CARDIAC IMAGING SERVICES , 1737 DOMINION PLAZA TYLER TX 75703	IMAGING SERVICES	3,424,980
LSQ FUNDING GROUP LC , PO BOX 741383 ATLANTA GA 30384	IT SERVICES	2,399,385
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 ▶31		

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	5,158,180			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	1,647,783			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		6,805,963			
Program Service Revenue	2a	NET PATIENT REVENUE	Business Code 621110	476,080,806	476,080,806		
	b	upl medicaid	621110	15,331,271	15,331,271		
	c	ehr incentive revenue	621110	3,732,572	3,732,572		
	d	OTHER OPERATING REVENUE	900099	22,055,205	22,055,205		
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		517,199,854			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	5,149,697			5,149,697
4		Income from investment of tax-exempt bond proceeds . .	0				
5		Royalties	0				
6a		Gross rents	(i) Real 4,153,182	(ii) Personal			
		b	Less rental expenses				
		c	Rental income or (loss)	4,153,182	0		
		d	Net rental income or (loss)	4,153,182		38,837	4,114,345
7a		Gross amount from sales of assets other than inventory	(i) Securities 155,978,324	(ii) Other 1,656,773			
		b	Less cost or other basis and sales expenses	148,359,474	452,250		
		c	Gain or (loss)	7,618,850	1,204,523		
		d	Net gain or (loss)	8,823,373			8,823,373
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	CAFETERIA	722514	2,089,560			2,089,560	
b	FITNESS CENTERS	713940	1,785,791		1,785,791		
c	LOSS ON DEBT RESTRUCTURING	900099	-904,513			-904,513	
d	All other revenue						
e	Total. Add lines 11a-11d		2,970,838				
12	Total revenue. See Instructions		545,102,907	517,199,854	1,824,628	19,272,462	

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.	14,135,481	14,135,481		
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.	0			
4	Benefits paid to or for members.	0			
5	Compensation of current officers, directors, trustees, and key employees.	4,447,483	4,172,046	275,437	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	83,703	78,867	4,836	
7	Other salaries and wages.	134,840,226	126,471,028	8,369,198	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	6,123,093	5,447,412	675,681	
9	Other employee benefits.	14,655,771	14,727,575	-71,804	
10	Payroll taxes.	13,515,197	12,023,801	1,491,396	
11	Fees for services (non-employees):				
a	Management.	8,453,549	285,722	8,167,827	
b	Legal.	0			
c	Accounting.	0			
d	Lobbying.	0			
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	2,089	2,089		
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	121,581,776	89,280,420	32,301,356	
12	Advertising and promotion.	66,098	66,098		
13	Office expenses.	2,094,249	1,839,898	254,351	
14	Information technology.	881,729	496,193	385,536	
15	Royalties.	0			
16	Occupancy.	6,608,866	5,820,178	788,688	
17	Travel.	124,787	98,113	26,674	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	123,955	113,471	10,484	
20	Interest.	7,549,637	7,549,637		
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	24,330,757	24,329,176	1,581	
23	Insurance.	3,475,419	15,593	3,459,826	
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	97,266,888	97,235,453	31,435	
b	BAD DEBT EXPENSE	34,302,824	34,302,824		
c	REPAIRS AND MAINTENANCE	7,686,558	7,616,581	69,977	
d	FOOD	3,323,494	3,156,575	166,919	
e	All other expenses	8,960,703	8,446,587	514,116	
25	Total functional expenses. Add lines 1 through 24e.	514,634,332	457,710,818	56,923,514	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		41,155,855	1	46,087,616
	2	Savings and temporary cash investments		4,028,901	2	4,216,869
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		53,436,796	4	68,432,110
	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		0	7	0
	8	Inventories for sale or use		5,471,277	8	5,697,256
	9	Prepaid expenses and deferred charges		2,197,962	9	3,010,233
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 689,023,804			
	b	Less accumulated depreciation	10b 352,598,001	303,999,497	10c	336,425,803
	11	Investments—publicly traded securities		202,263,368	11	152,995,025
	12	Investments—other securities See Part IV, line 11		5,237,415	12	4,542,791
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		125,839,471	15	73,721,039
	16	Total assets. Add lines 1 through 15 (must equal line 34)		743,630,542	16	695,128,742
Liabilities	17	Accounts payable and accrued expenses		62,210,075	17	62,214,706
	18	Grants payable		0	18	0
	19	Deferred revenue		101,058	19	69,226
	20	Tax-exempt bond liabilities		213,083,245	20	202,238,753
	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		771,861	23	649,751
	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		91,520,836	25	65,269,031
	26	Total liabilities. Add lines 17 through 25		367,687,075	26	330,441,467
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		375,943,467	27	364,687,275
	28	Temporarily restricted net assets		0	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		375,943,467	33	364,687,275
	34	Total liabilities and net assets/fund balances		743,630,542	34	695,128,742

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	545,102,907
2	Total expenses (must equal Part IX, column (A), line 25)	2	514,634,332
3	Revenue less expenses Subtract line 2 from line 1	3	30,468,575
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	375,943,467
5	Net unrealized gains (losses) on investments	5	-4,375,808
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	-37,348,959
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	364,687,275

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

Department of the Treasury
Internal Revenue Service

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.

Name of the organization
MOTHER FRANCES HOSPITAL REGIONAL HEALTH
CARE CENTER

Employer identification number
75-0818167

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 MOTHER FRANCES HOSPITAL REGIONAL HEALTH CARE CENTER	Employer identification number 75-0818167
--	--

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		25,130
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.			25,130
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

		Yes	No
1	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
grants for lobbying purposes	schedule c, part ii-b, line 1f	23 98% of aha dues were expended for specific lobbying purposes based on Medicare definition of unallowable expenses

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
MOTHER FRANCES HOSPITAL REGIONAL HEALTH CARE CENTER

Employer identification number
75-0818167

Part I

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

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

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area

☐ Protection of natural habitat ☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

Part III

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

1a

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

b

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

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

▶ \$ _____

(ii) Assets included in Form 990, Part X

▶ \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2012

Part III

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

- 3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5

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

☐ Yes

☐ No

Part IV

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

- 1a

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

☐ Yes

☐ No
- b

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

	Amount
1c	
1d	
1e	
1f	
- 2a

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

☐ Yes

☐ No
- b

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

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	2,408,876	2,350,337	2,209,013	414,414	413,932
b Contributions		30,875	50	1,790,794	239
c Net investment earnings, gains, and losses	163,752	27,664	141,274	4,305	243
d Grants or scholarships	157,934				
e Other expenditures for facilities and programs				500	
f Administrative expenses					
g End of year balance	2,414,694	2,408,876	2,350,337	2,209,013	414,414

- 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 84 944 %

c

Temporarily restricted endowment 15 057 %

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

☐

b

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

3b

☐ Yes

☐

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 | | 27,491,352 | | 27,491,352 |
| b Buildings | | 231,269,172 | 82,063,499 | 149,205,673 |
| c Leasehold improvements | | 128,945,047 | 82,831,905 | 46,113,142 |
| d Equipment | | 290,618,197 | 187,702,597 | 102,915,600 |
| e Other | | 10,700,036 | | 10,700,036 |
| Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) | | | | 336,425,803 |
- 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	505,264,279
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		2e	
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	-35,091,122
3	Subtract line 2e from line 1		3	540,355,401
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		4c	
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII)	4b		
c	Add lines 4a and 4b		4c	4,747,506
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)		5	545,102,907
Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return				
1	Total expenses and losses per audited financial statements		1	481,236,667
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		2e	
a	Donated services and use of facilities	2a		
b	Prior year adjustments	2b		
c	Other losses	2c		
d	Other (Describe in Part XIII)	2d		
e	Add lines 2a through 2d		2e	1,017,326
3	Subtract line 2e from line 1		3	480,219,341
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		4c	
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII)	4b		
c	Add lines 4a and 4b		4c	34,414,991
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)		5	514,634,332

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
INTENDED USES OF THE ORGANIZATION'S ENDOWMENT FUNDS	SCHEDULE D, PART V, LINE 4	THE ORGANIZATION HAS ADOPTED INVESTMENT AND SPENDING POLICIES FOR THE ENDOWMENT ASSETS THAT ATTEMPT TO PROVIDE A PREDICTABLE STREAM OF FUNDING TO PROGRAMS AND ITEMS SUPPORTED BY THE ENDOWMENT WHILE SEEKING TO MAINTAIN ITS PURCHASING POWER.
RECONCILIATION OF REVENUE PER FINANCIAL STATEMENTS WITH FORM 990	SCHEDULE D, PART XI, LINES 2D & 4B	REVENUE ON BOOKS, NOT ON RETURN: BAD DEBT EXPENSE IN AUDIT REVENUE (\$34,302,824) EQUITY IN EARNINGS OF AFFILIATE 3,697,588 OTHER CLASSIFICATION DIFFERENCES (110,078) ----- (\$30,715,314) REVENUE ON RETURN, NOT ON BOOKS: LOSS ON DEBT RESTRUCTURING (\$ 904,513) CONTRIBUTIONS IN NET ASSETS 5,852,125 INVESTMENT RETURN IN NET ASSETS (202,195) ----- \$ 4,745,417
RECONCILIATION OF EXPENSES PER FINANCIAL STATEMENTS WITH FORM 990	SCHEDULE D, PART XII, LINES 2D & 4B	EXPENSES ON BOOKS, NOT ON RETURN: LOSS ON DEBT RESTRUCTURING \$ 904,513 CHANGE IN FV INTEREST RATE SWAP 112,813 ----- \$ 1,017,326 EXPENSES ON RETURN, NOT ON BOOKS: BAD DEBT EXPENSE IN AUDIT REVENUE \$34,302,824 OTHER CLASSIFICATION DIFFERENCES 110,078 ----- \$34,412,902

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
MOTHER FRANCES HOSPITAL REGIONAL HEALTH
CARE CENTER

Employer identification number
75-0818167

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	1		Program Services	INSURANCE	35,131
3a Sub-total	1				35,131
b Total from continuation sheets to Part I					
c Totals (add lines 3a and 3b)	1				35,131

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)

- 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 ▶
- 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
MOTHER FRANCES HOSPITAL REGIONAL HEALTH
CARE CENTER

Employer identification number
75-0818167

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 checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input 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 checked="" type="checkbox"/> 400% <input type="checkbox"/> Other _____ % c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5a	Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b	Yes	
b	If "Yes," did the organization make it available to the public?	5c		No
	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)			16,970,635		16,970,635	4 650 %
b Medicaid (from Worksheet 3, column a)			40,613,088	49,779,479	-9,166,391	
c Costs of other means-tested government programs (from Worksheet 3, column b) .			13,743,635	7,576,847	6,166,788	1 280 %
d Total Financial Assistance and Means-Tested Government Programs .			71,327,358	57,356,326	13,971,032	5 930 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			447,531		447,531	0 090 %
f Health professions education (from Worksheet 5)			103,722		103,722	0 120 %
g Subsidized health services (from Worksheet 6)			3,907,344		3,907,344	0 350 %
h Research (from Worksheet 7)			84,040		84,040	0 020 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			9,656,001		9,656,001	2 010 %
j Total. Other Benefits			14,198,638		14,198,638	2 590 %
k Total. Add lines 7d and 7j .			85,525,996	57,356,326	28,169,670	8 520 %

Part IICommunity 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
1Physical improvements and housing						
2Economic development						
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total						

Part IIIBad 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

34,302,824

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

156,412,055

6

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

6

152,671,856

7

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

7

3,740,199

8

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

Section C. Collection Practices

9a

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

9a

Yes

b

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

9b

Yes

Part IVManagement 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 TYLER REHAB ASSOC LP	REHABILITATION HOSPITAL	50.000 %		
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?
1

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	MOTHER FRANCES HOSPITAL REG HC CENTER 1315 DOCTORS DRIVE TYLER, TX 75701	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)

MOTHER FRANCES HOSPITAL REG HC CENTER

Name of hospital facility or facility reporting group

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

1

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1 Yes	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3 Yes	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	No
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5 Yes	
a <input checked="" type="checkbox"/> Hospital facility's website		
b <input checked="" type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input 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>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 type="checkbox"/> Income level			
b <input type="checkbox"/> Asset level			
c <input type="checkbox"/> Medical indigency			
d <input type="checkbox"/> Insurance status			
e <input checked="" type="checkbox"/> Uninsured discount			
f <input 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 checked="" 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 checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f <input type="checkbox"/> The policy was available upon request			
g <input type="checkbox"/> Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☒

Notified individuals of the financial assistance policy on admission
- b

☐

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

☒

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

☒

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

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

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

Part V

Facility Information (continued)

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, from largest to smallest)

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

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

Part VI

Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE	SCHEDULE H, PART III, SECTION A, LINE 4	Accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectability of accounts receivable, the Health System analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and the provision for uncollectible accounts Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts For receivables associated with services provided to patients who have third-party coverage, the Health System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely) ORGANIZATION'S BAD DEBT EXPENSE SCHEDULE H, PART III, SECTION A, LINE 2 THE AMOUNT REPORTED ON LINE 2 IS BASED ON BAD DEBTS PER THE AUDITED FINANCIAL STATEMENTS ORGANIZATION'S BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS SCHEDULE H, PART III, SECTION A, LINE 3 THE ORGANIZATION IS UNABLE TO ESTIMATE THE AMOUNT FOR LINE 3 AND HAS ELECTED TO LEAVE IT BLANK Bad debt expense should be considered community benefit because this is uncompensated healthcare provided to residents of the community
COSTING METHODOLOGY	SCHEDULE H, PART III, SECTION B, LINE 8	THE MEDICAL CENTER USES MEDICARE COST REPORT METHODOLOGY, WHICH APPORTIONS ROUTINE COSTS (ROOM AND BOARD) BASED ON MEDICARE OR MEDICAID DAYS TO TOTAL DAYS AND APPORTIONS ANCILLARY COSTS BASED ON PROGRAM CHARGES TO TOTAL CHARGES

Identifier	ReturnReference	Explanation
COLLECTION POLICY	SCHEDULE H, PART III, SECTION C, LINE 9B	THE ORGANIZATION HAS A WRITTEN POLICY COVERING PROCEDURES FOR COLLECTING AND WRITING OFF BAD DEBTS. ACCORDING TO THE POLICY, IF A PATIENT APPEARS TO BE INDIGENT, ACCOUNTS SHOULD BE REVIEWED, AT ANY TIME DURING THE COLLECTION PROCESS, FOR POSSIBLE CONSIDERATION AS A CHARITY CASE IN ACCORDANCE WITH THE ORGANIZATION'S CHARITY CARE POLICY.
NEEDS ASSESSMENT	SCHEDULE H, PART VI, LINE 2	THE HOSPITAL'S COMMUNITY HEALTH PROFILES PROVIDE A SNAPSHOT OF SUBURBAN, URBAN, AND RURAL SERVICE AREAS WITHIN TEXAS USING KEY HEALTH INDICATORS, WHICH FACILITATE COMPARISONS LOCALLY, REGIONALLY, AND OVER TIME. COMMUNITY HEALTH PROFILES ARE INTENDED TO ASSIST INTERNAL STAKEHOLDERS, COMMUNITY HEALTH COUNCIL MEMBERS, AND THE COMMUNITY HEALTH IMPROVEMENT DEPARTMENT IN DECIDING WHERE TO ALLOCATE RESOURCES AND ADDRESS HEALTH INEQUALITIES. ALL ENTITY ADVOCATES USE NATIONAL, STATE, AND LOCAL SECONDARY AND PRIMARY DATA SOURCES TO PROVIDE A CURRENT OVERVIEW OF LOCAL HEALTH NEEDS, FACTORS IMPACTING DISEASE AND INJURY BURDEN, SOCIOECONOMIC STATUS, ACCESS TO HEALTH CARE, AGE DISTRIBUTION, INDICATORS AND LIFESTYLE BEHAVIORS. THIS DATA IS USED TO GALVANIZE JOINT COMMUNITY HEALTH EFFORTS TO IMPROVE HEALTH AND REDUCE HEALTH INEQUALITIES AND TO EMPOWER THE GREATER COMMUNITY.

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	SCHEDULE H, PART VI, LINE 3	THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY AND CONTACT INFORMATION IS POSTED IN VARIOUS AREAS OF THE HOSPITAL INCLUDING ADMISSIONS & REGISTRATION, EMERGENCY, AND OUTPATIENT DEPARTMENTS. ADDITIONALLY, FINANCIAL ASSISTANCE INFORMATION IS PROVIDED, VERBALLY AND IN WRITTEN BROCHURES, TO ALL SELF-PAY PATIENTS BY FINANCIAL COUNSELORS. FINANCIAL ASSISTANCE INFORMATION IS ALSO INCLUDED IN EVERY PATIENT BILL. THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY IS COMMUNICATED TO THE PATIENT BY FINANCIAL COUNSELORS WHO ALSO SCREEN SELF-PAY PATIENTS FOR POTENTIAL ELIGIBILITY FOR OTHER GOVERNMENTAL ASSISTANCE PROGRAMS. IF IT IS DETERMINED THAT THE PATIENT IS POTENTIALLY ELIGIBLE FOR GOVERNMENTAL ASSISTANCE, THE FINANCIAL COUNSELOR WILL ASSIST THE PATIENT IN COMPLETING ANY FORMS NECESSARY TO APPLY FOR THE ASSISTANCE. AT THE SAME TIME, THE PATIENTS ARE PROVIDED WITH A CHARITY CARE APPLICATION AND INFORMATIONAL FLYER. THE PATIENT IS INFORMED THAT MOTHER FRANCES HOSPITAL-TYLER IS A NON-PROFIT CHARITABLE ORGANIZATION OFFERING FINANCIAL ASSISTANCE TO PATIENTS WHO ARE DEEMED MEDICALLY OR FINANCIALLY INDIGENT. THE FINANCIAL COUNSELORS WILL THEN ASSIST THE PATIENT IN COMPLETING THE CHARITY CARE APPLICATION AND OBTAINING ANY AVAILABLE VERIFICATIONS. ONCE THE PATIENT IS DISCHARGED, THE FINANCIAL COUNSELORS WILL CONTINUE TO CONTACT THE PATIENT TO ENSURE ALL NEEDED FORMS AND VERIFICATIONS NEEDED TO FILE AN APPLICATION FOR GOVERNMENTAL ASSISTANCE AND CHARITY CARE HAVE BEEN PROVIDED.
COMMUNITY INFORMATION	SCHEDULE H, PART VI, LINE 4	THE HOSPITAL OWNS AND OPERATES A 476 LICENSED BED GENERAL ACUTE CARE HOSPITAL AND RELATED HEALTHCARE FACILITIES IN TYLER, TEXAS. THE HOSPITAL'S PRIMARY SERVICE AREA CONSISTS OF SMITH COUNTY WITH A POPULATION OF APPROXIMATELY 200,000. THE SECONDARY SERVICE AREA OF THE HOSPITAL CONSISTS OF ANDERSON, CHEROKEE, GREGG, HENDERSON, RAINS, RUSK, UPSHUR, WOOD, AND VAN ZANDT COUNTIES WITH A TOTAL POPULATION OF APPROXIMATELY 500,000.

