

See a Social Security Number? Say Something! Report Privacy Problems to https://public.resource.org/privacy Or call the IRS Identity Theft Hotline at 1-800-908-4490



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)

2012

OMB No 1545-0047

Open to Public Inspection

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

	i the 2	ZUIZ Ca	C Name of organization	07-01-2012 , 2012, and ending	00-30-	2013			
_		plicable	METHODIST CHILDREN'S HOSPITAL				•	-	ification number
_	ress cha	_	Doing Business As				75-24	28911	
_	ne char	-	COVENANT CHILDREN'S HOSPITAL						
_	al retur		Number and street (or P O box if ma 3610 21ST STREET	ail is not delivered to street address) Roo	om/suite		E Telepho	one numbe	r
_	mınated		Suite				(806)	725-10	11
	ended r		City or town, state or country, and Zi LUBBOCK, TX 794101218	IP + 4		Ī			
App	lication	pending					G Gross r	eceıpts \$ 7	1,243,394
			F Name and address of prind RICHARD PARKS	cipal officer		H(a) Is the		return fo	or Even Eve
			3615 19TH STREET			affilia	tes?		Γ Yes Γ No
			LUBBOCK,TX 794101203			H(b) Area	ll affiliate	s include	ed? 「Yes 「No
Tax	, over	pt status	 	nsert no) 4947(a)(1) or 527		If "No	," attach	a list (s	ee instructions)
		·	VW COVENANTHEALTH ORG	isert no) 4947(a)(1) 01 527		H(c) Grou	p exempt	ion numb	oer ►
				—		I			
			Corporation Trust Association	Other 🟲		L Year of for	mation 19	98 M St	ate of legal domicile TX
Ра	rt I		imary						
			escribe the organization's mission HEDULE O	n or most significant activities					
,	_								
	-								
	3 -	haal: +	his hay by of the average dis					not 200	
	2 (_neck t	his box 析 if the organization dis	continued its operations or dispo	sea or r	nore than 2	5% OF ITS	net asse	ets
) i	3 N	Number	of voting members of the governi	ng body (Part VI, line 1a)				з	19
			of independent voting members o					4	13
			mber of individuals employed in c					5	306
	6 T	otal nu	mber of volunteers (estimate if ne	ecessary)				6	107
•			related business revenue from Pa					7a	0
			elated business taxable income fr					7b	0
				·			r Year	' '	Current Year
	8	Contr	ibutions and grants (Part VIII, lin	e1h)			350,9	979	217,779
)	9		am service revenue (Part VIII, lir				71,731,!		70,024,829
	10	-	tment income (Part VIII, column	-,			322,9		1,000,786
ľ	11		revenue (Part VIII, column (A), I					0	0
	12		revenue—add lines 8 through 11						
		12) .					72,405,4	450	71,243,394
	13		s and similar amounts paid (Part 1					0	0
	14		its paid to or for members (Part I)					0	0
8	15	Saları 5–10	es, other compensation, employed)	e benefits (Part IX, column (A), li	nes		28,433,	319	29,276,097
20 20 20 20 20 20 20 20 20 20 20 20 20 2	16a	Profes	ssional fundraising fees (Part IX, o	column (A), line 11e)				0	0
ਲੈ	b	Total fu	indraising expenses (Part IX, column (D)	, line 25) ► 0					
	17	Other	expenses (Part IX, column (A), li	nes 11a-11d, 11f-24e)			30,978,	767	32,322,435
	18	Total	expenses Add lines 13–17 (mus	t equal Part IX, column (A), line 2	25)		59,412,0	086	61,598,532
	19	Rever	ue less expenses Subtract line 1	.8 from line 12			12,993,	364	9,644,862
Fund Balances						Beginning Ye	of Curre	nt	End of Year
Œ.	20	Total	assets (Part X, line 16)				59,373,	767	67,486,245
卫	21		liabilities (Part X, line 26)				5,363,8		3,802,331
Fer	22		ssets or fund balances Subtract I				54,009,9	_	63,683,914
Par	t II								, ,
nde ıy kr	rowled	Ities of Ige and	perjury, I declare that I have exa belief, it is true, correct, and com nowledge						
		****					14-05-12		
ign		Sign	ature of officer			Da			
ere		№ јоні	N GRIGSON CFO						
_			e or print name and title						
			Print/Type preparer's name	Preparer's signature	Date	I CHE	ck 🗀 ıf	PTIN	
aic	i	- -	Firm's name FRNST & YOUNG US LLI				employed 's EIN 🟲		
're	pare	r [ˈ	IIII S HAIRE PERMISE & TOUNG US LE				O LIN F		
	Onl		Firm's address 🟲 401 CONGRESS AVENUE	SUITE 1800		Phor	ne no (512) 478-988	1
		,	AUSTIN, TX 78701						
			•						

May the IRS discuss this return with the preparer shown above? (see instructions)

┌Yes ┌No

58,260,697

Total program service expenses ►

Part IV	Chec	klist	of Re	auired	Sche	dules
		KIISt	VI 17	aan ca	20110	44163

			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^{2}	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? <i>If</i> "Yes," complete Schedule C, Part II	4		Νo
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 1	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 2	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^{\square}	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 $\sqrt[4]{2}$	10		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VIII, VIII, IX, or X as applicable			
а	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	
е	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X^{\bullet}	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X.	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV	15		No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? <i>If</i> "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 $11e^{\gamma}$ If "Yes," complete Schedule G, Part I (see instructions)	17		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18		No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19		No
20a	Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Par	t IV Checklist of Required Schedules (continued)			
21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26		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? If "Yes," complete Schedule L, Part III	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
а	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	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? If "Yes," complete Schedule L, Part IV	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I	33		N o
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?	3.0	Yes	