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH	SCHEDULE H, PART VI, LINE 5	<p>MOTHER FRANCES HOSPITAL-TYLER PROMOTES HEALTHCARE AND WELLNESS EDUCATION BY OFFERING OUTREACH PROGRAMS AND SPECIAL INITIATIVES THAT IMPROVE THE QUALITY OF LIFE AND HEALTH IN THE COMMUNITIES SERVED COMMUNITY BENEFIT IS PROVIDED THROUGH MANY REDUCED PRICE SERVICES AND FREE PROGRAMS TO THE COMMUNITY THESE SERVICES ARE ESSENTIAL TO PROVIDE COMPLETE HEALTHCARE TO THE COMMUNITIES SERVED SOME OF THESE PROGRAMS INCLUDE THE FOLLOWING</p> <p>FAMILYCARE CENTER - WOMEN'S SERVICES - The clinic offers prenatal services to all Medicaid patients, Title V recipients, many self-pay, underinsured, and anyone who presents for prenatal services Patient education is an integral part of patient care offering classes in English and Spanish In addition to regular prenatal education, car seat education is also offered Free car seats are given to those who can not otherwise afford to purchase them This program was sponsored and received TMF grant funding for these services The primary objective is to reduce the number of women who delivered babies with no prenatal care or childbirth education and reduce the number of sick infants born Social workers help clients become eligible for Medicaid, WIC, and other financial assistance Additionally, case management and diabetic counseling is provided</p> <p>FAMILYCARE CENTER - CHILDREN'S SERVICES - The Center serves the largest number of Medicaid and CHIP patients in the area This patient population has a high percentage of at-risk ethnic groups It is the largest provider of services to Medicaid and CHIP services for children in east Texas A special reach out and read program with book distribution and mentors is also provided This program was sponsored and received grant funding from TMF for these services This facility provides access to well baby care and sick baby care for new mothers who were provided care at the FamilyCARE Center - Women's Service and for the medically underserved children of east Texas</p> <p>TRINITY CLINIC SPECIAL NEEDS PROGRAM - The Special Needs Program believes that all children should have access to health care services, a medical home which are continuous, comprehensive, coordinated, compassionate and culturally competent Medical and social services are provided to children with special needs THE PROGRAM'S PURPOSE IS To provide health care services to over 525 patients ranging from neonates to 21 years serving 35 communities encompassing a 12 county area Services offered without charge include MOMS support group, Respite Care Program support, Annual Special Needs Children's Celebration for families, and other local community activities</p> <p>SICKLE CELL CLINIC - The FamilyCare Center Pediatric Clinic provides the facility and support for patients with Sickie Cell Joining forces with UT Southwestern Medical Center through a grant, a registered nurse works as the liaison between pediatricians and the Sickie Cell Clinic in Dallas to coordinate the care of patients Additionally, a hematologist specializing in the care of sickle cell patients conducts a clinic four times a year on site TMFHS serves as the site in collaboration with UT Southwestern Medical Center in Dallas to provide care for Sickie Cell patients in the Smith and surrounding counties This program eliminates the need for families to travel to Dallas to receive care It provides frontline information to parents and families on the disease and the need for medical care</p> <p>EMERGENCY EDUCATION - Detailed instruction and hands on participation is offered for certification in areas including CPR, first aid, and AED use Courses are offered to school district and sponsors for UIL programs on an as needed basis Over 400 people were trained THE PURPOSE IS To improve the ability of people to respond to an emergency situation regardless of where it occurs The benefit to the public includes more rapid response by a trained person which should increase the potential for positive outcomes</p> <p>TELECARE PLUS - YOUR HEALTH INFORMATION RESOURCE - TeleCare Plus is a medical call center available for FREE to the public 24 hours a day Registered nurses provide callers with answers to health questions over the telephone, can send health information via the mail, provide physician referrals, give information on community and hospital resources and do symptom based triage Examples of the types of calls in 2013 would be Bethesda Clinic information, FamilyCARE Center - Pediatrics/Obstetrics, cardiac, neuro, endocrinology, geriatric, education calls, and general information and health care questions or nurse triage TeleCare Plus is designed to provide a central, confidential resource for the community to turn to for health information and assist callers in seeking out the appropriate level of medical resources at the appropriate time</p> <p>BETHESDA CLINIC SUPPORT - Bethesda Clinic is a "free" medical clinic, which is supported financially, with staffing including physicians, and by support services from the community Mother Frances Hospital provides support in all areas and on special projects as requested One key project is providing after hours calls for the physicians GYN and OB services are provided by the Family Care Center (see above)</p> <p>THE PURPOSE IS To provide a site for patients where they can receive acute medical care Services are paid for on a sliding scale as determined by their board of directors</p> <p>TRINITY MOTHER FRANCES HEALTH SYSTEM WEBSITE - The TMFHS website at www.tmfhs.org provides a large amount of information about the health system, Trinity Physicians, upcoming classes and events and a wealth of health information This now includes the implementation of MYCHART for personal health information directly The website is designed as an access point to TMFHS resources Using the web people can access information about the many services TMFHS provides, find information about physicians, register for classes or upcoming events, find a job and more The health information module provides a vast amount of information regarding diseases, medications, labs, tests and also links to disease communities or support groups and resources</p> <p>LIFELINE - PERSONAL EMERGENCY RESPONSE SYSTEM - Lifeline provides independence to patients needing quick access to emergency assistance in their home Customers wear a waterproof button on their wrist or around their neck that they can press to activate the Lifeline Call Center in case of incapacitating event such as a fall or stroke The Lifeline Call Center will attempt to speak to the patient via the Lifeline speakerphone or send out a predetermined contact such as a friend or neighbor or activate emergency personnel to assist the caller The Lifeline program allows some people to stay at home that might otherwise need to be in an assisted living facility Lifeline has established resources to fund the Lifeline services to some in the community that cannot afford it The number of patients being served is over 600 per month with about 1.5% receiving a full scholarship monthly</p> <p>COMMUNITY PARTNERSHIPS - Assistance was provided both financially and with staffing for groups and organizations to provide collaborative programs, services, and health information Projects included over 125 opportunities, including school-based programs, youth programs, and general public events</p> <p>THE PURPOSE IS To provide assistance and support and to educate the public on programs offered by Komen Foundation, American Heart Association, American Cancer Society, Alzheimer Association, Special Olympics, Bethesda Health Clinic, Boy Scouts, Children's Advocacy Center, UTT Nursing, and public and private schools</p> <p>UNITED WAY - TMFHS and our employees provided financial support of over \$100,000 and the annual day of staff release time for volunteering during the Day of Giving program</p> <p>THE PURPOSE IS To assist with the design, development, funding, and mission development of over 30 non-profit agencies in the community providing services to children and families at-risk regardless of their ability to pay for those services</p> <p>SHARE THE SPIRIT - This is an annual fund raising campaign within the health system for employees It is organized and implemented by employees with all proceeds going to help with health related programs Over \$ 105,000 was raised in 2013</p> <p>THE PURPOSE IS TO assist with the funding for the following projects Heart care, Cancer care, Children's Miracle Network, diabetes education and services, and the employee CrisisCare Fund Anyone is eligible to receive assistance based on need or program needs</p> <p>CHILDREN'S MIRACLE NETWORK - This is a designation for hospitals that focus on children's care and their needs It provides a support system for fundraising benefiting children's services Mother Frances Hospital is the only hospital between Dallas and Houston so designated</p> <p>THE PURPOSE IS To improve the medical services for pediatric patients and their families</p> <p>Medical equipment for pediatric services is purchased for both t</p>
AFFILIATED HEALTH CARE SYSTEM ROLES	SCHEDULE H, PART VI, LINE 6	<p>MOTHER FRANCES HOSPITAL-TYLER IS PART OF AN AFFILIATED HEALTH CARE SYSTEM CALLED TRINITY</p> <p>MOTHER FRANCES HEALTH SYSTEM TRINITY MOTHER FRANCES IS A FAITH-BASED ORGANIZATION DEDICATED TO CREATING HEALTHY LIVES FOR PEOPLE AND COMMUNITIES MFH-TYLER AND ITS AFFILIATES PROMOTE THE HEALTH OF THE COMMUNITIES SERVED BY PROVIDING ACUTE CARE FACILITIES AND CRITICAL ACCESS FACILITIES WHOSE OPERATIONS CONSIST PRIMARILY OF PROVIDING INPATIENT AND OUTPATIENT ACUTE CARE AND MEDICAL SERVICES TO PATIENTS RESIDING IN EAST TEXAS</p>

Identifier	ReturnReference	Explanation
STATE FILING OF COMMUNITY BENEFIT REPORT	SCHEDULE H, PART VI, LINE 7	TEXAS
PERCENT OF TOTAL EXPENSE	SCHEDULE H, PART I, LINE 7, COLUMN F	TO ARRIVE AT THE PERCENT OF TOTAL EXPENSES, THE DENOMINATOR WHICH EQUALS TOTAL OPERATING EXPENSES PER PART IX, LINE 25, OF THE FORM 990 WAS REDUCED BY BAD DEBT EXPENSE, TOTALING \$34,302,824

Identifier	ReturnReference	Explanation
BILLING AND COLLECTIONS	SCHEDULE H, PART V, LINES 16, 17, & 18	NEITHER MOTHER FRANCES HOSPITAL REGIONAL HEALTH CARE CENTER, NOR THIRD PARTIES AUTHORIZED BY MFH-REGIONAL HEALTH CARE CENTER, TAKE ANY ACTIONS UPON NON-PAYMENT FROM A PATIENT BEFORE MAKING A REASONABLE EFFORT TO DETERMINE IF THE PATIENT IS ELIGIBLE FOR THE FACILITY'S FINANCIAL ASSISTANCE POLICY
PERSONS WHO REPRESENT THE COMMUNITY & IDENTIFICATION OF PERSONS CONSULTED	SCHEDULE H, PART V, SECTION B, LINE 3	MOTHER FRANCES HOSPITAL - TYLER CONDUCTED 17 INTERVIEWS WITH THE THREE GROUPS OUTLINED IN IRS NOTICE 2011-52. THE HOSPITAL CONSULTED INDIVIDUALS FROM THE FOLLOWING ORGANIZATIONS: BETHESDA CLINIC, LITERACY COUNCIL OF TYLER, BETHESDA HEALTH CLINIC, TISD HEAD START PROGRAM, BEN AND MAYTEE FISCH FOUNDATION, TYLER TODAY MAGAZINE, JUNIOR LEAGUE OF TYLER, RAMEY AND FLOCK PC, SAMARITAN COUNSELING CENTER, CATHOLIC CHARITIES OF EAST TEXAS, TEXAS DEPARTMENT OF STATE HEALTH SERVICES, ETCOG AREA AGENCY ON AGING, UNITED WAY OF SMITH COUNTY, EAST TEXAS CRISIS CENTER, MEALS ON WHEELS EAST TEXAS, NORTH EAST TEXAS PUBLIC HEALTH DISTRICT, AND MOTHER FRANCES HOSPITAL - TYLER.

Identifier	ReturnReference	Explanation
ADDRESSING ALL OF THE NEEDS IDENTIFIED IN ITS MOST RECENTLY CONDUCTED CHNA	SCHEDULE H, PART V, SECTION B, LINE 7	MOTHER FRANCES HOSPITAL - TYLER DECIDED NOT TO SPECIFICALLY ADDRESS THE NEED FOR "ACCESS TO DENTAL SERVICES" LARGELY DUE TO ITS POSITION (LAST) ON THE PRIORITIZED LIST AND THE HOSPITAL'S CAPACITY TO ADDRESS THAT NEED

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
MOTHER FRANCES HOSPITAL REGIONAL HEALTH
CARE CENTER

Employer identification number
75-0818167

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) SERVICE ORGANIZATION OF PINEY WOODS 2950 50TH ST LUBBOCK,TX 79314	30-0630886	501(C)(3)	8,520,429				COMMUNITY HEALTHCARE
(2) SISTERS OF THE HOLY FAMILY OF NAZARETH 800 E DAWSON TYLER,TX 75701	75-1974678	501(C)(3)	40,321				community healthcare
(3) SERVICE ORGANIZATION OF NORTH EAST TEXAS 2950 50TH ST LUBBOCK,TX 79314	26-0468622	501(C)(3)	1,088,525				COMMUNITY HEALTHCARE
(4) TYLER FAMILY CIRCLE OF CARE 214 EAST HOUSTON TYLER,TX 75702	45-2578435	501(C)(3)	4,197,727				community healthcare

2

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

4

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
PROCEDURES FOR MONITORING THE USE OF FUNDS IN THE UNITED STATES	SCHEDULE I, PART I, LINE 2	GRANT RECIPIENTS ARE REQUIRED TO ACKNOWLEDGE PRIOR TO THE ISSUANCE OF GRANT FUNDS THAT THE GRANT WILL BE USED IN ACCORDANCE WITH THE STATED PURPOSE OF THE GRANT APPLICATION AND ANY UNUSED FUNDS RELATED TO THE SPECIFIC PURPOSE OF THE GRANT WILL BE RETURNED TO THE ORGANIZATION THE ORGANIZATION MONITORS AND REVIEWS THE FINANCIAL DATA OF RECIPIENTS TO ENSURE THAT THE GRANTED FUNDS ARE BEING USED PROPERLY

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
MOTHER FRANCES HOSPITAL REGIONAL HEALTH CARE CENTER

Employer identification number
75-0818167

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
	<div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input checked="" 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>		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?		No
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III		
	<div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div> <div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment?		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a	The organization?		No
b	Any related organization?		No
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a	The organization?		No
b	Any related organization?		No
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III		No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?		

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
PARTICIPATION IN OR PAYMENT FROM SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN	SCHEDULE J, PART I, LINE 4B	PARTICIPANTS IN SERP REPORTED IN W-2 DEFERRED COMPENSATION ----- ----- LINDSEY BRADLEY NONE NONE RAY THOMPSON \$528,232 NONE STEVEN KEUER MD \$394,866 NONE DAVID TEEGARDEN MD NONE NONE PARTICIPANTS IN 457(F) REPORTED IN W-2 ----- ----- DAVID TEEGARDEN MD NONE ANDY KIRKPATRICK MD NONE ROYAL BECKER MD NONE STEVEN KEUER MD \$537
TAX INDEMNIFICATION AND GROSS UP PAYMENTS	SCHEDULE J, PART I, LINE 1A	Amounts paid for "grossed up" gift cards are included as taxable compensation for the following directors LAURA OWEN, ROYAL BECKER, ROBERT ROSE, JOHN MCGREEVY, WILLIAM SANDBERG, CHRIS GLENNEY, TODD HANCOCK, ROBERT BIENERT, AND TOWANDA FELTON

Software ID:
Software Version:
EIN: 75-0818167
Name: MOTHER FRANCES HOSPITAL REGIONAL HEALTH
CARE 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				
RAY THOMPSON	(i)	252,528	116,155	184,881	3,719	3,648	560,931	184,881
	(ii)	468,981	215,717	343,351	6,906	6,776	1,041,731	343,351
LAURA OWEN	(i)	250,126	40,958	12,753	10,625	11,272	325,734	0
	(ii)	0	0	0	0	0	0	0
ROYAL BECKER MD	(i)	0	0	0	0	0	0	0
	(ii)	434,450	492,785	6,891	10,625	14,041	958,792	0
ANDY KIRKPATRICK MD	(i)	0	0	0	0	0	0	0
	(ii)	715,813	0	25,122	10,625	16,849	768,409	0
J LINDSEY BRADLEY JR	(i)	196,358	200,387	0	2,444	2,398	401,587	0
	(ii)	657,374	670,861	0	8,181	8,026	1,344,442	0
JOYCE HESTER	(i)	73,149	35,280	0	2,601	794	111,824	0
	(ii)	231,639	111,719	0	8,237	2,515	354,110	0
CHRIS GLENNEY	(i)	213,448	33,636	7,800	9,251	17,517	281,652	0
	(ii)	0	0	0	0	0	0	0
ROBERT ROSE	(i)	222,403	45,931	12,290	7,515	15,131	303,270	0
	(ii)	0	0	0	0	0	0	0
WILLIAM SANDBERG	(i)	280,001	101	0	7,837	7,504	295,443	0
	(ii)	0	0	0	0	0	0	0
ROSALYN GOOCH	(i)	258,061	104	0	8,968	6,825	273,958	0
	(ii)	0	0	0	0	0	0	0
DAVID CORRIER	(i)	264,948	101	0	3,620	13,566	282,235	0
	(ii)	0	0	0	0	0	0	0
ROBERT BIENERT	(i)	305,573	104	0	4,700	5,709	316,086	0
	(ii)	0	0	0	0	0	0	0
TAWONDA FELTON	(i)	382,687	101	0	8,539	6,825	398,152	0
	(ii)	0	0	0	0	0	0	0
JOHN MCGREEVY	(i)	293,632	53,437	10,800	4,448	15,877	378,194	0
	(ii)	0	0	0	0	0	0	0
TODD HANCOCK	(i)	204,512	42,053	10,800	6,881	22,344	286,590	0
	(ii)	0	0	0	0	0	0	0
STEVEN KEUER MD	(i)	0	0	0	0	0	0	0
	(ii)	577,963	295,000	421,739	10,625	17,521	1,322,848	395,403
GIFFORD ECKHOUT MD	(i)	0	0	0	0	0	0	0
	(ii)	719,641	78,142	5,328	3,600	21,849	828,560	0
DAVID TEEGARDEN MD	(i)	0	0	0	0	0	0	0
	(ii)	197,563	0	5,204	2,250	17,522	222,539	0

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MOTHER FRANCES HOSPITAL REGIONAL HEALTH CARE CENTER

Employer identification number
75-0818167

Part I

Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	TYLER HEALTH FACILITIES DEVELOPMENT CORPORATION	52-1315814		10-19-2012	57,429,494	Refinancing 1992 & 1997B Bonds		X		X		X
B	TYLER HEALTH FACILITIES DEVELOPMENT CORPORATION	52-1315814	902261HP4	10-12-2011	51,735,000	CAPITAL DEVELOPMENT		X		X		X
C	TYLER HEALTH FACILITIES DEVELOPMENT CORPORATION	52-1315814	902261GN0	05-16-2007	66,789,990	CAPITAL DEVELOPMENT		X		X		X
D	TYLER HEALTH FACILITIES DEVELOPMENT CORPORATION	52-1315814	902261GP5	05-30-2007	23,053,130	CAPITAL DEVELOPMENT		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	0		0		0		0	
2	Amount of bonds legally defeased	0		0		0		0	
3	Total proceeds of issue	57,429,494		51,735,000		66,789,990		23,053,130	
4	Gross proceeds in reserve funds	0		5,173,500		288,280		2,300,000	
5	Capitalized interest from proceeds	0		0		0		0	
6	Proceeds in refunding escrows	57,170,774		45,260,090		64,699,862		0	
7	Issuance costs from proceeds	258,720		873,700		1,801,848		386,250	
8	Credit enhancement from proceeds	0		0		0		0	
9	Working capital expenditures from proceeds	0		0		0		0	
10	Capital expenditures from proceeds	0		0		0		20,366,880	
11	Other spent proceeds	0		0		0		0	
12	Other unspent proceeds	0		0		0		0	
13	Year of substantial completion	2013		2013		2012			
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X			X		X		X
15	Were the bonds issued as part of an advance refunding issue?		X		X	X			X
16	Has the final allocation of proceeds been made?	X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III

Private Business Use

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

Part III Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X		X		X
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0%		0%		0 00000%		0 00000%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 00000%		%		0 00000%		0 00000%	
6	Total of lines 4 and 5	0%		%		0 00000%		0 00000%	
7	Does the bond issue meet the private security or payment test?		X		X		X		X
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		X
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	0 00000%		%		0 00000%		0 00000%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?		X		X		X		X
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X		X		X	

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X	X		X	
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?	X		X					
b	Exception to rebate?		X		X				
c	No rebate due?		X		X				
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?	X			X		X		X
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		X
b	Name of provider	0		0		0			
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								

Part IV

Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
			X		X		X		X
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		X
b	Name of provider	0		0		0		0	
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X		X	

Part V

Procedures To Undertake Corrective Action

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

Part VI

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

Identifier	Return Reference	Explanation
Refinanced Bonds	0	Series 1992 Revenue Bond issue date 05/27/1992 Series 1997B Revenue Bond issue date 12/01/1997 Series 2001 Revenue Bond issue date 10/30/2001 Series 2003 Revenue Bond issue date 05/08/2003

Schedule L
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MOTHER FRANCES HOSPITAL REGIONAL HEALTH CARE CENTER

Employer identification number

75-0818167

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 ▶ \$						0					

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) CATHERINE BRADLEY	SISTER OF CEO	83,703	SALARIES/WAGES		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 MOTHER FRANCES HOSPITAL REGIONAL HEALTH CARE CENTER	Employer identification number 75-0818167
---	--

Identifier	Return Reference	Explanation
DESCRIBE REVIEW PROCESS OF FORM 990	FORM 990, PART VI, SECTION B, LINE 11B	
DESCRIBE THE ORGANIZATION'S MEMBERS OR STOCKHOLDERS	FORM 990, PART VI, SECTION A, LINE 6	TRINITY MOTHER FRANCES HEALTH SYSTEM IS THE SOLE MEMBER OF MOTHER FRANCES HOSPITAL REGIONAL HEALTH CARE CENTER
MEMBERS WITH AUTHORITY TO ELECT MEMBERS OF GOVERNING BOARD	FORM 990, PART VI, SECTION A, LINE 7A	THE SOLE MEMBER, TRINITY MOTHER FRANCES HEALTH SYSTEM, HAS THE POWER TO APPOINT ALL DIRECTORS AND THEIR SUCCESSORS TO THE GOVERNING BOARD
DECISIONS OF GOVERNING BODY SUBJECT TO APPROVAL BY MEMBER	FORM 990, PART VI, SECTION A, LINE 7B	THE MEMBER HAS THE RIGHT TO APPROVE OR DISAPPROVE CERTAIN ACTIONS THAT HAVE BEEN PREVIOUSLY APPROVED BY THE BOARD OF DIRECTORS
HOW DOES THE ORGANIZATION MONITOR AND ENFORCE COMPLIANCE WITH POLICY	FORM 990, PART VI, SECTION B, LINE 12C	THE BOARD REVIEWS AND RESOLVES, IF NECESSARY, ANY TRANSACTIONS AS THEY ARISE THROUGHOUT THE YEAR IN ACCORDANCE WITH POLICY STANDARDS
PROCESS FOR DETERMINING COMPENSATION OF CEO, OFFICERS, OR KEY EMPLOYEES	FORM 990, PART VI, SECTION B, LINES 15A & 15B	THE ORGANIZATION USES COMPENSATION CONSULTANTS AND NATIONAL COMPENSATION SURVEYS TO DETERMINE COMPENSATION OF EMPLOYEES. COMPENSATION IS APPROVED BY THE ORGANIZATION'S GOVERNING BODY.
DESCRIBE WHETHER THE ORGANIZATION MAKES ITS DOCUMENTS AVAILABLE TO PUBLIC	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST.
COMPENSATION FROM RELATED ORGANIZATIONS	FORM 990, PART VII & SCHEDULE J	THE GOVERNING BOARD OF TRINITY MOTHER FRANCES HEALTH SYSTEM UPON ADVICE FROM NATIONALLY RECOGNIZED COMPENSATION CONSULTANTS, WHO PERIODICALLY REVIEW ALL EXECUTIVE COMPENSATION, APPROVED A DEFERRED COMPENSATION PLAN THAT PROVIDES A 65% TOTAL RETIREMENT BENEFIT FOR SENIOR EXECUTIVES THAT SERVE 20 YEARS OR MORE. THIS PROGRAM HAS BOTH RETENTION AND NON-COMPETITION CLAUSES THAT CREATE A RISK OF FORFEITURE. DEFERRED COMPENSATION IS SUBJECT TO A RISK OF FORFEITURE BASED ON RETENTION, NON-COMPETITION AND OTHER CONTRACTUAL FACTORS. ACCRUALS OF DEFERRED COMPENSATION ARE NOT INCLUDIBLE IN W-2 COMPENSATION UNTIL PAID. OTHER EMPLOYEE BENEFITS INCLUDE QUALIFIED PENSION PLANS, HEALTH, DENTAL AND LIFE INSURANCE PLANS, DISABILITY INSURANCE, ETC. TAXABLE EXPENSES ARE INCLUDED IN THE W-2 PAID COMPENSATION SALARY AMOUNT.
OTHER CHANGES IN NET ASSETS	FORM 990, PART XI, LINE 9	CHANGE IN PENSION PLAN LIABILITY \$ 26,157,771 TRANSFER TO AFFILIATE (67,091,505) NET ASSETS RELEASED FROM RESTRICTIONS 5,649,930 CHANGE IN FAIR VALUE OF INTEREST RATE SWAP (112,813) EQUITY IN EARNINGS - AFFILIATE 3,697,588 CONTRIBUTIONS INCLUDED IN NET ASSETS (5,852,125) INVESTMENT RETURN IN NET ASSETS 202,195 ----- (\$ 37,348,959)
OTHER FEES FOR SERVICES	FORM 990, PART IX, LINE 11G	PURCHASED SERVICES \$ 56,392,460 CORPORATE EXPENSES 26,334,115 PROFESSIONAL FEES 33,425,162 CONTRACT LABOR 3,779,769 PHYSICIANS FEES 497,979 CONSULTING 469,340 TRANSCRIPTION SERVICE S 303,180 INDEPENDENT CONTRACTORS 143,359 OTHER 236,412 ----- \$121,581,776

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
MOTHER FRANCES HOSPITAL REGIONAL HEALTH CARE CENTER

Employer identification number
75-0818167

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) MOTHER FRANCES HOSPITAL - JACKSONVILLE 1315 DOCTORS DRIVE TYLER, TX 75701 75-1976930	HOSPITAL	TX	501(C)(3)	3	TMFHS		No
(2) TRINITY MOTHER FRANCES HEALTH SYSTEM FDN 1315 DOCTORS DRIVE TYLER, TX 75701 75-2028241	SUPPORT	TX	501(C)(3)	11, TYPE I	TMFHS		No
(3) REGIONAL MEDICAL SERVICES ASSOCIATION 1315 DOCTORS DRIVE TYLER, TX 75701 75-2511459	HEALTHCARE	TX	501(C)(3)	3	MFH REG	Yes	
(4) TRINITY MOTHER FRANCES HEALTH SYSTEM 1315 DOCTORS DRIVE TYLER, TX 75701 75-2616975	SUPPORT	TX	501(C)(3)	11, TYPE I	NA		No
(5) TRINITY CLINIC 1315 DOCTORS DRIVE TYLER, TX 75701 75-2616977	HEALTHCARE	TX	501(C)(3)	3	TMFHS		No
(6) MOTHER FRANCES HOSPITAL - WINNSBORO 1315 DOCTORS DRIVE TYLER, TX 75701 75-2771569	HOSPITAL	TX	501(C)(3)	3	TMFHS		No

Part III

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end- of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) TYLER RADIATION EQUIP LEASING LLC 10101 WOODLOCH FOREST DRIVE THE WOODLANDS, TX 77380 26-2554738	EQUIPMENT LEASING	TX	MFH REG	UNRELATED	38,837	1,641,161		No	38,837		No	51 000 %
(2) HEALTHSOUTH REHAB HOSPITAL 3660 GRANDVIEW PKWY SUITE 200 BIRMINGHAM, AL 35243 25-1675784	REHABILITATION	AL	NA	EXCLUDED FROM TAX	3,793,471	2,423,324		No	0		No	50 000 %

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end- of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) tri-state financial llc 1315 doctors drive tyler, TX 75701 75-2728318	COLLECTION AGENCY	TX	TMFHS	C-CORPORATION	0	0	0 %		No
(2) TRINCARE INC 1315 DOCTORS DRIVE TYLER, TX 75701 75-2161369	RETAIL HEALTH SVC	TX	TMFHS	C-CORPORATION	0	0			No
(3) HEALTHPLAN OF TEXAS INC 1315 doctors drive TYLER, TX 75701 75-2636832	THIRD PARTY ADMIN	TX	TMFHS	C-CORPORATION	0	0			No
(4) THE REGIONAL HEALTHCARE ALLIANCE 1315 DOCTORS DRIVE TYLER, TX 75701 75-2484109	PREFER PROVIDER	TX	TMFHS	C-CORPORATION	0	0			No
(5) TEXAS HEALTH FACILITIES INSUR CORP LTD PO BOX 1109 BWI GRAND CAYMAN CJ 98-0136025	INSURANCE	CJ	MFH REG	C-CORPORATION	-35,131	97,337	100 000 %	Yes	
(6) CONCORDIUM health llc 1315 DOCTORS DRIVE TYLER, TX 75701 70-2811022	INACTIVE	TX	NA	C-CORPORATION					No

Part V

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

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

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

a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

j Lease of facilities, equipment, or other assets to related organization(s)

k Lease of facilities, equipment, or other assets from related organization(s)

l Performance of services or membership or fundraising solicitations for related organization(s)

m Performance of services or membership or fundraising solicitations by related organization(s)

n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

s Other transfer of cash or property from related organization(s)

Yes

No

1a

No

1b

No

1c

Yes

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

Yes

1k

No

1l

Yes

1m

Yes

1n

Yes

1o

Yes

1p

Yes

1q

Yes

1r

Yes

1s

Yes

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) REGIONAL MEDICAL SERVICES ASSOCIATION	P	115,317	CASH VALUE
(2) REGIONAL MEDICAL SERVICES ASSOCIATION	L	1,441,942	CASH VALUE

Schedule R (Form 990) 2012

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

[illegible]

Software ID:
Software Version:
EIN: 75-0818167
Name: MOTHER FRANCES HOSPITAL REGIONAL HEALTH CARE 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
DIRECT CONTROLLING ENTITY	SCHEDULE R, PART II, COLUMN F AND PART III, COLUMN D	THE FOLLOWING RELATED ORGANIZATIONS REPORTABLE IN PART II ARE DIRECTLY CONTROLLED BY TRINITY MOTHER FRANCES HEALTH SYSTEM ("TMFHS") MOTHER FRANCES HOSPITAL - JACKSONVILLE TRINITY MOTHER FRANCES HEALTH SYSTEM FOUNDATION TRINITY CLINIC MOTHER FRANCES HOSPITAL - WINNSBORO REGIONAL MEDICAL SERVICES ASSOCIATION AND TYLER RADIATION EQUIPMENT LEASING ARE DIRECTLY CONTROLLED BY MOTHER FRANCES HOSPITAL REGIONAL HEALTH CARE CENTER ("MFH REG")

-->

TY 2012 Itemized Other Current Assets Schedule

Name: MOTHER FRANCES HOSPITAL REGIONAL HEALTH
CARE CENTER

EIN: 75-0818167

Corporation Name	Corporation EIN	Other Current Assets Description	Beginning Amount	Ending Amount
		Prepaid Expenses	3,890	3,951

TY 2012 Other Deductions Schedule

Name: MOTHER FRANCES HOSPITAL REGIONAL HEALTH
CARE CENTER

EIN: 75-0818167

Description	Foreign Amount (should only be used when attached to 5471 Schedule C Line 16)	Amount
MANAGEMENT FEES		26,251
BANK CHARGES		120
GOVERNMENT & LICENSE FEES		6,341
REGISTERED OFFICE FEES		1,500
TELEPHONE, FAX, PRINT, & COURIER		919

TY 2012 Paid-In or Capital Surplus Reconciliation Statement

Name: MOTHER FRANCES HOSPITAL REGIONAL HEALTH
CARE CENTER

EIN: 75-0818167

Description	Beginning Amount	Ending Amount
CONTRIBUTED SURPLUS	580,212	580,212

**Trinity Mother Frances Health System
and Subsidiaries**

Auditor's Report and Consolidated Financial Statements
June 30, 2013 and 2012



**Trinity Mother Frances Health System
and Subsidiaries**
June 30, 2013 and 2012

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Independent Auditor's Report

Board of Directors
Trinity Mother Frances Health
System and Subsidiaries
Tyler, Texas

We have audited the accompanying consolidated financial statements of Trinity Mother Frances Health System and Subsidiaries (the Health System), which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended and the related notes to the 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 accounting principles generally accepted in the United States of America, this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Trinity Mother Frances Health System and Subsidiaries as of June 30, 2013 and 2012, and the results of its operations, the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Other Matter

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The consolidating information listed in the table of contents 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 audit of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Dallas, Texas
November 21, 2013

Trinity Mother Frances Health System and Subsidiaries

Consolidated Balance Sheets

June 30, 2013 and 2012

Assets

	2013	2012
Current Assets		
Cash and cash equivalents	\$ 47,060,016	\$ 46,470,196
Short-term investments	4,216,869	4,028,901
Assets limited as to use, current	4,525,850	5,221,161
Patient accounts receivable, net of allowance, 2013 – \$78,679,000, 2012 – \$77,754,000	86,740,242	71,520,109
Estimated amounts due from third-party payers	7,741,648	-
Due from affiliates	2,416,915	2,661,409
Inventories	6,492,784	6,380,980
Prepaid expenses and other	6,616,476	6,576,834
Total current assets	<u>165,810,800</u>	<u>142,859,590</u>
Assets Limited As To Use		
Internally designated for capital acquisitions	77,953,068	103,958,146
Internally designated and held by trustee, supplemental retirement plan	1,086,724	1,274,130
Internally designated and held by trustee, self-insurance	12,174,770	18,541,932
Internally designated and held by trustee, deferred compensation plan	16,505,259	14,149,920
Held by trustee, under bond indenture agreement	20,308,647	37,372,133
	<u>128,028,468</u>	<u>175,296,261</u>
Less amount required to meet current obligations	<u>4,525,850</u>	<u>5,221,161</u>
Total assets limited as to use	<u>123,502,618</u>	<u>170,075,100</u>
Property and Equipment, At Cost		
Land and land improvements	37,667,673	37,091,884
Buildings and improvements	355,796,869	313,344,670
Equipment	304,658,619	262,205,244
Construction in progress	10,713,447	53,309,088
	<u>708,836,608</u>	<u>665,950,886</u>
Less accumulated depreciation	<u>363,144,030</u>	<u>349,317,905</u>
Total property and equipment, net	<u>345,692,578</u>	<u>316,632,981</u>
Other Assets		
Interest in net assets of Trinity Mother Frances Health System Foundation for Health Care Philanthropy (Foundation)	8,401,035	12,065,376
Other investments	51,674,030	51,158,395
Investments in affiliates	6,822,029	6,354,441
Interest rate swap agreement	-	155,017
Deferred financing costs and other	2,145,328	2,913,399
Total other assets	<u>69,042,422</u>	<u>72,646,628</u>
Total assets	<u><u>\$ 704,048,418</u></u>	<u><u>\$ 702,214,299</u></u>

See Notes to Consolidated Financial Statements

Liabilities and Net Assets

	2013	2012
Current Liabilities		
Current maturities of long-term debt	\$ 10,550,246	\$ 8,424,495
Accounts payable	42,140,711	42,136,826
Accrued expenses	45,715,550	41,005,364
Estimated amounts due to third-party payers	5,171,885	6,351,959
Estimated self-insurance costs	9,949,453	8,922,371
Pension liability	454,963	422,380
Total current liabilities	113,982,808	107,263,395
Estimated Self-insurance Costs	5,513,157	6,636,998
Long-term Debt	207,521,971	216,100,898
Interest Rate Swap Agreement	1,214,027	1,101,336
Other Liabilities	11,868,049	9,845,335
Pension Liability	65,453,682	84,319,269
Total liabilities	405,553,694	425,267,231
Net Assets		
Unrestricted	290,093,689	264,881,692
Temporarily restricted	6,349,910	9,963,630
Permanently restricted	2,051,125	2,101,746
Total net assets	298,494,724	276,947,068
Total liabilities and net assets	\$ 704,048,418	\$ 702,214,299

**Trinity Mother Frances Health System
and Subsidiaries**
Consolidated Statements of Operations and Changes in Net Assets
Years Ended June 30, 2013 and 2012

	2013	2012
Unrestricted Revenues, Gains and Other Support		
Net patient service revenue	\$ 650,725,734	\$ 657,975,146
Less provision for uncollectible accounts	<u>51,438,215</u>	<u>50,677,972</u>
Net patient service revenue less provision for uncollectible accounts	599,287,519	607,297,174
Other operating revenue	53,112,625	36,771,084
Equity in earnings (loss) of affiliate	237,479	(736,161)
Interest income	<u>571,248</u>	<u>636,196</u>
Total unrestricted revenues, gains and other support	<u>653,208,871</u>	<u>643,968,293</u>
Expenses		
Salaries and wages	209,433,533	199,008,544
Physician compensation	139,120,211	131,985,611
Employee benefits	50,693,833	48,964,797
Purchased services and professional fees	69,448,338	54,829,521
Supplies and other	142,959,701	145,612,055
Depreciation and amortization	30,912,342	27,698,063
Impairment loss	-	1,382,781
Interest	<u>8,173,447</u>	<u>6,500,010</u>
Total expenses	<u>650,741,405</u>	<u>615,981,382</u>
Operating Income	<u>2,467,466</u>	<u>27,986,911</u>
Other Income (Expense)		
Investment return	7,194,769	4,624,276
Loss on debt restructuring	(904,513)	-
Change in fair value of interest rate swap agreements	(112,813)	1,031,422
Contributions	<u>(15,240,613)</u>	<u>(6,982,441)</u>
Total other income (expense)	<u>(9,063,170)</u>	<u>(1,326,743)</u>
Excess (Deficiency) of Revenues Over Expenses	<u><u>\$ (6,595,704)</u></u>	<u><u>\$ 26,660,168</u></u>

Trinity Mother Frances Health System and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets (Continued) Years Ended June 30, 2013 and 2012

	2013	2012
Unrestricted Net Assets		
Excess (deficiency) of revenues over expenses	\$ (6,595,704)	\$ 26,660,168
Net assets released from restrictions for capital acquisitions	5,649,930	18,060,756
Contributions for purchase of property and equipment	-	910,561
Change in defined benefit pension plan gains and losses, prior service costs or credits and transition assets or obligations	26,157,771	(49,607,588)
	<u>25,211,997</u>	<u>(3,976,103)</u>
Increase (decrease) in unrestricted net assets		
Temporarily Restricted Net Assets		
Contributions received	5,852,125	-
Change in interest in net assets of Foundation	(3,613,720)	2,069,478
Investment return	(202,195)	(18,641)
Net assets released from restrictions for capital acquisitions	(5,649,930)	(18,060,756)
	<u>(3,613,720)</u>	<u>(16,009,919)</u>
Decrease in temporarily restricted net assets		
Permanently Restricted Net Assets		
Change in interest in net assets of Foundation	(50,621)	-
	<u>(50,621)</u>	<u>-</u>
Decrease in permanently restricted net assets		
Change in Net Assets	21,547,656	(19,986,022)
Net Assets, Beginning of Year	<u>276,947,068</u>	<u>296,933,090</u>
Net Assets, End of Year	<u><u>\$ 298,494,724</u></u>	<u><u>\$ 276,947,068</u></u>