Par	Statements Regarding Other IRS Filings and Tax Compliance			_
	Check if Schedule O contains a response to any question in this Part V	-	 Yes	l
1a	Enter the number reported in Box 3 of Form 1096 Enter -0 - if not applicable 1a 28		103	140
	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable 1b 0	•		
	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable	1		
_	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			
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	
За	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a		No
	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b		-110
	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		Νo
b	If "Yes," enter the name of the foreign country			
	See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts			
F	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	Ea		No
	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5a		No No
		5b		NO
С	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	6a		No
	organization solicit any contributions that were not tax deductible as charitable contributions?			
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b		
7	Organizations that may receive deductible contributions under section 170(c).			
	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to			
	file Form 8282?	7c		Νo
d	If "Yes," indicate the number of Forms 8282 filed during the year	-		
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		Νo
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		II.	1
	business holdings at any time during the year?	8		
9	Sponsoring organizations maintaining donor advised funds.			
	Did the organization make any taxable distributions under section 4966?	9a		
	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		
.0	Section 501(c)(7) organizations. Enter			
	Initiation fees and capital contributions included on Part VIII, line 12 10a Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities			
1	Section 501(c)(12) organizations. Enter			
	Gross income from members or shareholders			
	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)			
122	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a		
	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	120		
.3	Section 501(c)(29) qualified nonprofit health insurance issuers.	1		
	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			
c	Enter the amount of reserves on hand	1		
.4a	Did the organization receive any payments for indoor tanning services during the tax year?	14a		No
	If "Yes " has it filed a Form 720 to report these payments? If "No " provide an explanation in Schedule O	14h		

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

Ch C -	onse to any question in this Part VI							1.4
C DECK IT SCHENINE OF CONTAINS A FEST	nonse to any dijestion in this part vi							1~

Se	ction A. Governing Body and Management			
			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year			
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent			
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	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
а	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No
Se	ection B. Policies (This Section B requests information about policies not required by the Internal R	evenu	ıe Cod	e.)
			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		Νo
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
C	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes	
13	Did the organization have a written whistleblower policy?	13	Yes	
14	Did the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
а	The organization's CEO, Executive Director, or top management official	15a		Νo
b	Other officers or key employees of the organization	15b		No
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a			
-	taxable entity during the year?	16a		No
Ь	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

- 17 List the States with which a copy of this Form 990 is required to be filed
- Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you made these available. Check all that apply
 - Own website Another's website Vpon request Other (explain in Schedule O)
- 19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
- 20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ►SHARON CLARK 2107 OXFORD LUBBOCK, TX (806)725-5234

Form	990	(2012)
------	-----	--------

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

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

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

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

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

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

	1	1								
(A) Name and Title	(B) A verage hours per week (list any hours	more t perso and	han o	one l both ector	box, an o	officer stee)		(D) Reportable compensation from the organization (W-	(E) Reportable compensation from related organizations	(F) Estimated amount of other compensation from the
	for related organizations below dotted line)	Individual trustae or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	2/1099-MISC)	(W- 2/1099- MISC)	organization and related organizations
See Additional Data Table										
	•	•	•							Form 990 (2012)

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

	(A) Name and Title	(B) A verage hours per week (list any hours	more t	tion (han d n is	ne l both	box, an c	heck unless officer stee)	S	(C Repor comper from organiza	table isation the tion (W-	(E) Reportable compensation from related organizations (W	_	(F) Estima amount o compens from t	ited fother sation the
		for related organizations below dotted line)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	2/1099	-MISC)	2/1099-MISC)		rganizati relate organiza	ed
												+		
												+		
						-						+		
1b	Sub-Total							<u> </u>	<u> </u>			+		
C	Total from continuation sheet	s to Part VII, S	ection A	٠.	•			Þ						
d	Total (add lines 1b and 1c) .							Þ		722,891	4,477,87	71		314,322
2	Total number of individuals (in \$100,000 of reportable compe						d abov	e) w	ho receive	d more th	an			
													T	
3	Did the organization list any f o	rmer officer du	ector o	r truc	taa	kav	emple		or highes	t compan	sated employee		Yes	No
,	on line 1a? If "Yes," complete S	·				, KCy	• •	, y c c ,	, or mignes	• •	· · · ·	3		No
4	For any individual listed on line organization and related organ individual													
5	Did any person listed on line 1	a receive or acc	rue cor	nnen	• satu	on fr	om an	V IInr	elated ord	anization	or individual for	4	Yes	
•	services rendered to the organ			•					-	• • •		5		No
	ection B. Independent Co	ntractors												
1	Complete this table for your fiv	e highest comp												
	compensation from the organiz	ration Report co	ompens	ation	for	the c	alenda	arye	ar ending	with or wi	thin the organizati (B)	on's T	tax year (C	
NEON	N ATAL INTENSIVE CARE ASSOC PA , 20	ame and business		חרע ד	Υ 70 <i>,</i>	107				Des PHYSICIAN	cription of services	4	Comper	
TTUHS			CLL LUDD	OCK I	A / 3º	TO/				PHYSICIAN		1		342,212

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 -2

Part V		Statement of Revenue Check if Schedule O contains a response to any question	ın thıs Part VIII .		<u></u>	<u> </u>
			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512,513,or 514
တည	1a	Federated campaigns 1a				
Grants	b	Membership dues 1b				
tributions, Gifts, Grants Other Similar Amounts	c	Fundraising events 1c 0				
Giffs, nilar Aı	d	Related organizations 1d 217,779				
9 ≝	e	Government grants (contributions) 1e				
Sii	f	All other contributions, gifts, grants, and 1f				
her	-	sımılar amounts not ıncluded above ————————————————————————————————————				
Contributions, and Other Sim	g	Noncash contributions included in lines 217,779 1a-1f \$				
Cont	h	Total. Add lines 1a-1f	217,779			
		Business Code				
nua.	2a	PATIENT CARE SERVICES 622110	69,789,240	69,789,240	0	0
æ	b	CAFETERIA 722212	67,116	67,116	0	0
926	С	CHILD CARE 624410	86,664	86,664	0	0
Se l	d	All other program service revenue 900099	81,809	81,809	0	0
Program Serwce Revenue	e	All athan are are				
1Bog	f	All other program service revenue				
<u>~</u>	g	Total. Add lines 2a-2f	70,024,829			
	3	Investment income (including dividends, interest, and other similar amounts)	1,000,786			1,000,786
	4	Income from investment of tax-exempt bond proceeds	0			
	5	Royalties	0			
	_	(I) Real (II) Personal				
	6a h	Gross rents Less rental				
		expenses Rental income 0 0				
	С	or (loss)	0			
	d	Net rental income or (loss)	0			
	7a	Gross amount from sales of assets other				
	b	than inventory Less cost or other basis and sales expenses				
	С	Gain or (loss)				
	d	Net gain or (loss)	0			
Other Revenue	8a	Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18				
<u>ہ</u> ھ		a a				
ţ.	b	Less direct expenses b 0				
<u> </u>	c	Net income or (loss) from fundraising events	0			
	Уa	Gross income from gaming activities See Part IV, line 19				
	b	Less direct expenses b				
	c	Net income or (loss) from gaming activities	0			
	10a	Gross sales of inventory, less returns and allowances .				
	b	Less cost of goods sold b				
	С	Net income or (loss) from sales of inventory	0			
	11-	Miscellaneous Revenue Business Code				
	11a b					
	С					
	d	All other revenue				
	e	Total. Add lines 11a-11d ▶	_			
	12	Total revenue. See Instructions	0			
			71,243,394	70,024,829	0	1,000,786

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) マ Check if Schedule O contains a response to any question in this Part IX (D) (B) (C) Do not include amounts reported on lines 6b, (A) Program service Management and Fundraising 7b. 8b. 9b. and 10b of Part VIII. Total expenses expenses general expenses expenses Grants and other assistance to governments and organizations in the United States See Part IV, line 21 Grants and other assistance to individuals in the United States See Part IV, line 22 0 0 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 0 Benefits paid to or for members 0 0 Compensation of current officers, directors, trustees, and 0 0 key employees Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . 126,371 126,371 0 Other salaries and wages 20,120,000 19,135,460 984,540 0 Pension plan accruals and contributions (include section 401(k) 676,661 676,661 0 and 403(b) employer contributions) 0 7,426,767 7,022,440 404,327 Other employee benefits 10 926,298 837,731 88,567 0 11 Fees for services (non-employees) 0 Management 1,321,756 869,609 452,147 201,174 483 200,691 0 Legal 86,490 0 86,490 0 0 0 0 0 0 0 Professional fundraising services See Part IV, line 17 Investment management fees 0 0 0 0 Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on 15,295,539 15,130,439 165,100 0 Schedule O) Advertising and promotion . . 175,669 7,350 168,319 0 12 13 Office expenses 1,339,989 1,134,359 205,630 0 1,281,027 1,281,027 0 14 Information technology . . . 0 0 0 15 0 0 Royalties . . 581,103 581,462 359 0 16 Occupancy **17** 121,356 68,837 52,519 0 Travel 18 Payments of travel or entertainment expenses for any federal, 0 state, or local public officials 0 0 0 9,323 19 Conferences, conventions, and meetings . 21,230 11,907 0 20 858,517 858,517 0 0 Payments to affiliates 0 0 21 O 0 0 3,133,297 0 22 Depreciation, depletion, and amortization . 3,133,297 23 357,595 357,595 0 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) MEDICAL SUPPLIES 7,476,775 7,462,009 14,766 0 b OTHER DIRECT EXPENSES 70,559 49,468 21,091 0 C d All other expenses е Total functional expenses. Add lines 1 through 24e 3,337,835 25 61.598.532 58.260.697 0 Joint costs. Complete this line only if the organization 26 reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ► [if following SOP 98-2 (ASC 958-720)