Trinity Mother Frances Health System and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended June 30, 2013 and 2012

	2013	2012
Operating Activities		
Change in net assets	\$ 21,547,656	\$ (19,986,022)
Items not requiring (providing) cash		
Loss on debt restructuring	904,513	-
Gain on sale of property and equipment	(1,368,000)	(1,185,273)
Depreciation and amortization	30,912,342	27,698,063
Impairment loss	-	1,382,781
Amortization of net bond premium	40,547	(31,530)
Contributions for property and equipment	(5,649,930)	(910,561)
Net gain on investments	(3,215,323)	(855,189)
Gain (loss) on investment in equity investee	(237,479)	736,161
Change in fair value of interest rate swap agreements	267,708	(932,022)
Change in interest in net assets of Foundation	3,664,341	(2,069,478)
Change in pension liability	(18,833,004)	51,269,763
Provision for uncollectible accounts	51,438,215	50,677,972
Accrued self-insurance costs	(96,759)	856,051
Changes in		
Patient accounts receivable, net	(66,658,348)	(54,189,180)
Estimated amounts due from and to third-party payers	(8,921,722)	(2,285,246)
Accounts payable and accrued expenses	7,977,873	3,246,047
Other assets and liabilities	1,838,073	707,357
Net cash provided by operating activities	<u>13,610,703</u>	<u>54,129,694</u>
Investing Activities		
Purchase of property and equipment	(57,800,545)	(68,175,696)
Proceeds from sale of property and equipment	3,074,152	1,649,107
Purchase of investments	(106,198,811)	(162,933,460)
Proceeds from disposition of investments	155,978,324	112,076,137
Contributions to equity investees	(2,762,000)	(4,782,000)
Distributions from equity investees	<u>4,461,105</u>	<u>3,190,916</u>
Net cash used in investing activities	<u>(3,247,775)</u>	<u>(118,974,996)</u>
Financing Activities		
Payment of deferred financing costs	(757,213)	(873,700)
Contributions for property and equipment	5,649,930	910,561
Proceeds from issuance of long-term debt	57,429,494	51,307,291
Principal payments on long-term debt	(72,095,319)	(13,840,036)
Swap termination payment	<u>-</u>	<u>(1,137,000)</u>
Net cash provided by (used in) financing activities	<u>(9,773,108)</u>	<u>36,367,116</u>
Increase (Decrease) in Cash and Cash Equivalents	589,820	(28,478,186)
Cash and Cash Equivalents, Beginning of Year	<u>46,470,196</u>	<u>74,948,382</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 47,060,016</u></u>	<u><u>\$ 46,470,196</u></u>
Supplemental Cash Flows Information		
Interest paid (net of amount capitalized)	\$ 9,235,904	\$ 4,809,337
Notes payable obligations with vendors	\$ 7,979,209	\$ -
Capital lease obligations incurred for property and equipment	\$ 121,833	\$ -
Property and equipment contribution to joint venture	\$ -	\$ 815,951
Property and equipment in accounts payable	\$ 460,968	\$ 2,753,978

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The consolidated financial statements of Trinity Mother Frances Health System and Subsidiaries (the Health System) include the accounts of Trinity Mother Frances Health System (the System) and its wholly owned subsidiaries. Entities included in the consolidated financial statements of the Health System are:

- Mother Frances Hospital Regional Health Care Center and Subsidiaries (the Consolidated Hospital Group)
- Trinity Clinic (the Clinic)
- Mother Frances Hospital – Jacksonville (Jacksonville)
- Mother Frances Hospital – Winnsboro (Winnsboro)
- The Regional Healthcare Alliance (TRHA)
- Tri-State Financial, L L C (Tri-State)
- TrinCare, Inc (TCI)
- HealthPlan of Texas, Inc (HOT)

The sole member organization of the System is the Congregation of the Sisters of the Holy Family of Nazareth, a religious order of the Roman Catholic Church.

Mother Frances Hospital Regional Health Care Center (the Hospital) is an acute care facility whose operations consist primarily of inpatient and outpatient acute care medical services to residents of Tyler, Texas, and surrounding areas. Wholly owned subsidiaries included in the consolidated financial statements of the Consolidated Hospital Group include Texas Health Facility Insurance Corporation, Ltd (THFIC) and Regional Medical Services Association (RMSA). THFIC is a captive insurance company incorporated in the Cayman Islands for the purpose of providing primary excess professional liability coverage for the Hospital, which is then ceded to a reinsurance company. RMSA is a nonprofit corporation that recruits and employs physicians to serve the Hospital.

The Hospital also owns approximately 50% of HealthSouth Rehabilitation Hospital – Tyler d/b/a/ Trinity Mother Frances Rehabilitation Hospital (HealthSouth). Because the Hospital does not exercise control of HealthSouth, this investment is accounted for using the equity method of accounting.

The Hospital also owns a 51% interest in Tyler Radiation Equipment Leasing, LLC (TREL), which is also accounted for using the equity method of accounting due to a lack of the Hospital's control.

The Health System owns a 50% interest in Champion EMS (Champion), a joint venture with an unrelated medical center to provide ambulance services in northeast Texas. This investment is accounted for under the equity method of accounting. During 2012, the Health System contributed

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

property and equipment with a net book value of \$815,951 to Champion, which was accounted for as an increase in the investment

The Clinic, a nonprofit corporation, is a multi-specialty physician group organized to own and operate outpatient medical clinics serving residents of Tyler, Texas, and surrounding areas

Jacksonville is a tax-exempt critical access hospital providing services to residents in and around Jacksonville, Texas. As a critical access hospital, Jacksonville's acute length of stay may not exceed 96 hours and its total acute care beds cannot exceed 25

Winnsboro is a tax-exempt acute care hospital providing inpatient and outpatient medical and psychiatric services to residents in and around Winnsboro, Texas. Winnsboro is also designated as a critical access hospital

TRHA, a nonprofit, taxable corporation, is a preferred provider organization. The System appoints the governing body of TRHA

Tri-State is a taxable limited liability company organized to serve as a collection agency for health care providers. Tri-State is wholly owned by the System. Tri-State is a dormant company as operations ceased in February 2001

TrinCare, Inc. (TCI) is a taxable corporation organized to provide various clinical and management services. TCI is wholly owned by the System. TCI currently operates a reference laboratory which began operations during 2010, and two optical shops which began operations in 2011

HOT is a taxable, for-profit corporation organized primarily to create new health care resources and health care arrangements to be offered to the general public and third-party payers. HOT was originally licensed to operate as a health maintenance organization in Texas in accordance with Article 20A of the Texas Insurance Code, but was re-licensed as a third-party administrator in December 2005. HOT is wholly owned by the System

The System holds a nonvoting membership interest in Continue CARE Hospital of Tyler, Inc. (CCHT), a long-term acute care hospital. In accordance with the terms of the membership agreement, 80% of the annual cash dividends from CCHT are distributed to the System. During 2013 and 2012, CCHT distributed approximately \$982,000 and \$3,415,000, respectively, in cash dividends under this arrangement, which are recognized as other operating revenues by the System

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the System, the Consolidated Hospital Group, the Clinic, Jacksonville, Winnsboro, TRHA, Tri-State, TCI and HOT. All significant intercompany accounts and transactions have been eliminated in consolidation

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Health System considers all liquid investments other than those limited as to use, with maturities of three months or less to be cash equivalents. At June 30, 2013 and 2012, cash equivalents consisted primarily of money market accounts with brokers.

At June 30, 2013, the Health System's cash accounts exceeded federally insured limits by approximately \$579,000.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments, other than those previously disclosed as accounted for using the equity method of accounting, are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value, if determinable.

The Health System also invests in alternative investments, including hedge funds. The fair value of these investments is estimated using the net asset value per share of the investment based on information provided by the investment managers.

Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses on investments stated at fair value, and realized gains and losses on other investments. Investment return is reflected in the accompanying consolidated statements of operations and changes in net assets as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Assets Limited As To Use

Assets limited as to use include (1) assets held by trustees under bond indenture agreements, (2) assets set aside by the Board of Directors (the Board) and held by trustees under self-insurance, deferred compensation and supplemental retirement plan trust agreements, (3) assets set aside by the Board for future capital improvements over which the Board retains control and may, at its discretion, subsequently use for other purposes. Amounts required to meet current liabilities of the Health System are included in current assets.

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Patient Accounts Receivable

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Health System analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and the provision for uncollectible accounts. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

For receivables associated with services provided to patients who have third-party coverage, the Health System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely).

The Hospital records an automatic discount of its standard charges for uninsured patients. For the remaining receivables associated with self-pay patients, which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Health System records a significant provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the reduced standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Health System's allowance for doubtful accounts was approximately 98% of self-pay accounts receivable at June 30, 2013 and 2012. The current year increase in allowance for doubtful accounts is primarily the result of changes in the age and payer mix of accounts receivable at June 30, 2013, as compared to 2012.

Inventories

The Health System states inventories at the lower of cost, determined using the weighted-average cost.

Property and Equipment

Property and equipment are depreciated on a straight-line basis over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

Donations of property and equipment are reported at fair value as an increase in unrestricted net assets unless use of the assets is restricted by the donor. Monetary gifts that must be used to acquire property and equipment are reported as restricted support. The expiration of such

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

restrictions is reported as an increase in unrestricted net assets when the donated asset is placed in service

The Health System capitalizes interest costs as a component of construction in progress, first based on interest costs of borrowing specifically for the project, net of interest earned on investments acquired with the proceeds of the borrowing and then based on the weighted-average interest expense incurred on other funds expended for the project

Total interest capitalized and incurred is shown in the table as follows

	2013	2012
Total interest expense incurred and capitalized on specific borrowings for project	\$ 1,132,665	\$ 3,191,108
Total interest capitalized under the weighted-average method	489,236	716,490
Interest income from investment of proceeds of borrowings for project	(56,276)	(264,809)
Net interest cost capitalized	<u>\$ 1,565,625</u>	<u>\$ 3,642,789</u>

	2013	2012
Interest expense capitalized	\$ 1,621,901	\$ 3,907,598
Interest charged to expense	<u>8,173,447</u>	<u>6,500,010</u>
Total interest incurred	<u>\$ 9,795,348</u>	<u>\$ 10,407,608</u>

Long-lived Asset Impairment

The Health System evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimate future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of long-lived asset exceeds its fair value. No asset impairment was recognized during the year ended June 30, 2013. An asset impairment of approximately \$1,383,000 was recognized during the year ended June 30, 2012, related to a decline in the fair value of certain real estate owned by the Health System.

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Interest in Net Assets of the Foundation

The Foundation and the Health System are financially interrelated organizations. The Foundation seeks private support for and holds net assets on behalf of the Health System. The Health System accounts for its interest in the net assets of the Foundation (interest) in a manner similar to the equity method. Changes in the interest are included in change in net assets. Transfers of assets between the Foundation and the Health System are recognized as increases or decreases in the interest.

The Foundation was established to solicit contributions principally to support the operations of the Health System. Funds are distributed to the Health System as determined by the Foundation's Board. The Health System's interest in the net assets of the Foundation is reported in the accompanying consolidated balance sheets and was \$8,401,035 and \$12,065,376 at June 30, 2013 and 2012, respectively.

Deferred Financing Costs

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt. Such costs are being amortized over the term of the respective debt using the interest method.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Health System has been limited by donors to a specific time period or purpose. The interest in the net assets of the Foundation includes permanently restricted net assets, which have been restricted by donors to the Foundation to be maintained in perpetuity.

Net Patient Service Revenue

The Hospital, the Clinic, Jacksonville and Winnsboro have agreements with third-party payers that provide for payments to the entities at amounts different from their established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Charity Care

The Hospital, the Clinic, Jacksonville and Winnsboro provide care without charge or at amounts less than established rates to patients meeting certain criteria under their charity care policies. Because the Health System does not pursue collection of amounts determined to qualify as charity care, those amounts are not reported as net patient service revenue.

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Contributions

Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received. Gifts received with donor stipulations are reported as either temporarily or permanently restricted support. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions. Conditional contributions are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor.

Estimated Malpractice Costs

An annual estimated provision is accrued for the self-insured portion of medical malpractice claims and includes an estimate of the ultimate costs for both reported claims and claims incurred but not reported.

Income from Operations

The Health System considers investment income from assets held by trustee under bond indenture agreements and trust accounts established to fund physician deferred compensation agreements as operating income. In addition, the Health System considers earnings from its investment in equity method investments as operating income and considers donations to community service organizations as nonoperating expense. All other investment return is included in nonoperating income.

Income Taxes

The System, the Hospital, RMSA, the Clinic, Jacksonville and Winnsboro have been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code (IRC) and a similar provision of state law. However, these entities are subject to federal income tax on any unrelated business taxable income.

THFIC is not considered to be engaged in a United States trade or business and, therefore, is not subject to United States income taxes. If THFIC were to be considered engaged in a United States trade or business, it could be subject to federal income tax. THFIC is currently exempt from income taxes in the Cayman Islands. Accordingly, no provision for taxes has been made.

With a few exceptions, the Health System is no longer subject to U.S. federal examinations by tax authorities for years before 2010.

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Excess of Revenues Over Expenses

The accompanying consolidated statements of operations and changes in net assets include excess of revenues over expenses. Changes in unrestricted net assets, which are excluded from excess of revenues over expenses, consistent with industry practice, include certain changes in defined benefit pension liabilities, permanent transfers to and from affiliates for other than goods and services and contributions of long-lived assets with no donor restrictions (including assets acquired using contributions, which, by donor restriction, were to be used for the purpose of acquiring such assets). Contributions of long-lived assets with donor-imposed restrictions that were not met in the same year are included in the change in temporarily restricted net assets.

Self-Insurance

The Health System has elected to self-insure certain costs related to employee health and accident benefit programs. Costs resulting from noninsured losses are charged to income when incurred. The Health System has purchased insurance that limits its exposure for individual claims for health insurance and that limits its exposure per claim to \$375,000 for non-physician employees and \$120,000 for physician employees. The Health System has purchased insurance that limits its exposure for individual claims for workers' compensation that limits its exposure per claim to \$500,000.

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized at the end of the reporting period following the transfer date.

Electronic Health Record Incentive Program

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR). For hospitals paid under the prospective payment system, payments under the Medicare program are generally made for up to four years based on a statutory formula. Critical access hospitals (CAH) are eligible to receive incentive payments for up to four years under the Medicare program for its reasonable costs of the purchase of certified EHR technology multiplied by the hospital's Medicare utilization plus 20%, limited to 100% of the costs incurred. The Clinic may also receive incentive payments of up to \$44,000 per eligible physician over five years. Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services. Payments to the Clinic under the Medicaid program are up to \$63,750 per eligible physician over six years. Payment under both programs are contingent on the hospitals and Clinic continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period.

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

The Health System recognizes revenue using the cliff recognition approach at the point when management is reasonably assured it has met all of the meaningful use objectives and any other specific grant requirements applicable for the reporting period

In 2013, the Health System completed the first-year requirements under the Medicare program. In 2012, the Health System completed the first-year requirements under the Medicaid program. Approximately \$8,250,000 and \$2,117,000 of revenue has been recorded and included in other revenue within operating revenues in the accompanying consolidated statements of operations and changes in net assets. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

Reclassifications

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 financial statement presentation. These reclassifications had no effect on the change in net assets.

Note 2: Net Patient Service Revenue

The Hospital, the Clinic, Jacksonville and Winnsboro (the System providers) recognize patient service revenue associated with services provided to patients who have third-party coverage on the basis of contractual rates for the service rendered. For uninsured patients that do not qualify for charity care, the System providers recognize revenues on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the System providers' uninsured patients will be unable or unwilling to pay for the services provided. Thus, the System providers record a significant provision for uncollectible accounts related to uninsured patients in the period services are provided. This provision for uncollectible accounts is presented on the consolidated statements of operations as a component of net patient service revenue.

The System providers have arrangements with third-party payers that provide for payments at amounts different from its established rates. These payment arrangements include:

- **Medicare** – Inpatient and substantially all outpatient services rendered to Medicare program beneficiaries of the Hospital are paid at prospectively determined rates per discharge or occasion of service. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports, which are subject to audits by the Medicare administrative contractor.

Jacksonville and Winnsboro have been classified as CAH by the Medicare program. As a CAH, payments for inpatient and outpatient services are made based on the reasonable costs of providing care to Medicare program beneficiaries. CAH status places certain operating constraints on Jacksonville and Winnsboro, including limitations on patient census and average length of stay.

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Services to Medicare beneficiaries provided by the Clinic are primarily reimbursed under a fee schedule methodology

- **Medicaid** – Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a mixture of prospective and cost-based methodologies. Outpatient and physician services are reimbursed under a mixture of cost reimbursement and fee schedule methods. The Hospital, Jacksonville and Winnsboro are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports, which are subject to audits by the Medicaid administrative contractor.

During 2012, the Health System participated in the state of Texas' private Upper Payment Limit (UPL) program. Under the private UPL program, various governmental agencies made intergovernmental transfers (IGT) on behalf of the Health System. These transfers were used by the state of Texas Medicaid program to draw down federal funding for the Hospital based on its UPL gap, which is approximately equal to the difference in what Medicare would have paid for the Hospital's Medicaid charges and what Medicaid actually paid. During 2013, the Health System's participation in the private UPL program was largely replaced by funding received through the Medicaid section 1115(a) demonstration described below. Total UPL funds received during the year ending June 30, 2012, was approximately \$9,318,000.

The Health System also participates in the state of Texas' disproportionate share (DSH) program. This funding program is also designed to compensate hospitals for the UPL gap described above and is also funded through IGT made by governmental agencies on behalf of the Health System. Total DSH revenue recognized during the years ended June 30, 2013 and 2012 were approximately \$4,607,000 and \$4,907,000, respectively. This funding program has been impacted by the demonstration project discussed in the following paragraph and historical funding received may not be representative of future funding from this program.

On December 12, 2011, the United States Department of Health & Human Services approved a new Medicaid section 1115(a) demonstration entitled "Texas Health Transformation and Quality Improvement Program." This demonstration expands existing Medicaid managed care programs and established two funding pools that will assist providers with uncompensated care costs and promote health system transformation. The demonstration is effective from December 12, 2011 to September 30, 2016. During 2013, the Health System received approximately \$13,575,000 and \$2,301,000 in funding from the uncompensated care funding pool and health system transformation pool, respectively. This funding is subject to recoupment based on future audits of the data used to allocate the funding pools and is not necessarily representative of funding the Health System will receive in future years.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. Settlements under reimbursement agreements with Medicare and Medicaid programs are estimated and recorded in the period the related services are rendered and are adjusted in future periods as adjustments become known or as the service years are no longer subject to audit, review or investigation. Annual cost reports required under the Medicare and Medicaid programs are subject to routine audits, which may result in adjustments to the amounts

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

ultimately determined to be due to the Medical Center under the reimbursement programs. These audits often require several years to reach their final determination of amounts earned under the programs. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The System providers have also entered into payment agreements with certain commercial insurance carriers and other plans, which provide for payments at discounted rates, per diem amounts or predetermined amounts per case or encounter.

Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts) recognized in the years ended June 30, 2013 and 2012, was

	2013	2012
Medicare	\$ 246,325,637	\$ 241,369,884
Medicaid	30,685,417	20,399,998
Other third-party payers	213,068,291	283,199,281
Self-pay	160,646,389	113,005,983
	<u>\$ 650,725,734</u>	<u>\$ 657,975,146</u>
Net patient service revenue	<u>\$ 650,725,734</u>	<u>\$ 657,975,146</u>

Note 3: Concentration of Credit Risk

Accounts Receivable

The Health System grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements. The mix of net receivables from patients and third-party payers at June 30, 2013 and 2012, are shown below.

	2013	2012
Medicare	38%	37%
Medicaid	4%	9%
Other third-party payers	51%	50%
Patients	7%	4%
	<u>100%</u>	<u>100%</u>

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Note 4: Investments

Assets limited as to use include

	2013	2012
Internally designated for capital acquisitions		
Cash and cash equivalents	\$ 35,596,027	\$ 10,912,349
Fixed income mutual funds	12,018,354	19,291,555
U S Treasury obligations	9,554,529	11,770,120
U S Agency obligations	6,122,179	19,394,432
Corporate bonds		
Financials	-	3,398,293
Technology	-	1,235,322
Industrial and material	-	279,405
Consumer	-	580,432
Energy and utilities	-	191,590
Telecommunications		476,288
Other sectors	-	365,573
Equity securities		
Financials	2,205,005	4,548,776
Health care	1,585,819	4,082,963
Technology	2,412,405	5,122,211
Industrial and material	2,539,021	7,198,301
Consumer	3,213,663	8,099,263
Energy and utilities	2,514,472	5,405,318
Other sectors	132,823	1,385,963
Interest receivable	58,771	219,992
	<u>\$ 77,953,068</u>	<u>\$ 103,958,146</u>

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Internally designated and held by trustee.		
supplemental retirement plan		
Cash and cash equivalents	\$ 153,496	\$ 144,177
Money market mutual funds	-	1,287
Fixed income mutual funds	930,385	1,121,990
Interest receivable	2,843	6,676
	<u>\$ 1,086,724</u>	<u>\$ 1,274,130</u>
Internally designated and held by trustee.		
self insurance		
Money market mutual funds	\$ 730,836	\$ 1,000,493
U S Treasury obligations	3,104,830	5,653,550
U S Agency obligations	1,188,800	2,219,782
Corporate bonds		
Financials	1,853,908	2,800,262
Technology	704,549	1,047,337
Industrial and materials	343,109	534,064
Consumer	154,044	-
Energy and utilities	356,645	-
Telecommunications	670,914	1,068,062
Equity securities		
Financials	451,995	520,761
Health care	325,070	467,433
Technology	494,509	586,410
Industrial and materials	520,464	824,088
Consumer	658,755	927,233
Energy and utilities	515,431	618,821
Other sectors	27,227	158,670
Interest receivable	73,684	114,966
	<u>\$ 12,174,770</u>	<u>\$ 18,541,932</u>
Internally designated and held by trustee.		
deferred compensation plan		
Mutual funds		
Balanced	\$ 8,050,279	\$ 6,746,086
U S equity	4,705,856	3,851,270
International equity	1,485,568	1,355,959
Fixed income	2,263,556	2,196,605
	<u>\$ 16,505,259</u>	<u>\$ 14,149,920</u>
Held by trustee, under bond indenture agreement		
Money market mutual funds	\$ 11,248,782	\$ 28,310,884
Repurchase agreement	8,820,504	9,061,249
Interest receivable	239,361	-
	<u>\$ 20,308,647</u>	<u>\$ 37,372,133</u>

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Other Investments

Other investments include

	2013	2012
U S Treasury obligations	\$ 8,002,226	\$ 11,749,592
U S Agency obligations	10,603,178	13,186,604
Corporate bonds		
Financials	15,250,696	5,067,126
Technology	949,193	1,091,570
Industrial and materials	-	596,030
Consumer	4,044,157	3,174,607
Energy and utilities	2,370,538	1,040,540
Telecommunications	1,364,598	1,734,804
Other sectors	497,685	554,380
Equity securities		
Financials	316,762	452,518
Health care	227,812	406,178
Technology	346,557	509,564
Industrial and materials	364,746	716,096
Consumer	461,662	805,725
Energy and utilities	361,219	537,728
Other sectors	19,081	137,877
International equity mutual funds	-	1,087,181
Alternative investments	10,513,502	12,085,931
Interest receivable	197,287	253,245
	<u>55,890,899</u>	<u>55,187,296</u>
Less current portion	<u>4,216,869</u>	<u>4,028,901</u>
	<u><u>\$ 51,674,030</u></u>	<u><u>\$ 51,158,395</u></u>

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Alternative Investments

The fair value of the alternative investments has been estimated using the net asset value per share reported by the investment managers. Alternative investments held at June 30, 2013 and 2012, consist of the following:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
2013				
Mesrow Absolute Return Fund	\$ 8,202,613	\$ -	Quarterly	95 Days
Permal Macro Holdings Institutional Limited	2,310,889	-	Monthly	5th day of month
2012				
The Endowment Exempt QP Fund II, L.P.	\$ 4,668,612	\$ -	Quarterly	40 Days
Mesrow Absolute Return Fund	5,250,787	-	Quarterly	95 Days
Permal Macro Holdings Institutional Limited	2,166,532	-	Monthly	5th day of month

These are investments in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The funds' composite portfolios include investments in U.S. common stocks, global real estate projects and arbitrage investments. During 2013, the System liquidated their investment in The Endowment Fund Exempt QP Fund II, L.P.

Investments in Affiliates

Investments in affiliates include a 50% interest in Champion and HealthSouth and a 51% interest in TREL, which are investments accounted for under the equity method of accounting. The balance of the investments in affiliates was \$5,002,955 and \$6,354,441 at June 30, 2013 and 2012, respectively.

Investment Return

Total investment return is comprised of the following:

	2013	2012
Interest and dividend income	\$ 4,348,499	\$ 4,386,642
Net realized gains	7,591,131	2,372,258
Net unrealized gains (losses)	(4,375,808)	(1,517,069)
	<u>\$ 7,563,822</u>	<u>\$ 5,241,831</u>

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

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Total investment return is reflected in the consolidated statements of operations and changes in net assets as follows

	2013	2012
Unrestricted net assets		
Operating income	\$ 571,248	\$ 636,196
Other nonoperating income	7,194,769	4,624,276
Temporarily restricted net assets	<u>(202,195)</u>	<u>(18,641)</u>
	<u><u>\$ 7,563,822</u></u>	<u><u>\$ 5,241,831</u></u>

Note 5: Risk Management

The Health System is self-insured for the first \$3,000,000 of each medical malpractice claim. The Health System purchases commercial insurance coverage above the self-insurance limits. Losses from asserted and unasserted claims identified under the Health System's incident reporting system are accrued based on estimates that incorporate the Health System's past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. Accrued malpractice losses have been estimated by professional insurance consultants. Claim liabilities are determined without regard for recoveries and presented at gross. Expected recoveries are presented separately. The Health System currently does not estimate any losses will exceed self-insured limits.

The Health System is also self-insured for employee health care and workers' compensation claims. A reserve has been established for unpaid claims and claims incurred, but not received, is reflected in estimated self-insurance costs in the consolidated balance sheets.

A provision is accrued for self-insured claims, including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors. It is reasonably possible that the Health System's estimate will change by a material amount in the near term.

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

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Activity in the Health System's accrued self-insured liabilities during 2013 is summarized as follows

	2013		
	Professional Liability	Employee Health	Workers' Compensation
Balance, beginning of year	\$ 9,760,291	\$ 4,252,415	\$ 1,546,663
Current year claims incurred and changes in estimates for claims incurred in prior years	2,586,094	22,653,045	44,379
Claims and expenses paid	<u>(3,499,785)</u>	<u>(20,904,758)</u>	<u>(975,734)</u>
Balance, end of year	<u><u>\$ 8,846,600</u></u>	<u><u>\$ 6,000,702</u></u>	<u><u>\$ 615,308</u></u>

Activity in the Health System's accrued self-insured liabilities during 2012 is summarized as follows

	2012		
	Professional Liability	Employee Health	Workers' Compensation
Balance, beginning of year	\$ 10,429,100	\$ 3,150,043	\$ 1,124,175
Current year claims incurred and changes in estimates for claims incurred in prior years	5,816,433	24,471,020	1,784,417
Claims and expenses paid	<u>(6,485,242)</u>	<u>(23,368,648)</u>	<u>(1,361,929)</u>
Balance, end of year	<u><u>\$ 9,760,291</u></u>	<u><u>\$ 4,252,415</u></u>	<u><u>\$ 1,546,663</u></u>

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Note 6: Long-term Debt

	2013	2012
Revenue bonds, Series 2012A (A)	\$ 17,429,494	\$ -
Revenue bonds, Series 2012B (B)	40,000,000	-
Revenue bonds, Series 2011 (C)	51,735,000	51,735,000
Revenue bonds, Series 2007A (D)	64,680,000	64,870,000
Revenue bonds, Series 2007B (E)	23,000,000	23,000,000
Revenue bonds, Series 2003 (F)	4,825,000	9,410,000
Revenue bonds, Series 1997B (G)	-	40,000,000
Revenue bonds, Series 1992 (H)	-	23,650,000
Note payable, bank (I)	8,697,110	9,038,474
Note payable, bank (J)	-	1,185,792
Note payable, bank (K)	-	446,022
Notes payable, vendor (L)	5,615,190	-
Other notes payable	1,521,164	771,861
	217,502,958	224,107,149
Net bond premium	569,259	418,244
	218,072,217	224,525,393
Less current maturities	10,550,246	8,424,495
	<u>\$ 207,521,971</u>	<u>\$ 216,100,898</u>

- (A) Series 2012A Tyler Health Facilities Development Corporation Hospital Revenue Refunding Bonds (the 2012A Bonds) in the original amount of \$17,429,494 dated October 1, 2012 at an interest rate of 67% of LIBOR plus 1 85% (currently 1 98%) Additional interest may be charged for downgrades of the Hospital's bond rating The 2012A Bonds were issued to refinance the 1992 Bonds The 2012A Bonds are payable in annual installments through July 1, 2022

The Tyler Health Facilities Development Corporation (the Corporation) issued the 2012A Bonds on behalf of the Hospital The Series 2012A Bonds are secured by a pledge of the Hospital's revenues and the reserve fund established with the bond trustee pursuant to the loan agreement and bond indenture The 2012A Bonds have not been guaranteed by the Corporation

- (B) The Series 2012B Tyler Health Facilities Development Corporation Hospital Revenue Refunding Bonds (the 2012B Bonds) in the original amount of \$40,000,000 dated October 1, 2012 at an interest rate of 2 15% The 2012B Bonds were issued to refinance the 1997B Bonds The 2012B Bonds are payable in annual installments through July 1, 2020

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

The Corporation issued the 2012B Bonds on behalf of the Hospital. The Series 2012B Bonds are secured by a pledge of the Hospital's revenues and the reserve fund established with the bond trustee pursuant to the loan agreement and bond indenture. The 2012B Bonds have not been guaranteed by the Corporation.

- (C) Series 2011 Tyler Health Facilities Development Corporation Hospital Revenue Bonds (the 2011 Bonds) in the original amount of \$51,735,000 with a discount of \$427,709 dated October 12, 2011, interest ranging from 5.00% to 5.50%. The 2011 Bonds are payable in annual installments through July 1, 2027. All of the 2011 Bonds still outstanding may be redeemed at the Hospital's option on or after July 1, 2021, at face value. Proceeds of the 2011 Bonds are being used primarily to fund the construction of the Owen Heart Hospital, as well as funding certain other projects and to refinance existing bank debt.

The Corporation issued the 2011 Bonds on behalf of the Hospital. The 2011 Bonds are secured by a pledge of the Hospital's revenues, the reserve funds established with the bond trustee pursuant to the loan agreement and bond indenture. The 2011 Bonds have not been guaranteed by the Corporation.

- (D) Series 2007A Tyler Health Facilities Development Corporation Hospital Revenue Refunding Bonds (the 2007A Bonds) in the original amount of \$65,550,000 with a premium of \$1,239,990 dated May 16, 2007, interest ranging from 4.25% to 5.25%. The 2007A Bonds are payable in annual installments through July 1, 2033. All of the 2007A Bonds still outstanding may be redeemed at the Hospital's option on or after July 1, 2017, at face value.

The Corporation issued the 2007A Bonds on behalf of the Hospital. The 2007A Bonds are secured by a pledge of the Hospital's revenues, the reserve funds established with the bond trustee pursuant to the loan agreement and bond indenture, and a mortgage lien on the land and buildings constituting the main campus of the Hospital.

The 2007A Bonds have not been guaranteed by the Corporation. The 2007A Bonds were issued to advance refund \$20,000,000 of outstanding 2003 Bonds and all of the outstanding 2001 Bonds, which totaled \$40,000,000 at the time of the advance refunding.

- (E) Series 2007B Tyler Health Facilities Development Corporation Hospital Revenue Refunding Bonds (the 2007B Bonds) in the original amount of \$23,000,000 with a premium of \$53,130 dated May 16, 2007, bearing interest at 5.00%. The 2007B Bonds are payable in annual installments from 2034 – 2037. All of the 2007B Bonds still outstanding may be redeemed at the Hospital's option on or after July 1, 2017, at face value.

The Corporation issued the 2007B Bonds on behalf of the Hospital. The 2007B Bonds are secured by a pledge of the Hospital's revenues, the reserve funds established with the bond trustee pursuant to the loan agreement and bond indenture, and a mortgage lien on the land and buildings constituting the main campus of the Hospital. The 2007B Bonds have not been guaranteed by the Corporation.

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

- (F) Series 2003 Tyler Health Facilities Development Corporation Hospital Revenue Bonds (the 2003 Bonds) in the original amount of \$59,550,000 with a premium of \$1,203,954 dated May 8, 2003, interest ranging from 2.00% – 5.75%. The 2003 Bonds are payable in annual installments through July 1, 2033. All of the 2003 Bonds still outstanding may be redeemed at the Hospital's option on or after July 1, 2013, at face value.

The Corporation issued the 2003 Bonds on behalf of the Hospital. The 2003 Bonds are secured by a pledge of the Hospital's revenues, the reserve funds established with the bond trustee pursuant to the loan agreement and bond indenture, and a mortgage lien on the land and buildings constituting the main campus of the Hospital. The 2003 Bonds have not been guaranteed by the Corporation. As mentioned previously, \$20,000,000 of the outstanding 2003 Bonds were advanced refunded through the issuance of the 2007A Bonds.

- (G) Series 1997B Tyler Health Facilities Development Corporation Hospital Revenue Bonds (the 1997B Bonds) in the original amount of \$40,000,000 dated December 29, 1997, which bore interest at a variable rate, not to exceed 12%. The 1997B Bonds were due July 1, 2020, with mandatory annual principal redemptions required between fiscal years 2014 and 2020. As previously mentioned, the 1997B Bonds were refunded through the issuance of the 2012B Bonds. The Health System recognized a loss on the refunding of approximately \$95,000.

- (H) Series 1992 Tyler Health Facilities Development Corporation Hospital Revenue Bonds (the 1992 Bonds) in the original amount of \$45,000,000 dated April 15, 1992, bore interest at 5.00%. The 1992 Bonds were due in varying amounts including mandatory sinking fund payments through July 1, 2022. As previously mentioned, the Series 1992 Bonds were refunded through the issuance of the 2012A Bonds. The Health System recognized a loss on the refunding of approximately \$810,000.

- (I) Note payable to bank for the System, due in equal monthly installments of \$67,855 including interest at 5.25% from April 1, 2011 through April 1, 2029. Any outstanding principal balance and accrued interest is due in full on April 1, 2029. The note is secured by certain property and equipment.
- (J) Note payable to bank for the Clinic, due in equal monthly installments of \$100,000 plus interest at varying rates of LIBOR plus 0.85%. During 2013, the outstanding principal balance and unpaid interest were paid in full.
- (K) Note payable to bank for the Clinic, due in equal monthly installments of \$100,000 plus interest at varying rates of LIBOR plus 0.85%. During 2013, the outstanding principal balance and unpaid interest were paid in full.
- (L) Note payable to vendor for software, due in equal monthly installments of \$160,434, including interest at a rate of 0%, through March 31, 2016.

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

The indenture and loan agreements require that certain funds be established with a trustee. Accordingly, these funds are included as assets limited as to use and held by trustee in the consolidated balance sheets. The agreements also require the Hospital to comply with certain restrictive covenants, including minimum insurance coverage, maintaining a historical debt-service coverage ratio of at least 1.25, minimum days cash on hand, restrictions on transfers of assets out of the obligated group and restrictions on the incurrence of additional debt and disposition of assets.

Aggregate annual maturities of long-term debt at June 30, 2013 are

2014	\$ 10,550,246
2015	9,044,901
2016	8,830,838
2017	7,766,181
2018	8,143,226
Thereafter	<u>173,167,566</u>
	<u>\$ 217,502,958</u>

Note 7: Derivative Financial Instruments

In 2008, as a strategy to take advantage of the lower variable interest rates available in the market and to more closely correlate its fixed and variable rate debt to its fixed and variable rate investments, the Hospital entered into a total return swap agreement for its fixed rate debt related to the 1992 Bonds issue (the Total Return Swap). The Total Return Swap agreement included two components, the first of which provides for the Hospital to receive interest from the counterparty of between 6.0% and 6.1% on an amortizing notional amount of \$26,450,000 and to pay interest to the counterparty at a floating rate tied to the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA). On April 15, 2011, an amendment to the agreement changed the amount paid by the Hospital to SIFMA, plus between 65 and 200 basis points depending on the Hospital's bond rating on an amortizing notional amount of \$25,095,000. The monthly settlements included in interest expense in the accompanying consolidated statements of operations and changes in net assets. The Total Return Swap was terminated upon the refunding of the 1992 Bonds in 2013.

As a strategy to lower the overall interest expense incurred on its existing long-term debt, the Hospital entered into a nonamortizing basis swap during 2007 (the Basis Swap). The Basis Swap agreement provides for the Hospital to receive interest from the counterparty of 67% of LIBOR, plus 0.274% on a notional amount of \$75,000,000 and to pay interest to the counterparty at a floating rate tied to SIFMA. Under the Basis Swap agreement, the Hospital pays or receives the net interest amount monthly, with the monthly settlements included in interest expense. The Basis Swap agreement was amended on April 12, 2012, reducing the notional amount from \$75,000,000 to \$37,500,000. In conjunction with this reduction in the notional amount, the Hospital paid a termination fee of \$1,137,000.

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

The Basis Swap does not qualify for hedge accounting treatment. Therefore, the change in the fair value of the swap is recognized as a gain or loss in the accompanying consolidated statements of operations and changes in net assets, as a component of excess of revenues over expenses.

The agreement terminates on June 7, 2027, but can be terminated by the Hospital on any business day provided that the Hospital has given prior written notice of at least five days to the counterparty.

The Basis Swap requires the Hospital to post collateral to the extent the swap liability exceeds \$5,000,000.