Part X Balance Sheet

Cash—non-interest-bearing Beginning of year End of year	Par	rt X	Balance Sheet Check if Schedule O contains a response to any question in this Part X		_	
2 Savings and temporary cash investments 21,119,124 2 23,425			, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	(A)		<u>'</u>
3 Pledges and grants receivable, net 10,302,547 4 12,074		1	Cash—non-interest-bearing	899,161	1	646,997
4 Accounts receivable, net 10,302,507 4 12,074 5 Loans and other receivables from current and former officers, directors, trustees, key employees, and hipset compensated employees complete Part II of Schedule I. 6 Loans and other receivables from other disqualified persons (as defined under section 4958(n)(12)), persons described in section 4958(n)(2)(8), and contributing employers and sponsoring organizations of eaction 591 (c)(9) voluntary employees' beneficiary organizations (see mitructions) Complete Part II of Schedule I. 7 Notes and loans receivable, net 0,77 8 Inventories for sale or use 10,8 1 10,1 10,1 10,1 10,1 10,1 10,1 10		2	Savings and temporary cash investments	21,119,124	2	23,425,395
Source Source		3	Pledges and grants receivable, net	0	3	0
## Employees, and highest compensated employees Complete Part II of Schedule L Canas and other receivables from other disqualified persons (as defined under section 4958 (f(1)), persons described in section 4958 (f(1)), persons described in section 4958 (f(1)), persons described in section 4958 (f(1)), and contributing employers and sponsoring organizations (see instructions) Complete Part II of Schedule L Canas and loans receivable, net		4	Accounts receivable, net	10,302,547	4	12,974,980
100		5	employees, and highest compensated employees Complete Part II of	0	E	0
1	ts	6	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			
1	Š	_				0
1	Ą					0
10a		_				0
Part VI of Schedule D 10a 6.005,924 10b 3.837,905 2.081,032 10c 2.228 11 1 1 1 1 1 1 1 1		-		108,115	9	0
11 Investments—publicly traded securities 0 11		10a	Part VI of Schedule D 10a 6,065,924			
12		Ь	Less accumulated depreciation 10b 3,837,905	2,081,032	10 c	2,228,019
13 Investments—program-related See Part IV, line 11		11			11	0
14		12	Investments—other securities See Part IV, line 11	0	12	0
15 Other assets See Part IV, line 11		13	Investments—program-related See Part IV, line 11	0	13	0
16 Total assets. Add lines 1 through 15 (must equal line 34) 59,373,767 16 67,486 17 1,318 1,423,564 17 1,318 18 Grants payable and accrued expenses 1,423,564 17 1,318 18 Grants payable 0 18 0 19 0 19 0 19 0 19 0 19 0 19 0 19 0 19 0 19 0 19 0 10 1		14	Intangible assets	0	14	0
17 Accounts payable and accrued expenses		15	Other assets See Part IV, line 11	24,863,788	15	28,210,854
18 Grants payable		16	Total assets. Add lines 1 through 15 (must equal line 34)	59,373,767	16	67,486,245
Deferred revenue		17	Accounts payable and accrued expenses	1,423,564	17	1,318,893
Tax-exempt bond liabilities		18	Grants payable	0	18	0
21 Escrow or custodial account liability Complete Part IV of Schedule D		19	Deferred revenue	0	19	0
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		20	Tax-exempt bond liabilities	0	20	0
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	co.	21	Escrow or custodial account liability Complete Part IV of Schedule D	0	21	0
Unsecured notes and loans payable to unrelated third parties		22				
Unsecured notes and loans payable to unrelated third parties	qе		persons Complete Part II of Schedule L	0	22	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		23	Secured mortgages and notes payable to unrelated third parties	0	23	0
and other liabilities not included on lines 17-24) Complete Part X of Schedule D		24	Unsecured notes and loans payable to unrelated third parties	0	24	0
26 Total liabilities. Add lines 17 through 25		25				
Organizations that follow SFAS 117 (ASC 958), check here and complete lines 27 through 29, and lines 33 and 34. 27 Unrestricted net assets						2,483,438
lines 27 through 29, and lines 33 and 34. 27 Unrestricted net assets		26		5,363,833	26	3,802,331
complete lines 30 through 34. 30 Capital stock or trust principal, or current funds	ces		- · · · · · · · · · · · · · · · · · · ·			
complete lines 30 through 34. 30 Capital stock or trust principal, or current funds	lan	27	Unrestricted net assets	54,009,934	27	63,683,914
complete lines 30 through 34. 30 Capital stock or trust principal, or current funds	8	28	Temporarily restricted net assets	0	28	0
complete lines 30 through 34. 30 Capital stock or trust principal, or current funds	Ξ	29	Permanently restricted net assets	0	29	0
30 Capital stock or trust principal, or current funds	r Fu					
31 Paid-in or capital surplus, or land, building or equipment fund	0	30			30	
33 Total net assets or fund balances	Ř	31	Paid-in or capital surplus, or land, building or equipment fund		31	
33 Total net assets or fund balances	AS	32			32	
Z 34 Total liabilities and not assets/fund balances 50.272.767 24 67.400	每	33	-	54,009,934	33	63,683,914
ו אינין דיין דיין דיין דיין דיין דיין דיין	Z	34	Total liabilities and net assets/fund balances	59,373,767	34	67,486,245

Par	Reconcilliation of Net Assets Check if Schedule O contains a response to any question in this Part XI				F
		\Box			
1	Total revenue (must equal Part VIII, column (A), line 12)	1		71,2	243,394
2	Total expenses (must equal Part IX, column (A), line 25)	2		61,	598,532
3	Revenue less expenses Subtract line 2 from line 1	3		9,6	544,862
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4		54,0	009,934
5	Net unrealized gains (losses) on investments	5		-:	122,544
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		:	151,662
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	LO		63,6	583,914
Par	t XII Financial Statements and Reporting				
	Check if Schedule O contains a response to any question in this Part XII				. Г
				Yes	No
1	Accounting method used to prepare the Form 990				
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		2a		No
	If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewe a separate basis, consolidated basis, or both	d on			
	Separate basis Consolidated basis Both consolidated and separate basis				
b	Were the organization's financial statements audited by an independent accountant?		2b	Yes	
	If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separabasis, consolidated basis, or both	te			
	☐ Separate basis ☐ Both consolidated and separate basis				
c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight o audit, review, or compilation of its financial statements and selection of an independent accountant?	fthe	2c	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			ii	
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
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the req	uired	3b		

Software ID: **Software Version:**

EIN: 75-2428911

Name: METHODIST CHILDREN'S HOSPITAL

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors													
(A) Name and Title Average hours per week (list any			(C n (do than pers office ctor/i	o not one son i er an trust	box s bo d a tee)	, th	T	(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			
	hours for related organizations below dotted line)	Individual trustae or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former			organizations			
JANIE RAMIREZ BOARD MEMBER/COMMITTEE CHAIR	3 0	х						0	0	0			
VAN MAY BOARD MEMBER/COMMITTEE CHAIR	5 0 5 0	х						0	0	0			
MICHAEL ROBERTSON MD BOARD MEMBER/COMMITTEE CHAIR	3 0 8 0	х						0	36,200	0			
JUAN SANCHEZ MUNOZ PHD BOARD MEMBER	2 0 2 0	х						0	0	0			
SR MARY THERESE SWEENEY CSJ BD MBR - V CHAIR/COMM CHAIR	5 0 45 0	х		х				0	0	0			
RICHARD PARKS PRESIDENT/CEO	22 0 28 0	х		х				0	1,029,012	40,943			
TEB THAMES MD BD MBR-SEC/COMMITTEE V CHAIR	3 0	х		х				0	0	0			
DAN POPE BOARD MEMBER (THRU 12/31/2012)	2 0 2 0	х						0	0	0			
JOHN ZWIACHER BD MEMBER-BD CHR/COMM CHAIR	5 0 5 0	х		х				0	0	0			
JO ANN ESCASA-HAIGH BOARD MEMBER	2 0 48 0	×						0	550,284	35,440			
R BYRN BASS JR BOARD MEMBER	2 0 2 0	x						0	0	0			
JAMES GUTHEIL MD BOARD MEMBER	2 0 48 0	х						0	787,037	27,667			
JAMES KIRK MD BOARD MEMBER	2 0 2 0	х						0	26,125	0			
MICHAEL DANCHAK MD BOARD MEMBER (THRU 12/31/2012)	2 0 2 0	х						0	0	0			
JOHN C ANDERSON BOARD MEMBER (THRU 12/31/2012)	2 0 2 0	х						0	0	0			
SISTER SHARON BECKER CSJ BOARD MEMBER	2 0 2 0	х						0	0	0			
SUZANNE BLAKE BD MEMBER/COMMITTEE V CHAIR	3 0 3 0	х						0	0	0			
TODD BRODBECK DO BOARD MEMBER (THRU 12/31/2012)	2 0 2 0	х						0	0	0			
JOHN HAMILTON BD MEMBER/ COMMITTE V CHAIR	3 0 3 0	х						0	0	0			
JOE DEE BROOKS BOARD MEMBER	2 0 7 0	х						0	0	0			
KITTY HARRIS PHD BOARD MEMBER	2 0 2 0	х						0	0	0			
SAM HAWTHORNE BD MEMBER/COMMITTEE V CHAIR	3 0 3 0	х						0	0	0			
BRENT HOFFMAN BOARD MEMBER/COMMITTEE CHAIR	3 0 3 0	х						0	0	0			
JOHN GRIGSON CFO	12 0 38 0			х				0	598,834	27,705			
TROY THIBODEAUX COO	20 0 30 0			х				0	616,853	16,503			

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

40 0

0 0 40 0

0 0

WESLEY WELLS

KACI HILL

CLINICAL PHARMACIST

CLINICAL PHARMACIST

(A) Name and Title	(B) Average hours per week (list	(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
	any hours for related organizations below dotted line)	Individual trustee or director	Key employee Cofficer Institutional Trustee		Highest compensated employee	Former			related organizations	
CHRIS DOUGHERTY CEO-CHILDREN'S & LAKESIDE	50 0 0 0			х				0	386,327	14,652
ROXIE TAYLOR VP ADMIN LAKESIDE & JACC	22 0 28 0				х			0	447,199	28,963
STEPHEN GARR CLINICAL PHARMACIST	40 0 0 0					х		171,497	0	14,706
DONNA NEEL MGR NURSING	40 0 0 0					х		134,886	0	38,530
GARTH THOMAS CLINICAL PHARMACIST	40 0 0 0					х		152,708	0	25,532

Χ

133,162

130,638

0

0

28,147

15,534

efile GRAPHIC print - DO NOT PROCESS

As Filed Data -

DLN: 93493134003024

Employer identification number

OMB No 1545-0047

SCHEDULE A

(Form 990 or 990EZ)

Name of the organization

METHODIST CHILDREN'S HOSPITAL

Department of the Treasury Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

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

Open to Public Inspection

									75-24289				
	rt I			blic Charity Sta						struction	ns.		
The o	rganı		•	te foundation becaus	,			•	•				
1	Г	A chur	ch, convent	ion of churches, or a	ssociation of	f churches d	escribed in s e	ection 170(b)(1)(A)(i).				
2	Г	A scho	ol described	d in section 170(b)(1	L)(A)(ii). (At	tach Schedu	ule E)						
3	굣	A hosp	ital or a cod	perative hospital se	rvice organiz	zation descri	ıbed ın sectio	n 170(b)(1)	(A)(iii).				
4	Γ	A medi	cal researc	h organization opera	ted ın conjun	iction with a	hospital des	cribed in se	ction 170(b)(1)(A)(iii)	. Enter the		
				ity, and state									
5	Г	Anorg	anızatıon op	erated for the benefi	t of a college	or universi	ty owned or o	perated by	a government	al unit de	scribed in		
		sect ior	170(b)(1)((A)(iv). (Complete P	art II)								
6	\sqcap	A feder	ral, state, or	local government o	r government	tal unıt desc	rıbed ın secti	ion 170(b)(1	L)(A)(v).				
7	\sqcap	Anorg	anization th	at normally receives	a substantia	al part of its	support from	a governme	ental unit or fi	om the ge	eneral public		
	_	described in section 170(b)(1)(A)(vi). (Complete Part II) A community trust described in section 170(b)(1)(A)(vi) (Complete Part II) An organization that normally receives (1) more than 331/3% of its support from contributions, membership fees, and gross											
8	<u> </u>												
9	ı	_		•					•	· ·	· -		
		receipt	s from activ	rities related to its e	xempt functi	ons—subjec	t to certaın e	xceptions, a	and (2) no mo	re than 33	31/3% of		
		ıts sup	port from gr	oss investment inco	me and unre	lated busine	ss taxable ın	come (less	section 511	tax) from	businesses		
		•	,	ganızatıon after June	•			•	•				
10	Γ	Anorg	anızatıon or	ganızed and operate	d exclusively	/ to test for p	oublic safety	See sectio	n 509(a)(4).				
11	\sqcap			ganızed and operate									
			•	ly supported organiz				•		ee section	509(a)(3). Check		
				ibes the type of supp b Type II c						n-functio	nally intograted		
e	Г			ox, I certify that the									
е	,		_	ion managers and ot	-		,		, ,		•		
			1509(a)(2)	_		oo. o pub	or, cappore	ou organiza			.0 505 (4)(2) 0.		
f			_	received a written d	etermination	from the IR	S that it is a	Type I, Typ	e II, or Type	III suppo	rtıng organızatıo <u>n,</u>		
			this box					_			Г		
g			August 17, 7 ng persons?	2006, has the organ	ızatıon accep	oted any gift	or contributi	on from any	of the				
			J .	rectly or indirectly o	controls, eith	er alone or t	ogether with	persons de	scribed in (ii)		Yes No		
				governing body of th	•		_	persons ac	5 C T T C C T T (11)		1g(i)		
				er of a person descr		_	•				lg(ii)		
				lled entity of a perso			ahove?				g(iii)		
h				ng information about						1	9(111)		
••		FIOVICE	e the followi	ng mormation about	the support	eu organizac	1011(3)						
(i) Nan	ne of	(ii) EIN	(iii) Type of	(iv) Is	the	(v) Did you	ı notıfv	(vi) Is	the	(vii) A mount of		
•	uppo			organization	organizat		the organi	•	organizati		monetary		
or	ganiz	ation		(described on	col (i) lıs		ın col (i) d	•	col (i) org		support		
		lines 1 - 9 above your governing support? in the U.S.?							S?				
				or IRC section (see	docume	nt?							
				instructions))		T	-	1		T			
				,	Yes	No	Yes	No	Yes	No			
								1		1			