The following table presents certain information regarding the Hospital's interest rate swap agreements:

	<u>2013</u>	<u>2012</u>
Fair value of Total Return Swap included as a component of other long-term assets on the consolidated balance sheets	<u>\$ -</u>	<u>\$ 155,017</u>
Fair value of Basis Swap included as a component of other long-term liabilities on the consolidated balance sheets	<u>\$ (1,214,027)</u>	<u>\$ (1,101,336)</u>
Net gain recognized in excess of revenues over expenses as a component of other nonoperating income (expense)	<u>\$ (112,813)</u>	<u>\$ 1,031,422</u>

Note 8: Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2013</u>	<u>2012</u>
Interest in the net assets of the Foundation	<u>\$ 6,349,910</u>	<u>\$ 9,963,630</u>

During the years ended June 30, 2013 and 2012, net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes in the amounts of \$5,360,373 and \$18,060,756, respectively.

Permanently restricted net assets are comprised of the Health System's interest in the permanently restricted net assets of the Foundation and amounted to \$2,051,125 and \$2,101,746 at June 30, 2013 and 2012, respectively.

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Note 9: Charity Care

In support of its mission, the Health System voluntarily provides care without charge or at amounts less than its established charges to patients meeting certain criteria under its charity care policy. Because the Health System does not pursue collection of amounts determined to be charity care, such amounts are not reported as net patient service revenue.

In addition to these uncompensated costs, the Health System also commits significant time and resources to endeavors and critical services, which meet otherwise unfilled community needs. Many of these activities are sponsored with the knowledge that they will not be self-supporting or financially viable. Such programs include:

- Health screening and assessments
- Community education activities
- Pediatric center to provide immunizations and support a child abuse intervention program
- Women's center to provide prenatal and postnatal care, along with bilingual parenting education
- Various support groups

The costs of charity care provided under the Health System's charity care policy were approximately \$19,575,000 and \$20,808,000 for 2013 and 2012, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

Note 10: Functional Expenses

The Health System provides health care services primarily to residents within its geographic area. Expenses related to providing these services are as follows:

	2013	2012
Health care services	\$ 463,974,310	\$ 439,190,644
General and administrative	186,767,095	176,790,738
	<u>\$ 650,741,405</u>	<u>\$ 615,981,382</u>

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Note 11: Pension and Other Post-Retirement Benefit Obligations

Defined Contribution Pension Plans

The System has two defined contribution pension plans that cover substantially all full-time employees. One plan is organized under section 403(b) of the IRC, which receives employee pretax and elective employer contributions for the Health System employees.

The other defined contribution plan is organized under Section 401(a) of the IRC. All employees are eligible and are automatically enrolled in the plan. Employees become fully vested after three years of service. Employer contributions vary by years of service. The System contributes 1.25% for employees with less than five years of service, 1.75% for five to ten years of service and 2.25% for over ten years of service. Service Based Employer Contributions (SBEC) varies by years of service. The System also makes a matching contribution to this plan, equal to 50% of an employee's elective deferral into the 403(b) plan, up to a maximum of 2% of the employees' eligible compensation.

Pension expense related to these plans was \$6,202,152 and \$8,249,858 for 2013 and 2012, respectively.

Defined Benefit Pension Plans

The System also has a noncontributory defined benefit pension plan covering all employees who meet the eligibility requirements (the Employee Plan). The System's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the System may determine to be appropriate from time to time. This plan was frozen as of December 31, 2009.

The System expects to contribute approximately \$9,000,000 to the Employee Plan in 2014.

The System also has a supplemental executive retirement plan (SERP) covering certain members of management. The System's funding policy is to contribute the amount of pension benefit payments at the time the benefit is paid. The System expects to contribute approximately \$455,000 to the SERP in 2014, with funds already designated for that purpose.

Distributions were made to certain SERP beneficiaries that resulted in a settlement charge of \$81,886 for that plan in 2012.

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

The System uses a June 30 measurement date for the plans. Information about the plans' funded status is as follows:

	Employee Plan		SERP	
	2013	2012	2013	2012
Change in benefit obligation				
Beginning of year	\$ 190,117,821	\$ 141,648,437	\$ 1,606,015	\$ 1,952,052
Service cost	262,663	256,953	456,886	280,052
Interest cost	7,682,287	7,922,417	20,189	32,791
Amendments	-	-	-	187,863
Actuarial (gain) loss	(18,598,671)	43,276,226	10,148	85,093
Benefits paid	(3,764,646)	(2,986,212)	(426,081)	(931,836)
End of year	<u>\$ 175,699,454</u>	<u>\$ 190,117,821</u>	<u>\$ 1,667,157</u>	<u>\$ 1,606,015</u>
Change in fair value of plan assets				
Beginning of year	\$ 106,982,187	\$ 110,128,603	\$ -	\$ -
Actuarial return on plan assets	7,407,092	(1,160,212)	-	-
Employer contributions	833,333	1,000,008	426,081	931,836
Benefits paid	(3,764,646)	(2,986,212)	(426,081)	(931,836)
End of year	<u>111,457,966</u>	<u>106,982,187</u>	<u>-</u>	<u>-</u>
Funded status, end of year	<u>\$ (64,241,488)</u>	<u>\$ (83,135,634)</u>	<u>\$ (1,667,157)</u>	<u>\$ (1,606,015)</u>

A significant portion of the actuarial gain in 2013 was due to the increase of the discount rate used to measure the pension obligation to 4.71% at June 30, 2013 from 4.05% at June 30, 2012. A significant portion of the actuarial loss in 2012 was due to a decrease of the discount rate used to measure the June 30, 2012 pension obligation as compared to the rate used at June 30, 2011.

Liabilities recognized in the System's consolidated balance sheets:

	Employee Plan		SERP	
	2013	2012	2013	2012
Current liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454,963</u>	<u>\$ 422,380</u>
Noncurrent liabilities	<u>\$ 64,241,488</u>	<u>\$ 83,135,634</u>	<u>\$ 1,212,194</u>	<u>\$ 1,183,635</u>

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

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Amounts recognized in the System's unrestricted net assets not yet recognized as components of net periodic benefit cost consist of

	Employee Plan		SERP	
	2013	2012	2013	2012
Net loss	\$ 53,631,284	\$ 79,486,383	\$ 105,186	\$ 165,120
Prior service cost	-	-	448,577	625,451
	<u>\$ 53,631,284</u>	<u>\$ 79,486,383</u>	<u>\$ 553,763</u>	<u>\$ 790,571</u>

The following is information for pension plans with an accumulated benefit obligation in excess of plan assets

	Employee Plan		SERP	
	2013	2012	2013	2012
Projected benefit obligation	<u>\$ 175,699,454</u>	<u>\$ 190,117,821</u>	<u>\$ 1,667,157</u>	<u>\$ 1,606,015</u>
Accumulated benefit obligation	<u>\$ 175,699,454</u>	<u>\$ 190,117,821</u>	<u>\$ 1,667,157</u>	<u>\$ 1,606,015</u>
Fair value of plan assets	<u>\$ 111,457,966</u>	<u>\$ 106,982,187</u>	<u>\$ -</u>	<u>\$ -</u>
Components of net periodic benefit cost				
Service cost	\$ 262,663	\$ 256,953	\$ 456,886	\$ 280,052
Interest cost	7,682,287	7,922,417	20,189	32,791
Expected return on plan assets	(6,832,940)	(7,124,494)	-	-
Amortization of prior service	-	-	176,874	473,489
Amortization of net loss	6,682,276	1,657,904	16,783	13,021
Settlement recognition	-	-	53,299	81,886
Net periodic benefit cost	<u>\$ 7,794,286</u>	<u>\$ 2,712,780</u>	<u>\$ 724,031</u>	<u>\$ 881,239</u>

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Other changes in plan assets and benefit obligations recognized in other comprehensive income were as follows

	Employee Plan		SERP	
	2013	2012	2013	2012
Net (gain) loss	\$ (19,172,823)	\$ 51,560,932	\$ 10,148	\$ 85,093
Amortization of net loss	(6,748,140)	(1,657,904)	(16,783)	(13,021)
Prior service cost	-	-	-	187,863
Amortization of prior service cost	-	-	(176,874)	(473,489)
Amount recognized due to settlement	-	-	(53,299)	(81,886)
Total recognized in other changes in net assets	<u>\$ (25,920,963)</u>	<u>\$ 49,903,028</u>	<u>\$ (236,808)</u>	<u>\$ (295,440)</u>
Total recognized in net periodic benefit cost and other changes in net assets	<u>\$ (18,126,677)</u>	<u>\$ 52,615,808</u>	<u>\$ 487,223</u>	<u>\$ 585,799</u>

There are no plan assets expected to be returned to the Health System in the year ended June 30, 2013

The estimated net loss and prior service cost for the defined benefit pension plans that will be amortized from unrestricted net assets into net periodic benefit costs over the next fiscal year for both plans is \$4,362,670 and \$7,463,899 at June 30, 2013 and 2012, respectively

Significant assumptions include

	Employee Plan		SERP	
	2013	2012	2013	2012
Weighted-average assumptions used to determine benefit obligations				
Discount rate	4.71%	4.05%	0.86 – 2.64%	1.01 – 2.37%
Rate of compensation increase	N/A	N/A	5.00%	5.00%
Weighted-average assumptions used to determine benefit costs				
Discount rate	4.05%	5.64%	1.63 – 1.35%	1.26 – 2.08%
Expected return on plan assets	7.00%	7.00%	N/A	N/A
Rate of compensation increase	N/A	N/A	5.00%	5.00%

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

The System has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid by the System at June 30, 2013, are

	Employee Plan	SERP
2014	\$ 4,727,248	\$ 454,963
2015	5,204,120	1,370,471
2016	5,670,549	201,362
2017	6,259,427	201,362
2018	6,884,120	201,362
2019 – 2023	43,448,687	1,006,810

Plan assets of the Employee Plan are held in the Texas Hospital Association Retirement Trust for member hospitals, which invests plan assets for the plans of approximately 40 participating hospitals. The investment objectives for the trust are to provide returns, which improve the funded status of the participating hospital's plans over time and reduce pension costs and to receive favorable performance from the pension fund's active managers in exchange for the fees paid to the investment management fund

Based on the risk posture of the Texas Hospital Association Retirement Trust, the trustees developed asset mix targets, which reflect the holdings of the System. The asset mix target at June 30, 2013 and 2012, was

	2013	2012
Equity securities	49%	36%
Debt securities	34%	48%
Cash equivalents	3%	2%
Alternative investments	14%	14%
	<u>100%</u>	<u>100%</u>

Pension Plan Assets

Following is a description of the valuation methodologies and inputs used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of pension plan assets pursuant to the valuation hierarchy

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. Level 2 plan assets include interest in a pooled investment trust fund. Level 2 inputs include the net asset value reported by fund managers. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy. The Health System did not hold any Level 1 or Level 3 securities in pension plans at June 30, 2013 and 2012.

The fair values of the pension plan assets at June 30, 2013 and 2012, were as follows:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair Value				
June 30, 2013				
Investment in Texas Hospital Association Retirement Trust	\$ 111,457,966	\$ -	\$ 111,457,966	\$ -
June 30, 2012				
Investment in Texas Hospital Association Retirement Trust	\$ 106,982,187	\$ -	\$ 106,982,187	\$ -

A nonqualified plan trust has been created for the purpose of funding SERP-obligations. However, certain rights are retained by general creditors of the System with respect to assets held in trust and, therefore, the trust assets would not be treated as sufficiently separated from the employer to constitute plan assets under Accounting Standards Codification (ASC) Topic 715, *Compensation – Retirement Benefits*. The assets held in this trust are reported on the accompanying consolidated balance sheets as a component of assets limited as to use (see *Note 4*).

Other Post-retirement Obligations

The Health System has entered into agreements with certain current and former employees to pay for health insurance and long-term care insurance in retirement. The estimated cost of these obligations was approximately \$1,100,000 at June 30, 2013 and 2012, respectively, and has been recorded in other liabilities in the accompanying consolidated balance sheets.

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Deferred Compensation Plans

The Health System offers a nonqualified deferred compensation plan organized under section 457(b) of the IRC for certain physicians and executives of the Clinic and RMSA. Benefits generally vest immediately. The assets of the plan are recorded in assets limited as to use, internally designated and held by trustee, deferred compensation plan in the accompanying consolidated balance sheets and are approximately \$9,324,000 and \$7,222,000 at June 30, 2013 and 2012, respectively. There is an offsetting liability recorded in accrued expenses in the accompanying consolidated balance sheets.

Investment income related to the plans and corresponding changes in the offsetting liability are recorded as a component of employee benefits in the accompanying consolidated statements of operations and changes in net assets.

The Health System offers a nonqualified deferred compensation plan organized under section 457(f) of the IRC for certain physicians and executives of the Clinic. Benefits generally vest 24 months after termination of employment subject to certain limitations. The assets of the plan are recorded in assets limited as to use, internally designated and held by trustee, deferred compensation plan in the accompanying consolidated balance sheets and are approximately \$7,182,000 and \$7,038,000 at June 30, 2013 and 2012, respectively. There is an offsetting liability recorded in other long-term liabilities in the consolidated balance sheets. Investment income related to the plans and corresponding changes in the offsetting liability are recorded as a component of employee benefits in the accompanying consolidated statements of operations and changes in net assets.

Note 12: Deferred Payments

The Clinic acquired the assets of various physician practices between 1996 and 2004. The purchase of assets included intangible assets representing the value of physician's covenants not to compete executed in connection with the physician's employment agreements. The value of the noncompete agreements depends on the length of time the physician complies with the restrictions on competition.

The amounts allocated to each physician will only be paid if the physician remains an employee of the Clinic for five years from the date of the agreement and complies in full with the restrictions on competition. After termination, payments are made in equal annual installments over four to seven years based on the specific provisions of each agreement.

Interest accrues on the unpaid balance of the amount due to physicians from the date of the agreement at 8% annually. The interest accrued is due and payable annually each December 31, except at the election of the physician employees to defer receipt. The related liability is included in other liabilities on the consolidated balance sheets and totaled \$1,707,840 at both June 30, 2013 and 2012.

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Note 13: Related Party Transactions

The Health System leases space and provides various services to CCHT. The annual rent from CCHT is \$987,360. The Health System also has a management agreement with CCHT to provide management services with an original term of 14 years, expiring in 2018. The annual management fee is \$300,000, paid monthly. Amounts due the Health System pursuant to these agreements were \$345,588 and \$1,299,471 at June 30, 2013 and 2012, respectively.

Amounts due from affiliates, classified as current receivables, at June 30, 2013 and 2012, are shown below:

	<u>2013</u>	<u>2012</u>
The Foundation	\$ 598,296	\$ 387,063
CCHT	345,588	1,299,471
Champion	281,214	610,056
Other	<u>1,191,817</u>	<u>364,819</u>
	<u>\$ 2,416,915</u>	<u>\$ 2,661,409</u>

The Health System holds a noncontrolling membership interest in the Pineywoods Service Organization and the Service Organization of North and East Texas (collectively, the Service Organizations). The primary purpose of the Service Organizations is to improve the health care of residents in east Texas through multiple means. A member of management of the Health System serves on the Board of Directors of the Service Organizations. During 2013 and 2012, the Health System contributed approximately \$10,759,000 and \$6,982,000, respectively, to the Service Organizations. These contributions have been included as a component of other nonoperating expenses in the consolidated statements of operations and changes in net assets.

The System has provided an unlimited guarantee of substantially all of the long-term debt of Champion. Champion has entered into notes payable with a bank with a principal balance of \$3,638,148 and \$2,676,493 at June 30, 2013 and 2012, respectively. The Health System, along with the other member of Champion, has jointly and severally guaranteed this debt on behalf of Champion.

During 2013, the Hospital transferred operations of its family care clinics to Tyler Family Circle of Care (TFCC), a federally qualified health center. The Hospital provides various general and administrative services to TFCC and makes contributions to TFCC to assist in covering operating losses. Contributions to TFCC during 2013 were approximately \$4,198,000, which primarily consisted of services provided to TFCC at a reduced cost. This contribution has been included as a component of other nonoperating expenses in the consolidated statements of operations and changes in net assets.

There were members of the Board of Directors that received consulting fees totaling \$103,000 and \$110,000 during the years ended June 30, 2013 and 2012, respectively.

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Note 14: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the items listed as follows:

Allowance for Net Patient Service Revenue Adjustments

Estimates of allowances for adjustments included in net patient service revenue are described in *Notes 1* and *2*.

Malpractice Claims

Estimates related to the accrual for medical malpractice claims are described in *Notes 1* and *5*.

Admitting Physicians

Over 60% of the Hospital's revenue is generated from patients referred by the Clinic and its physicians.

Litigation

In the normal course of business, the Health System is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Health System's self-insurance program (discussed elsewhere in these notes) or by commercial insurance, for example, allegations regarding employment practices or performance of contracts. The Health System evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Deferred Compensation Agreement

As discussed in *Note 11*, the amount of annual expense accrued for deferred compensation is based on an estimate of the total amounts payable under the contracts over the lifetimes of the beneficiaries.

Self-insured Employee Health Care and Workers' Compensation

Estimates related to the accrual for self-insured employee health care claims and workers' compensation claims are discussed in *Note 5*.

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Defined Benefit Pension Plan

Estimates related to the Health System's obligation for its defined benefit pension plan are described in *Note 11*

Investments

The Health System invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated balance sheets.

Healthcare Reform Legislation

The Patient Protection and Affordable Care Act (PPACA) will substantially reform the United States health care system. The legislation impacts multiple aspects of the health care system, including many provisions that change payments from Medicare, Medicaid and insurance companies. The legislation has established health insurance exchanges, which will provide individuals without employer provided health care coverage the opportunity to purchase insurance. It is possible that some employers currently offering insurance to employees will opt to have employees seek insurance coverage through the insurance exchanges. The reimbursement rates paid by insurers participating in the insurance exchanges may be substantially different than rates paid under current health insurance products. Another significant component of the PPACA is the expansion of the Medicaid program to a wide range of newly eligible individuals. In anticipation of this expansion, payments under certain existing programs, such as Medicare disproportionate share, will be substantially decreased. Each state's participation in an expanded Medicaid program is optional.

The state of Texas has chosen not to expand the Medicaid program, which may result in revenues from newly covered individuals not offsetting the Health System's reduced revenue from other Medicare/Medicaid programs.

The PPACA is extremely complex and may be difficult for the federal government and each state to implement. While the overall impact of the PPACA cannot currently be estimated, it is reasonably possible that it will have a negative impact on the Health System's net patient service revenue. Additionally, it is possible that the Health System will experience payment delays and other operational challenges during PPACA's implementation.