Sch	edule A (Form 990 or 990-EZ) 2012							Page 2
Pa	(Complete only if you o	hecked the bo	x on line 5, 7,	or 8 of Part I o	r if the organiza	ation faile	ed to q	
	Part III. If the organiza ection A. Public Support	tion fails to qu	alify under the	tests listed bel	ow, please com	<u>iplete Pa</u>	rt III.)	
	ection A. Public Support endar year (or fiscal year beginning					1		
	in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2	312	(f) Total
1	Gifts, grants, contributions, and							
	membership fees received (Do not include any "unusual							
	grants ")							
2	Tax revenues levied for the							
	organization's benefit and either							
	paid to or expended on its behalf							
3	The value of services or facilities							
•	furnished by a governmental unit to							
	the organization without charge							
4	Total. Add lines 1 through 3							
5	The portion of total contributions by each person (other than a							
	governmental unit or publicly							
	supported organization) included on							
	line 1 that exceeds 2% of the							
	amount shown on line 11, column							
6	(f) Public support. Subtract line 5 from							
	line 4							
S	ection B. Total Support							
Cal	endar year (or fiscal year beginning	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 20)12	(f) Total
_	in) ► A mounts from line 4		. ,		. ,	, ,		. ,
7 8	Gross income from interest,							
0	dividends, payments received on							
	securities loans, rents, royalties							
	and income from similar							
9	sources Net income from unrelated							
9	business activities, whether or not							
	the business is regularly carried							
	on							
10	Other income Do not include gain or loss from the sale of capital							
	assets (Explain in Part IV)							
11	Total support (Add lines 7 through							
4.0	10)		<u> </u>					
12	Gross receipts from related activitie					12		
13	First five years. If the Form 990 is this box and stop here							ization, check
	ection C. Computation of Pub				<u> </u>	<u> </u>		
14	Public support percentage for 2012			11, column (f))		14		
15	Public support percentage for 2011			, , , , , , ,		15		
	33 1/3% support test—2012. If the o	· ·	•	on line 13 and l	ine 14 is 33 1/20%		chack ti	nie hov
104	and stop here. The organization qua				me 1 1 13 33 1/3/0	or more,	JIICCK CI	► □
b	33 1/3% support test—2011. If the				and line 15 is 33	3 1/3% or n	nore, ch	eck this
	box and stop here. The organization						. 4 4	▶□
1/a	10%-facts-and-circumstances test- is 10% or more, and if the organizat							•
	in Part IV how the organization mee							
	organization				4	r	,	▶ □
b	10%-facts-and-circumstances test-							
	15 is 10% or more, and if the organ Explain in Part IV how the organizat							lv
	supported organization	ion meets the T	acts-ana-cncum:	stances test III	ic organization qu	uiiiiE5 45 i	a public	·y ▶□
18	Private foundation. If the organizat	on did not check	c a box on line 13	, 16a, 16b, 17a,	or 17b, check thi	s box and	see	·
	instructions							▶ ┌

Schedule A (Form 990 or 990-EZ) 2012 Page 3 Support Schedule for Organizations Described in Section 509(a)(2) (Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.) Section A. Public Support Calendar year (or fiscal year beginning (a) 2008 **(b)** 2009 (c) 2010 (d) 2011 (e) 2012 (f) Total in) 🟲 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants") Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt

	purpose						
3	Gross receipts from activities that						
	are not an unrelated trade or						
	business under section 513			-			
4	Tax revenues levied for the						
	organization's benefit and either						
	paid to or expended on its behalf						
5	The value of services or facilities						
3	furnished by a governmental unit to						
	the organization without charge						
6	Total. Add lines 1 through 5						
	Amounts included on lines 1, 2,						
<i>7</i> a	and 3 received from disqualified						
	persons						
b	Amounts included on lines 2 and 3						
_	received from other than						
	disqualified persons that exceed						
	the greater of \$5,000 or 1% of the						
	amount on line 13 for the year						
С	Add lines 7a and 7b						
8	Public support (Subtract line 7c						
	from line 6)						
_Se	ction B. Total Support						
Cale	ndar year (or fiscal year beginning	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
	in) ►	(u) 2000	(6) 2003	(6) 2010	(4) 2011	(6) 2012	(1) 10tai
9	A mounts from line 6						
10a	Gross income from interest,						
	dividends, payments received on						
	securities loans, rents, royalties						
	and income from similar						
	sources						
Ь	Unrelated business taxable income (less section 511 taxes)						
	from businesses acquired after						
	June 30, 1975						
c	Add lines 10a and 10b						
11	Net income from unrelated						
11	business activities not included						
	in line 10b, whether or not the						
	business is regularly carried on						
12	Other income Do not include						
	gain or loss from the sale of						
	capital assets (Explain in Part						
	IV)						
13	Total support. (Add lines 9, 10c,						
	11, and 12)			Librari Corretto con	6.01	E04(-)(2)	
14	First five years. If the Form 990 is for	or the organization	on's first, second	i, thira, fourth, or	ππη tax year as a	1 501(c)(3) org	anization, ►
	check this box and stop here	a Cunnaut Da					<u> </u>
	ction C. Computation of Public			1.2		T I	
15	Public support percentage for 2012			13, column (T))		15	
16	Public support percentage from 2011	L Schedule A, Pa	art III, line 15			16	
Se	ction D. Computation of Inve	stment Inco	me Percenta	ge			
17	Investment income percentage for 20				nn (f))	17	
					. , ,	 	
18	Investment income percentage from					18	
19a	33 1/3% support tests—2012. If the o						ıd lıne 17 ıs not ▶□

33 1/3% support tests—2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18

is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

Schedule A (Form 990 or 990-EZ) 2012

DLN: 93493134003024

OMB No 1545-0047

SCHEDULE D

(Form 990)

Department of the Treasury Internal Revenue Service

Supplemental Financial Statements

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

Open to Public

	me of the organization THODIST CHILDREN'S HOSPITAL	Emp	Employer identification number						
_				2428911					
Pa	organizations Maintaining Donor Advorganization answered "Yes" to Form 990		ınds	or Accounts. Complete if the					
	organization and notice 100 to 101111 330	(a) Donor advised funds		(b) Funds and other accounts					
1	Total number at end of year								
2	Aggregate contributions to (during year)								
3	Aggregate grants from (during year)								
4	Aggregate value at end of year								
5	Did the organization inform all donors and donor advisor funds are the organization's property, subject to the or	<u> </u>	or advı	sed Yes No					
6	Did the organization inform all grantees, donors, and dused only for charitable purposes and not for the beneficonferring impermissible private benefit?	_							
Pa	rt II Conservation Easements. Complete if	the organization answered "Yes" to	Forn	n 990, Part IV, line 7.					
1	Purpose(s) of conservation easements held by the org Preservation of land for public use (e.g., recreation Protection of natural habitat Preservation of open space	or education) Preservation of an Preservation of a c	ertifie						
2	Complete lines 2a through 2d if the organization held a easement on the last day of the tax year	a qualified conservation contribution in tr	ne forn	or a conservation					
		Γ		Held at the End of the Year					
а	Total number of conservation easements		2a						
b	Total acreage restricted by conservation easements		2b						
С	Number of conservation easements on a certified histo	oric structure included in (a)	2c						
d	Number of conservation easements included in (c) accomistoric structure listed in the National Register	quired after 8/17/06, and not on a	2d						
3	Number of conservation easements modified, transfer	red, released, extinguished, or terminate	d by th	ie organization during					
	the tax year ►								
4	Number of states where property subject to conservat	ion easement is located 🕨							
5	Does the organization have a written policy regarding to		— Ilina of	violations and					
,	enforcement of the conservation easements it holds?			☐ Yes ☐ No					
6	Staff and volunteer hours devoted to monitoring, inspe	ecting, and enforcing conservation easem	ients c	uring the year					
7	Amount of expenses incurred in monitoring, inspecting \$\blue\$\$	g, and enforcing conservation easements	during	g the year					
В	Does each conservation easement reported on line 2(a and section 170(h)(4)(B)(ii)?	d) above satisfy the requirements of sec	tion 17	7 0 (h)(4)(B)(ι)					
9	In Part XIII, describe how the organization reports colbalance sheet, and include, if applicable, the text of th	e footnote to the organization's financial		nse statement, and					
Pa i	the organization's accounting for conservation easement III Organizations Maintaining Collection Complete if the organization answered "Y	s of Art, Historical Treasures, o	or Otl	ner Similar Assets.					
1a	If the organization elected, as permitted under SFAS 1 works of art, historical treasures, or other similar assesservice, provide, in Part XIII, the text of the footnote to	l 16 (ASC 958), not to report in its reven ets held for public exhibition, education, o	or rese	arch in furtherance of public					
b	If the organization elected, as permitted under SFAS 1 works of art, historical treasures, or other similar asseservice, provide the following amounts relating to thes	ets held for public exhibition, education, o							
	(i) Revenues included in Form 990, Part VIII, line 1			> \$					
	(ii) Assets included in Form 990, Part X			▶ \$					
2	If the organization received or held works of art, histor following amounts required to be reported under SFAS		r finan						
а	Revenues included in Form 990, Part VIII, line 1			► \$					
	, , , , , , , , , , , , , , , , , , , ,								