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Note 15: Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2013 and 2012:

	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2013	Fair Value			
Money market mutual funds	\$ 11,979,618	\$ 11,979,618	\$ -	\$ -
U S Treasury obligations	20,661,585	-	20,661,585	-
U S Agency obligations	17,914,157	-	17,914,157	-
Corporate bonds				
Financials	17,104,604	-	17,104,604	-
Technology	1,653,742	-	1,653,742	-
Industrial and material	343,109	-	343,109	-
Consumer	4,198,201	-	4,198,201	-
Energy and utilities	2,727,183	-	2,727,183	-
Telecommunications	2,035,512	-	2,035,512	-
Other sectors	497,685	-	497,685	-
Equity securities				
Financials	2,973,762	2,973,762	-	-
Health care	2,138,701	2,138,701	-	-
Technology	3,253,471	3,253,471	-	-
Industrial and materials	3,424,231	3,424,231	-	-
Consumer	4,334,080	4,334,080	-	-
Energy and utilities	3,391,122	3,391,122	-	-
Other sectors	179,131	179,131	-	-
Mutual funds	29,453,998	29,453,998	-	-
Alternative investment	10,513,502	-	10,513,502	-
Interest rate swap agreements	(1,214,027)	-	(1,214,027)	-

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2012				
Money market mutual funds	\$ 29,312,664	\$ 29,312,664	\$ -	\$ -
U S Treasury obligations	29,173,262	-	29,173,262	-
U S Agency obligations	34,800,818	-	34,800,818	-
Corporate bonds				
Financials	11,265,681	-	11,265,681	-
Technology	3,374,229	-	3,374,229	-
Industrial and material	1,409,499	-	1,409,499	-
Consumer	3,755,039	-	3,755,039	-
Energy and utilities	1,232,130	-	1,232,130	-
Telecommunications	3,279,154	-	3,279,154	-
Other sectors	919,953	-	919,953	-
Equity securities				
Financials	5,522,055	5,522,055	-	-
Health care	4,956,574	4,956,574	-	-
Technology	6,218,185	6,218,185	-	-
Industrial and materials	8,738,485	8,738,485	-	-
Consumer	9,832,221	9,832,221	-	-
Energy and utilities	6,561,867	6,561,867	-	-
Other sectors	1,682,510	1,682,510	-	-
Mutual funds	35,650,646	35,650,646	-	-
Alternative investment	12,085,931	-	12,085,931	-
Interest rate swap agreements	(946,319)	-	(946,319)	-

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2013. For assets classified within Level 3 of the fair value hierarchy, if any, the process used to develop the reported fair value is described below.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include investments in money market mutual funds, equities and mutual funds. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. Level 2 securities include investments in U S Treasury and Agency obligations, corporate bonds and alternative investments. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Health System did not hold any Level 3 securities at June 30, 2013 and 2012.

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

The value of certain investments, classified as alternative investments, is determined using net asset value (or its equivalent) as a practical expedient. Investments for which the Health System expects to have the ability to redeem its investments with the investee within 12 months after the reporting date are categorized as Level 2. Investments for which the Organization does not expect to be able to redeem its investments with the investee within 12 months after the reporting date are categorized as Level 3.

Interest Rate Swap Agreements

The fair value is estimated using forward-looking interest rate curves and discounted cash flows that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

Nonrecurring Measurements

The following table presents the fair value measurement of assets measured at fair value on a nonrecurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2012.

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Long-lived assets	\$ 2,250,000	\$ -	\$ 2,250,000	\$ -

The long-lived assets were valued at fair value on June 30, 2012, due to an impairment recorded. The fair value was estimated using a discounted cash flow model based on internal projections.

There were no assets measured at fair value on a nonrecurring basis at June 30, 2013.

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Fair Value of Financial Instruments

The following table presents estimated fair values of the Health System's financial instruments and the level within the fair value hierarchy at June 30, 2013 and 2012

		Fair Value Measurements Using		
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2013				
Financial Assets				
Cash and cash equivalents	\$ 82,809,539	\$ 82,809,539	\$ -	\$ -
Investments	138,777,394	61,128,114	77,649,280	-
Interest in net assets of the Foundation	8,401,035	-	8,401,035	-
Repurchase agreement	8,820,504	-	8,820,504	-
Accrued interest receivable	571,946	571,946	-	-
Financial Liabilities				
Interest rate swap agreement	1,214,027	-	1,214,027	-
Long-term debt	218,072,217	-	222,050,261	-
June 30, 2012				
Financial Assets				
Cash and cash equivalents	\$ 57,526,722	\$ 57,526,722	\$ -	\$ -
Investments	209,770,903	108,475,207	101,295,696	-
Interest in net assets of the Foundation	12,065,376	-	12,065,376	-
Repurchase agreement	9,061,249	-	9,061,249	-
Accrued interest receivable	594,879	594,879	-	-
Interest rate swap agreement	155,017	-	155,017	-
Financial Liabilities				
Interest rate swap agreement	1,101,336	-	1,101,336	-
Long-term debt	224,525,393	-	277,356,014	-

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying consolidated balance sheets at amounts other than fair value

Cash and Cash Equivalents

The carrying amount approximates fair value

Interest in Net Assets of the Foundation

Fair value is estimated at the present value of the future distributions expected to be received

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements June 30, 2013 and 2012

Repurchase Agreement

The carrying amount approximates fair value

Accrued Interest Receivable

The carrying amount approximates fair value

Long-term Debt

Fair value is estimated, based on the borrowing rates currently available to the Health System for debt with similar terms and maturities

Note 16: Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were issued

Supplemental Information

Trinity Mother Frances Health System and Subsidiaries

Balance Sheet – Consolidating Information

June 30, 2013

	The System	Consolidated Hospital Group (Obligated Group)	Trinity Clinic	Jacksonville	Winnsboro	TRHA	Tricare, Inc	HOT	Eliminations	Consolidated
Assets										
Current Assets										
Cash and cash equivalents	\$ 712	\$ 46,427,499	\$ 701,164	\$ (302,033)	\$ 160,236	\$ -	\$ (27,741)	\$ 100,179	\$ -	\$ 47,060,016
Short-term investments	-	4,216,869	-	-	-	-	-	-	-	4,216,869
Assets limited as to use - current	-	3,329,570	1,196,280	-	-	-	-	-	-	4,525,850
Patient accounts receivable - net of allowance of \$78,679,000	-	62,803,355	14,755,840	6,065,495	2,533,642	-	581,910	-	-	86,740,242
Estimated amounts due from third-party payers	-	5,628,755	-	742,756	1,370,137	-	-	-	-	7,741,648
Due from affiliates	10,876	2,406,039	-	-	-	-	-	-	-	2,416,915
Inventories	-	5,697,256	230,612	147,465	284,538	-	132,913	-	-	6,492,784
Prepaid expenses and other	2,294,454	3,198,310	540,026	362,619	168,980	-	51,036	1,051	-	6,616,476
Total current assets	2,306,042	133,707,653	17,423,922	7,016,302	4,517,533	-	738,118	101,230	-	165,810,800
Assets Limited As To Use										
Internally designated for capital acquisitions	-	76,339,014	1,614,054	-	-	-	-	-	-	77,953,068
Internally designated and held by trustee supplemental retirement plan	-	1,086,724	-	-	-	-	-	-	-	1,086,724
Internally designated and held by trustee self-insurance	-	3,586,610	8,588,160	-	-	-	-	-	-	12,174,770
Internally designated and held by trustee deferred compensation plan	-	761,548	15,743,711	-	-	-	-	-	-	16,505,259
Held by trustee under bond indenture agreement	-	20,308,647	-	-	-	-	-	-	-	20,308,647
	-	102,082,543	25,945,925	-	-	-	-	-	-	128,028,468
Less amount required to meet current obligations	-	3,329,570	1,196,280	-	-	-	-	-	-	4,525,850
Total assets limited as to use	-	98,752,973	24,749,645	-	-	-	-	-	-	123,502,618
Property and Equipment - At Cost										
Land and land improvements	-	37,011,349	26,475	-	629,849	-	-	-	-	37,667,673
Buildings and improvements	-	350,694,222	1,152,130	-	3,950,517	-	-	-	-	355,796,869
Equipment	-	290,618,197	2,703,464	6,557,575	4,342,287	-	437,096	-	-	304,658,619
Construction in progress	-	10,700,036	13,411	-	-	-	-	-	-	10,713,447
	-	689,023,804	3,895,480	6,557,575	8,922,653	-	437,096	-	-	708,836,608
Less accumulated depreciation	-	352,598,001	2,275,826	5,087,612	3,012,484	-	170,107	-	-	363,144,030
Total property and equipment - net	-	336,425,803	1,619,654	1,469,963	5,910,169	-	266,989	-	-	345,692,578
Intercompany Receivables	442,699	81,065,551	6,582,111	10,335,649	-	-	-	53	(98,426,063)	-
Other Assets										
Interest in net assets of Trinity Mother Frances Health System Foundation Center for Health Care Philanthropy (Foundation)	8,401,035	-	-	-	-	-	-	-	-	8,401,035
Other investments	-	51,674,030	-	-	-	-	-	-	-	51,674,030
Investment in affiliates	2,476,871	4,444,453	-	-	-	-	-	-	(99,295)	6,822,029
Interest rate swap agreement	-	-	-	-	-	-	-	-	-	-
Deferred financing costs and other	42,181	1,729,938	373,209	-	-	-	-	-	-	2,145,328
Total other assets	10,920,087	57,848,421	373,209	-	-	-	-	-	(99,295)	69,042,422
Total assets	\$ 13,668,828	\$ 707,800,401	\$ 507,485,441	\$ 18,821,914	\$ 10,427,702	\$ -	\$ 1,005,107	\$ 101,283	\$ (98,525,358)	\$ 704,048,418

Trinity Mother Frances Health System and Subsidiaries

Balance Sheet – Consolidating Information (Continued)

June 30, 2013

	The System	Consolidated Hospital Group (Obligated Group)	Trinity Clinic	Jacksonville	Winnsboro	TRHA	Tricare, Inc	HOT	Eliminations	Consolidated
Liabilities and Net Assets (Deficit)										
Current Liabilities										
Current maturities of long-term debt	\$ 1,213,781	\$ 9,336,465	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,550,246
Accounts payable	2,070,169	33,955,657	1,962,664	1,918,625	2,224,013	9,442	141	-	-	42,140,711
Accrued expenses	108,786	23,529,433	21,846,771	510	140,832	-	89,218	-	-	45,715,550
Estimated amounts due to third-party payers	-	2,426,235	-	911,844	1,833,806	-	-	-	-	5,171,885
Estimated self-insurance costs	-	8,504,783	1,196,280	105,016	143,374	-	-	-	-	9,949,453
Pension liability	-	454,963	-	-	-	-	-	-	-	454,963
Total current liabilities	3,392,736	78,207,536	25,005,715	2,935,995	4,342,025	9,442	89,359	-	-	113,982,808
Intercompany Payables	53,500,312	10,267,539	30,200,363	-	3,785,959	90,710	578,877	2,303	(98,426,063)	-
Estimated Self-insurance Costs	-	3,123,827	1,978,520	173,684	237,126	-	-	-	-	5,513,157
Long-term Debt	8,337,126	199,184,845	-	-	-	-	-	-	-	207,521,971
Interest Rate Swap Agreement	-	1,214,027	-	-	-	-	-	-	-	1,214,027
Other Liabilities	2,919,074	-	8,948,975	-	-	-	-	-	-	11,868,049
Pension Liability	-	51,083,364	14,370,318	-	-	-	-	-	-	65,453,682
Total liabilities	68,149,248	343,081,138	80,503,891	3,109,679	8,365,110	100,152	668,236	2,303	(98,426,063)	405,553,694
Net Assets (Deficit)										
Unrestricted	(62,881,455)	364,719,263	(29,755,350)	15,712,235	2,062,592	(100,152)	336,871	98,980	(99,295)	290,093,689
Temporarily restricted	6,349,910	-	-	-	-	-	-	-	-	6,349,910
Permanently restricted	2,051,125	-	-	-	-	-	-	-	-	2,051,125
Total net assets (deficit)	(54,480,420)	364,719,263	(29,755,350)	15,712,235	2,062,592	(100,152)	336,871	98,980	(99,295)	298,494,724
Total liabilities and net assets (deficit)	\$ 13,668,828	\$ 707,800,401	\$ 50,748,541	\$ 18,821,914	\$ 10,427,702	\$ -	\$ 1,005,107	\$ 101,283	\$ (98,525,358)	\$ 704,048,418

Trinity Mother Frances Health System and Subsidiaries

Statement of Operations – Consolidating Information Year Ended June 30, 2013

The System	Trinity Clinic	Jacksonville	Winnsboro	TRHA	Trincare, Inc	HOT	Eliminations	Consolidated
Unrestricted Revenues, Gains and Other Support								
Net patient service revenue	\$ 114,276,457	\$ 56,156,778	\$ 17,576,507	\$ -	\$ 5,815,546	\$ -	\$ -	\$ 650,725,754
Less provision for uncollectible accounts	7,091,050	7,575,744	1,711,527	-	759,290	-	-	51,458,215
Net patient service revenue less provision for uncollectible accounts	-	107,185,427	28,565,054	-	5,054,056	-	-	599,287,519
Other operating revenue	82,616,094	47,701,579	5,961,046	2,169,805	(885)	529,045	14,855	55,112,625
Equity in earnings of affiliate	(5,460,109)	-	-	-	-	-	-	257,479
Interest income	-	-	-	-	-	-	-	571,248
Total unrestricted revenues, gains and other support	79,156,885	154,886,806	52,524,080	17,854,785	(885)	5585,099	14,855	655,208,871
Expenses								
Salaries and wages	55,856,955	18,090,298	8,278,657	5,125,295	-	740,580	-	209,455,555
Physician compensation	1,826,655	1,557,909,76	6,985,172	2,929,201	-	-	(42,781,674)	159,120,211
Employee benefits	8,549,019	4,275,507	1,979,446	1,254,560	-	198,451	-	59,695,855
Purchased services and professional fees	15,178,124	21,554,695	6,526,707	5,205,264	160	2,566,945	(559,545)	69,448,558
Supplies and other	15,017,745	6,050,158	5,698,585	2,186,705	4,721	515,992	624	142,959,701
Depreciation and amortization	4,656,277	650,279	491,955	749,275	-	55,821	-	59,912,542
Interest	478,065	887,291	-	5515	-	-	-	8,175,447
Equity in income of consolidated subsidiary	(572,927)	-	-	-	-	-	(749,151)	572,927
Total expenses	79,149,887	187,076,982	29,760,298	17,455,409	4,881	5,675,587	(558,721)	650,741,405
Operating Income (Loss)	6,998	(52,190,176)	2,765,782	599,576	(5,766)	(290,488)	575,554	2,467,466
Other Income (Expense)								
Investment return	(150)	5,141	-	-	-	-	-	7,194,769
Loss on debt restructuring	-	-	-	-	-	-	-	(904,515)
Change in fair value of interest rate swap agreements	-	-	-	-	-	-	-	(112,815)
Contributions	(284,027)	-	(1,155,785)	(16,260)	-	-	-	(15,240,615)
Total other income (expense)	(284,177)	5,141	(1,155,785)	(16,260)	-	-	-	(9,065,170)
Excess (Deficiency) of Revenues Over Expenses	\$ (277,179)	\$ (52,187,055)	\$ 1,629,997	\$ 585,116	\$ (5,766)	\$ (290,488)	\$ 575,554	\$ (6,595,704)

Trinity Mother Frances Health System and Subsidiaries

Statement of Changes in Net Assets – Consolidating Information (Continued) Year Ended June 30, 2013

	The System	Consolidated Hospital Group (Obligated Group)	Trinity Clinic	Jacksonville	Winnsboro	TRHA	Trincare, Inc	HOT	Eliminations	Consolidated
Unrestricted Net Assets										
Excess (deficiency) of revenues over expenses	\$ (277,179)	\$ 24,151,020	\$ (32,187,035)	\$ 1,629,997	\$ 383,116	\$ (5,766)	\$ (290,488)	\$ 373,554	\$ (372,923)	\$ (6,595,704)
Net assets released from restrictions	-	5,649,930	-	-	-	-	-	-	-	5,649,930
Contributions for purchase of property and equipment	-	-	-	-	-	-	-	-	-	-
Change in pension liability	-	26,157,771	-	-	-	-	-	-	-	26,157,771
Transfer (to) from affiliate	42,877,547	(67,091,505)	24,213,958	-	-	-	-	(322,242)	322,242	-
Increase (decrease) in unrestricted net assets	42,600,368	(11,132,784)	(7,973,077)	1,629,997	383,116	(5,766)	(290,488)	51,312	(50,681)	25,211,997
Temporarily Restricted Net Assets										
Contributions received	-	5,852,125	-	-	-	-	-	-	-	5,852,125
Change in interest in net assets of Foundation	(3,613,720)	-	-	-	-	-	-	-	-	(3,613,720)
Investment return	-	(202,195)	-	-	-	-	-	-	-	(202,195)
Net assets released from restrictions	-	(5,649,930)	-	-	-	-	-	-	-	(5,649,930)
Increase in temporarily restricted net assets	(3,613,720)	-	-	-	-	-	-	-	-	(3,613,720)
Permanently Restricted Net Assets										
Change in interest in net assets of Foundation	(50,621)	-	-	-	-	-	-	-	-	(50,621)
Increase in permanently restricted net assets	(50,621)	-	-	-	-	-	-	-	-	(50,621)
Change in Net Assets	38,936,027	(11,132,784)	(7,973,077)	1,629,997	383,116	(5,766)	(290,488)	51,312	(50,681)	21,547,656
Net Assets (Deficit) Beginning of Year	(93,416,447)	375,852,047	(217,822,273)	14,082,238	1,679,476	(94,386)	627,359	47,668	(48,614)	276,947,068
Net Assets (Deficit) End of Year	<u>\$ (54,480,420)</u>	<u>\$ 364,719,263</u>	<u>\$ (297,553,350)</u>	<u>\$ 15,712,235</u>	<u>\$ 2,062,592</u>	<u>\$ (100,152)</u>	<u>\$ 336,871</u>	<u>\$ 98,980</u>	<u>\$ (99,295)</u>	<u>\$ 298,494,724</u>

Mother Frances Hospital - Tyler Implementation Plan

A comprehensive Community Health Needs Assessment (CHNA) was conducted for Mother Frances Hospital – Tyler from February 2013 to June 2013. The hospital’s study area was defined as Smith County. The analysis included a careful review of the most current health data available and input from numerous community representatives with special knowledge of public health. Findings indicated that there were seven significant needs in the community served by Mother Frances Hospital – Tyler.

Hospital leadership prioritized those seven needs and decided to address the top six of the seven prioritized health needs. Mother Frances Hospital – Tyler decided not to specifically address the need for “access to dental services,” largely due to its position (last) on the prioritized list and the hospital’s capacity to address that need. Dental services are not a core business function of the hospital and the leadership team felt that resources and efforts would be better spent addressing the first six prioritized needs. Furthermore, there are organizations in the community serving this need, such as St. Paul Children’s dental clinic, Dentistry from the Heart, and Bethesda Health Clinic.

The final list of prioritized needs, in descending order, is listed below:

1. Fragmented continuum of care
2. Access to health services for specific populations
3. Access to specialty providers and services
4. Prevention, education and services to address high mortality rates, chronic conditions and unhealthy lifestyles
5. Access to mental health services
6. Transportation barriers

Mother Frances Hospital - Tyler leadership has developed the following implementation plan to identify specific activities and services which directly address these priorities. The objectives were identified by studying the prioritized health needs, within the context of the hospital’s overall strategic plan, and the availability of finite resources. The plan includes a rationale for each priority, followed by objectives, specific implementation activities, and anticipated impact and evaluation.

PRIORITY 1: Fragmented continuum of care

Rationale: Findings suggest that various challenges in Smith County cause the continuum of care to become fragmented and less effective. Interviewees acknowledged a communication breakdown among providers which results in fragmented care. Communication at the hospital level was noted as positive, but repetitive testing can be an issue after discharge if patients have multiple providers.

Objective #1: Participate in initiatives that improve the patient's experience as he or she transitions through the continuum of care.

Implementation Activities

- Mother Frances Hospital – Tyler will continue to provide care management for discharged patients. At Mother Frances Hospital – Tyler, funds are utilized as designated by the Care Management Department to assist patients with continuity of care needs from the time of hospital discharge. These funds are used for transportation costs to home, home health visits, durable medical equipment, walkers, crutches, medications, as well as minimal days in a skilled nursing home. Funds are targeted for the indigent population.
- As a part of Trinity Mother Frances Health System, Mother Frances Hospital – Tyler will participate in the electronic health record (EHR), which is powered by Epic. The EHR brings an integrated and unified patient centered database. Patients will benefit by having online access to much of their clinical information.
- The EHR also has a new cell phone application, “My Chart,” which allows the patient to view pertinent health statistics on their phone.
- Mother Frances Hospital – Tyler will continue to collaborate with the Louis and Peaches Owen Heart Hospital, which is the first and only heart hospital in the region. This facility offers integrated care by bringing all aspects of heart care, from diagnostic testing to surgery and recovery, into one building and is adjacent to Mother Frances Hospital – Tyler.
- Mother Frances Hospital – Tyler will continue its partnership with Children's Medical Center Dallas, which is expected to bring several pediatric subspecialties and educational services to Tyler and the surrounding area. This relationship improves the patient experience, by allowing children to get the care they need closer to home, as they navigate the continuum of care.
- Trinity Mother Frances Health System's Family Practice, Internal Medicine and Pediatric clinics are NCQA Level III certified. The Patient Centered Medical Home is a health care setting that facilitates partnerships between individual patients, and their personal

physicians, and when appropriate, the patient's family. Trinity Mother Frances Health System's clinics are the only clinics in Regional Healthcare Partnership 1 that are Medical Home designated. These clinics are undergoing recertification in the fall of 2013.

Impact and Evaluation

- Mother Frances Hospital – Tyler will track the funds designated by the Care Management Department that assist patients with continuity of care needs.
- Mother Frances Hospital – Tyler will track the progress of the EHR.
- Mother Frances Hospital – Tyler will track the number of patients served by the Heart Hospital.
- Mother Frances Hospital – Tyler will track the pediatric subspecialty visits.

PRIORITY 2: Access to health services for specific populations

Rationale: Mother Frances Hospital and Trinity Clinic serves as the most significant provider for Medicaid, commercial insurance, and Medicare in Smith County. The demand for growth in both inpatient and outpatient services are very strong. Trinity Mother Frances Health System's charity care programs are open to all who seek care within the walls of the system. All service lines are included in options to receive payments using charity care.

Findings indicate that there are disparities among certain populations with regard to accessing healthcare services. Interviewees specifically mentioned the indigent, minority and senior populations in Smith County. Interviewees discussed the need for increased access to affordable medications, as well as primary and specialty services and providers for the indigent population. There is a local clinic that serves the working poor, but residents who don't meet the clinic's criteria continue to fall between the cracks. Access to prenatal care was also noted as difficult among indigent residents.

Interviewees mentioned language barriers, fear and unawareness of resources as a particular concern in the Hispanic population. Some also referred to high rates of domestic violence in the Hispanic population, which may indicate a need for increased access to mental health services for this group. Interviewees discussed that the African American population tends to access the system less frequently, which may result in higher rates of disease. Targeted health education and preventive care were suggested to meet the needs of these residents. Interviewees noted that the senior population has a difficult time accessing care. Barriers include limited finances, transportation and difficulty navigating the system. Many said that elderly residents are in need of assistance with nutrition, medication and chronic disease management. In a survey of Tyler Family Circle of Care – Primary Care and Tyler Family Circle of Care – Women's Services

patients, many respondents cited not having insurance, limited insurance or cost as the main barriers for not seeing a doctor.

Objective #1: Provide access to healthcare and services to vulnerable populations, such as indigent, minority and elderly populations.

Implementation Activities

- Mother Frances Hospital – Tyler offers the Special Needs Program. The Program believes that all children should have access to health care services; a medical home: which are continuous, comprehensive, coordinated, compassionate and culturally competent. Medical and social services are provided to children with special needs.
- Mother Frances Hospital – Tyler will continue its partnership with Lifeline-Personal Emergency Response System. Lifeline provides independence to patients needing quick access to emergency assistance in their home. Customers wear a waterproof button on their wrist or around their neck that they can press to activate the Lifeline Call Center in case of incapacitating event such as a fall or stroke. The Lifeline Call Center will attempt to speak to the patient via the Lifeline speakerphone or send out a predetermined contact such as a friend or neighbor or activate emergency personnel to assist the caller.
- As mentioned under Priority 1, Mother Frances Hospital – Tyler will continue to utilize funds designated by the Care Management Department to assist patients with continuity of care needs from the time of hospital discharge. These funds are used for transportation costs to home, home health visits, durable medical equipment, walkers, crutches, medications, as well as minimal days in a skilled nursing home. Funds are targeted for the indigent population.
- Mother Frances Hospital – Tyler will continue to support local clinics that provide care to underserved populations, such as the working poor, uninsured populations and children. Examples include:
 - Mother Frances Hospital – Tyler will continue to support Bethesda Clinic, a “free” medical clinic, which is supported financially, with staffing including physicians, and by support services from the community. Mother Frances Hospital – Tyler provides support in all areas, such as supplies, staff volunteers, monetary gifts, and lab services and on special projects as requested.
 - Mother Frances Hospital – Tyler will continue to support St. Paul Children’s medical and dental clinics.
- Mother Frances Hospital – Tyler will continue to operate the Ross Breast Center, which is a mobile unit that provides charity mammograms and bone density screenings at community, religious, and business events. The goal is to make screenings available to

all women who qualify. Payments are made through governmental funding, insurance, private pay, grants, and charity care.

- Mother Frances Hospital – Tyler will continue to provide direct financial support to not-for-profit organizations and community supported rural hospitals within the region to help provide needed services to the community. Priority is given to agencies or organizations that provide support or direct health related services or benefits and have a mission to serve the underinsured and uninsured.
- Mother Frances Hospital – Tyler employs bilingual staff members throughout the hospital. These staff members are available to assist patients who face language barriers.
- Mother Frances Hospital - Tyler will continue to purchase durable medical devices on an as needed basis as is financial support for prescriptions.
- Mother Frances Hospital – Tyler will provide some support for the Tyler Family Circle of Care – Primary Care. The Center serves a patient population with a high percentage of at-risk ethnic groups, and it is the largest provider of services to Medicaid and CHIP services for children in east Texas. A special reach out and read program with book distribution and mentors is also provided.
 - Tyler Family Circle of Care (TFCC) is a freestanding not for profit entity that provides prenatal and women’s services, pediatric, and adult care. While they serve primarily Medicaid and underinsured patients, the clinic is open to anyone and accepts all payers. Prior to October 1, 2012, the women’s services and pediatric services were a part of Mother Frances Hospital - Tyler.
 - However, in anticipation of national health care reform and a need to expand the service access, these clinics are currently in the process of becoming a Federally Qualified Health Clinic. It is anticipated the certification could be approved as early as July 2013. Over the next 3 years, these clinics will operate as a separate entity with their own board, but will seek grant funding from Trinity Mother Frances Health System and others to cover some of the costs of the clinic services. Additionally, the OB providers currently serve as laborists for Mother Frances Hospital - Tyler.

Impact and Evaluation

- Mother Frances Hospital – Tyler will track its efforts to provide services to vulnerable populations, such as the indigent, minority and elderly populations.

PRIORITY 3: Access to specialty providers and services

Rationale: Interviewees consistently noted the need for increased access to specialty providers and services in the Smith County. While they did acknowledge that there is an impressive amount of specialties represented in the community, additional needs include: endocrinology, neurology, oncology, burn care and pediatric subspecialties including pediatric endocrinology, neurology and gastroenterology.

Objective #1: Increase access to additional specialist services and providers in the community.

Implementation Activities

- As mentioned under Priority 2, Mother Frances Hospital – Tyler will continue to provide direct financial support to not-for-profit organizations and community supported rural hospitals within the region to help provide needed services to the community. Priority is given to agencies or organizations that provide support or direct health related services or benefits and have a mission to serve the underinsured and uninsured.
- Mother Frances Hospital – Tyler will continue to operate the first Level IIIA Neonatal Intensive Care Unit in Smith County, making it possible to offer technology, facilities and skilled staffed to provide quality care to both the babies born too sick or too soon and their families. These services allow the entire family to stay close to home with their support group and the ability to continue to work while still engaging in what can sometimes be a long process to have their baby ready to go home.
 - Mother Frances Hospital – Tyler plans to develop a telemedicine program that will allow specialists not located in Tyler to evaluate the needs of the baby.
 - Trinity Clinic will continue to provide the pediatric retinopathy services for the patients of the Mother Frances Hospital - Tyler NICU. The NICU now provides care for babies at 26 weeks which requires more on site and available pediatric retinopathy services. It is unusual for a community the size of Tyler to be able to have these services on site and a part of their system. The care and cost savings for both the payers and the families is substantial by having that service in Tyler. The only other option would be to travel to Dallas or Houston.
- Mother Frances Hospital – Tyler will engage in recruitments efforts to attract the following providers to the community:
 - As part of the Medicaid Waiver project, specialty care will expand by 11 providers over the next 3 years. Providers will be primarily in Smith County but will be in outlying communities as well as Tyler. This will expand access for the region as well as the specialty care in Tyler. It also includes expanding hours of clinics to increase access.

- Other specialties that will be recruited include:
 - Cardiology, Neurology, Gastroenterology, Urology, Sleep Medicine, Pulmonary, Endocrinology, and General Surgery.
- As mentioned under Priority 1, Mother Frances Hospital – Tyler will continue to collaborate with the Louis and Peaches Owen Heart Hospital, which is the first and only heart hospital in the region. This facility offers integrated care by bringing all aspects of heart care, from diagnostic testing to surgery and recovery, into one building and is adjacent to Mother Frances Hospital - Tyler.
- Mother Frances Hospital – Tyler will continue its partnership with Children’s Medical Center Dallas and UT Southwestern, which is expected to bring additional specialist services to the community, such as:
 - Pediatric cardiology
 - Pediatric urology
 - Telemedicine (as mentioned above)
 - Other subspecialties
- Mother Frances Hospital – Tyler will continue to focus efforts on reducing the wasted time and delay in coordinating the transfer of patients from outside facilities to Mother Frances Hospital – Tyler.
- Mother Frances Hospital - Tyler provides the areas only pediatric trauma surgeons. In addition, trauma surgeons are also available to patients with acute surgical needs.
- Trinity Mother Frances Health System helps to develop skills children need to learn and become interested in healthcare careers. Through our volunteer services programs training, job shadowing, student programs, etc. are offered to individuals, schools, community colleges and four year institutions not only in our main hospitals but in clinics throughout our service area.
- Mother Frances Hospital – Tyler employees contribute to the United Way annual campaign in which the funds are used for many different community services needs of the indigent, minority and elderly residents.

Impact and Evaluation

- Mother Frances Hospital – Tyler will track the number of patient deliveries at the NICU.
- Mother Frances Hospital - Tyler will track the monetary contributions to not-for-profit organizations and community supported rural hospitals.
- Mother Frances Hospital – Tyler will track the number of physicians it recruits to the community.
- Mother Frances Hospital will track the number of referrals to the new specialty care providers.

PRIORITY 4: Prevention, education and services to address high mortality rates, chronic conditions and unhealthy lifestyles

Rationale: Findings indicate that Smith County has higher mortality rates than Texas in the following conditions: cancer, chronic lower respiratory disease, accidents and Alzheimer's disease. According to the Behavioral Risk Factor Surveillance System (BRFSS), nearly 62% of respondents in Smith County are overweight or obese and 7.8% have diabetes. Smith County also has higher chlamydia and gonorrhea rates (459.1 per 100,000 and 188.1 per 100,000 respectively) than Texas (419 per 100,000 and 116.1 per 100,000 respectively). Finally, according to the BRFSS, almost 20% of respondents in Smith identify as current smokers.

Objective #1: Provide opportunities for prevention, education and services that aim to reduce mortality rates and the prevalence of chronic conditions and unhealthy lifestyles in the community.

Implementation Activities

- In an effort to improve the ability of people to respond to an emergency situation regardless of where it occurs, Mother Frances Hospital – Tyler offers emergency education. Detailed instruction and hands on participation is offered for certification in areas including CPR, first aid, and AED use. Courses are offered to school district and sponsors for UIL programs on an as needed basis.
- Mother Frances Hospital - Tyler will continue to participate in the largest annual senior event (Senior Symposium) and provides free blood pressure and glucose screenings.
- Mother Frances Hospital – Tyler will continue to engage in community partnerships. The goal of these partnerships is to provide assistance and support and to educate the public on programs offered by Komen Foundation, American Heart Association, American Cancer Society, Alzheimer Association, Bethesda Health Clinic, Special Olympics, Boy Scouts, Children's Advocacy Center, UT Tyler Nursing, and public and private schools.
- Mother Frances Hospital – Tyler provide leadership, such as board representation, and monetary donations to a variety of foundations and organizations. Examples include:
 - Literacy Council
 - Alzheimer's
 - American Heart Association
 - Cancer Foundation For Life
 - American Cancer Society
 - Hospice of East Texas
 - Health Fitness Programs

- Samaritan Counseling Center of Tyler
- Texas Palliative Care
 - Mother Frances Hospital - Tyler will continue to provide space for the Palliative Care Program, which is offered by the Texas Palliative Care Providers. The program provides end of life and crisis care counseling to patients and their families through direct requests and physician referrals.
- Mother Frances Hospital – Tyler will continue to participate in Trinity Mother Frances Health System’s annual fundraising campaign, Share the Spirit. It is organized and implemented by employees with all proceeds going to help with health related programs such as heart care, cancer care, Children’s Miracle Network, diabetes education and services, and the employee CrisisCare Fund.
- Mother Frances Hospital – Tyler will offer health education and screening programs, including the Fit City Tyler Program and various walks.
- Trinity Mother Frances Health System collaborates with Live Line to provide over 50 different screenings to targeted high risk individuals and the general public, averaging 90 individuals for each screening annually. This service is provided at a significant discount to participants. Additionally, anyone can go on to the TMFHC website and participate in an online risk assessment free of charge to determine an individual’s risk for heart and vascular disease and strokes.
- Mother Frances Hospital – Tyler will continue to participate in Trinity Mother Frances Health System’s efforts to provide open sports pre-participation exams for the high schools and colleges in the area. All programs are open to anyone to participate provided they have parental approval. Support for on-site trainers is also provided on an as needed basis.
 - An average of 2,100 pre-participation physicals have been provided to students across East Texas at no charge to the individual, their families, or the school.
- Mother Frances Hospital – Tyler will continue to offer youth fitness programs, which include sports training programs, injury prevention and healing, running classes, walking programs, and nutritional programs to educate youth and young adults on the potential for injuries and the long term effects of not caring for the body.
- Mother Frances Hospital – Tyler will continue to address preventive health among its employees. For example, Mother Frances Hospital – Tyler:
 - Requires all staff members to get a flu vaccination
 - Is not hiring current smokers, and smoking cessation is offered to current employees
 - Offers an employee initiative called Live Well. The program encourages employees of Mother Frances Hospital - Tyler to take responsibility for their

health. Free events such as biometric screenings and physicals are offered each year to employees as well as educational programs on exercise, smoking cessation, and nutrition.

- As mentioned under Priority 2, Mother Frances Hospital – Tyler will continue to operate the Ross Breast Center, which is a mobile unit that provides charity mammograms and bone density screenings at community, religious, and business events.

Impact and Evaluation

- Mother Frances Hospital – Tyler will track participation in classes, screenings, and programs that address diseases, chronic conditions and unhealthy lifestyles in the community.
- Mother Frances Hospital – Tyler will track the number of patients served by the Ross Breast Center.

PRIORITY 5: Access to mental health services

Rationale: Findings suggest that there is a need for increased access to mental health services. According to BRFSS, slightly more than 16% of respondents in Smith County report poor mental health. Interviewees mentioned cultural stigmas and limited funds as major barriers to care. Interviewees also said that patient-related challenges, such as lack of insurance and/or jobs among persons with mental illness combined with lack of access makes affordability and access difficult. Mental health services for children and adolescents were specifically mentioned.

Objective #1: Provide a point of access for mental health services, and support area organizations and initiatives that address access to mental health services in the community.

Implementation Activities

- When a patient with a mental or behavioral health condition comes through the Emergency Department at Mother Frances Hospital - Tyler they are stabilized and transferred, when appropriate, to a facility that can more adequately treat their mental or behavioral health condition.
- Mother Frances Hospital – Tyler will develop a list of available services to patients who come through the Emergency Department with a mental health condition.
- Pediatric psychiatry is offered on an outpatient basis through Trinity Clinic and supported by Mother Frances Hospital.
- Mother Frances Hospital - Tyler will continue to provide free ambulance transportation for psychiatric patients to the approved facility for care from the hospital.

- Mother Frances Hospital – Tyler is a collaborating partner in the Regional Healthcare Partnership 1 initiative. The hospital will participate in educational programs that are offered.
- Mother Frances Hospital – Tyler will support organizations that address access to mental health services in the community. Examples include:
 - Samaritan Counseling Center of Tyler
 - Andrews Center

Impact and Evaluation

- Mother Frances Hospital – Tyler will track its involvement in the Regional Healthcare Partnership 1 initiative.
- Mother Frances Hospital – Tyler will track its relationships with community organizations.
- Mother Frances Hospital – Tyler will track its progress in creating a list of available mental health services in the community.

PRIORITY 6: Transportation barriers

Rationale: Interviewees indicated that the widespread layout of Smith County makes transportation a major stumbling block for the senior population.

Objective #1: Increase access to transportation to health care services for those without access in the community.

Implementation Activities

- As mentioned under Priority 1, Mother Frances Hospital – Tyler will continue to utilize funds designated by the Care Management Department to assist patients with continuity of care needs from the hospital discharge time. These funds are used for various types of assistance, including transportation costs to the patient's home. Funds are targeted at the indigent population.
- Mother Frances Hospital – Tyler provides access to many visiting specialists that help eliminate the need for patients to travel out of the community to get health care services.
- As mentioned under Priorities 2 and 4, Mother Frances Hospital – Tyler will continue to operate the Ross Breast Center. The Ross Breast Center is a mobile unit that provides charity mammograms and bone density screenings at community, religious, and business events. This mobile unit takes these services to the patients, many of whom are underserved, and eliminates the need for transportation to the hospital.

- Mother Frances Hospital – Tyler provides limited funds for the MediCab program, which provides transportation home from the hospital when a patient has no other means of transportation. Cab rides are provided to patients who do not have any way to return home even on occasion when it requires up to a distance of 90 miles each way.
- Mother Frances Hospital – Tyler partners with Champion EMS, which provides several ambulance stations throughout East Texas including two Flight For Life locations.
- As mentioned under Priority 5, Mother Frances Hospital - Tyler will continue to provide free ambulance transportation for psychiatric patients to the approved faculty for care from the hospital. Mother Frances Hospital – Tyler provides the vehicle and a trained officer to transport these patients.
- Transportation provided to and from the Tyler ContinueCARE for patients needing attention at Mother Frances Hospital – Tyler.
- Mother Frances Hospital – Tyler employees contribute to the United Way annual campaign in which the funds are used for many different community services including some transportation needs.

Impact and Evaluation

- Mother Frances Hospital – Tyler will track the funds designated by the Care Management Department that assist patients with continuity of care needs.
- Mother Frances Hospital – Tyler will track the number of visiting specialists.
- Mother Frances Hospital – Tyler will track the number patients served by the Ross Breast Center.
- Mother Frances Hospital – Tyler will track the number of patients utilizing the MediCab program.