b Assets included in Form 990, Part X

Part	111 Organizations Maintaining Co	<u>llections of Art</u>	t, His	<u>stori</u>	<u>cal Tı</u>	<u>easure</u>	es, or O	<u>the</u>	<u>r Similar As</u>	sets (co	ontinued)
3	Using the organization's acquisition, accessicollection items (check all that apply)	on, and other recor	ds, c	heck	any of	the follov	ving that a	re a	significant use	of its	
а	Public exhibition		d	Γ	Loan	or excha	nge progr	ams			
b	Scholarly research		e	Γ	Othe	r					
c	Preservation for future generations										
4	Provide a description of the organization's co Part XIII	ollections and expla	ain ho	w the	y furthe	er the org	ganızatıon	's ex	empt purpose ı	n	
5	During the year, did the organization solicit o	or receive donations	sofa	rt, hıs	torıcal	treasure	s or other	sım			
	assets to be sold to raise funds rather than t		•						<u>.</u>	Yes	☐ No
Par	Part IV, line 9, or reported an an						answered	J "Y	es" to Form 9 ————	90,	
1a	Is the organization an agent, trustee, custod included on Form 990, Part X?	ıan or other ınterme	ediary	y for c	ontribu	itions or	other ass	ets r	not J	_ Yes	┌ No
b	If "Yes," explain the arrangement in Part XII	I and complete the	follo	wing	able		_				
							F		Am	ount	
C	Beginning balance						L	1c			
d	Additions during the year						L	1d			
e	Distributions during the year							1e			
f	Ending balance							1f			
2a	Did the organization include an amount on Fo	orm 990, Part X, lin	e 217	?					ſ	Yes	┌ No
b	If "Yes," explain the arrangement in Part XII	I Check here if the	expl	anatı	n has	been pro	vided in P	art >	(III		Γ
Pa	rt V Endowment Funds. Complete										
		(a)Current year	(b)Prior	year	b (c) Two	years back	(d)	Three years back	(e)Four y	ears back
1a	Beginning of year balance										
b	Contributions										
С	Net investment earnings, gains, and losses										
d	Grants or scholarships										
e	Other expenditures for facilities										
e	and programs										
g	End of year balance										
_	Provide the estimated percentage of the curr	continuous and halan	a a / lu	1		n (a)) ha	ld so	<u> </u>			
2		ent year end balan	ce (III	ne ig	, colum	in (a)) ne	iu as				
а	Board designated or quasi-endowment -										
Ь	Permanent endowment ►										
С	Temporarily restricted endowment ► The percentages in lines 2a, 2b, and 2c show	uld equal 100%									
3a	Are there endowment funds not in the posses organization by	ssion of the organiz	ation	that	are hel	d and adr	mınıstered	l for		Yes	No
	(i) unrelated organizations		•					•	3a(<u> </u>
	(ii) related organizations								3a(i		<u> </u>
ь 4	If "Yes" to 3a(II), are the related organization Describe in Part XIII the intended uses of the							•	3b	<u> </u>	<u>L</u>
	t VI Land, Buildings, and Equipme					10.					
	Description of property		, , , ,	(a	Cost or (inves	other (b) Cost or of basis (othe		(c) Accumulated depreciation	(d) Bo	ook value
1a	Land										
b	Buildings						271	,583	125,47	1	146,112
С	Leasehold improvements							0			0
d	Equipment						5,698	,689	3,712,43	4	1,986,255
_ e	Other	<u></u>					95,	,652			95,652
Tota	I. Add lines 1a through 1e <i>(Column (d) must e</i>	qual Form 990, Part	X, colu	umn (B), lıne	10(c).)					2,228,019

Part VIII Investments—Other Securities. See	Form 990, Part X, line 1:	2.	
(a) Description of security or category	(b)Book value		l of valuation
(including name of security)			year market value
(1)Financial derivatives			
(2)Closely-held equity interests			
Other			
Total. (Column (b) must equal Form 990, Part X, col (B) line 12)	•		
Part VIII Investments—Program Related. Se	e Form 990, Part X, line	13.	
(a) Description of investment type	(b) Book value		d of valuation
(4)	(2, 200		year market value
		2020 01 0114 01	year market raide
Total (Column (b) must occur Form 000 Port V col (P) Inc. 12.)	•		
	•		
Total. (Column (b) must equal Form 990, Part X, col (B) line 13) Part IX Other Assets. See Form 990, Part X, li			
Part IX Other Assets. See Form 990, Part X, li	ne 15.		(b) Book value
Part IX Other Assets. See Form 990, Part X, II (a) Descri	ne 15.		(b) Book value
Part IX Other Assets. See Form 990, Part X, II (a) Descri	ne 15.		(b) Book value 28,200,521
Part IX Other Assets. See Form 990, Part X, II (a) Descri	ne 15.		28,200,521
Part IX Other Assets. See Form 990, Part X, II (a) Descri	ne 15.		28,200,521
Part IX Other Assets. See Form 990, Part X, II (a) Descri	ne 15.		28,200,521
Part IX Other Assets. See Form 990, Part X, II (a) Descri	ne 15.		28,200,521
Part IX Other Assets. See Form 990, Part X, II (a) Descri	ne 15.		28,200,521
Part IX Other Assets. See Form 990, Part X, II (a) Descri	ne 15.		28,200,521
Part IX Other Assets. See Form 990, Part X, II (a) Descri	ne 15.		28,200,521
Part IX Other Assets. See Form 990, Part X, II (a) Descri (1) LT DUE FROM AFFILATES	ne 15.		28,200,521
Part IX Other Assets. See Form 990, Part X, II (a) Descri (1) LT DUE FROM AFFILATES	ne 15.		28,200,521
Part IX Other Assets. See Form 990, Part X, II (a) Descri (1) LT DUE FROM AFFILATES	ne 15.		28,200,521
Part IX Other Assets. See Form 990, Part X, II (a) Descri (1) LT DUE FROM AFFILATES	ne 15.		28,200,521
Part IX Other Assets. See Form 990, Part X, II (a) Descri (1) LT DUE FROM AFFILATES	ne 15.		28,200,521
Part IX Other Assets. See Form 990, Part X, II (a) Descri (1) LT DUE FROM AFFILATES	ne 15.		28,200,521
Part IX Other Assets. See Form 990, Part X, II (a) Descri (1) LT DUE FROM AFFILATES	ne 15.		28,200,521
Part IX Other Assets. See Form 990, Part X, II (a) Descri (1) LT DUE FROM AFFILATES	ne 15.		28,200,521
Part IX Other Assets. See Form 990, Part X, II (a) Descri (1) LT DUE FROM AFFILATES	ne 15.		28,200,521
Part IX Other Assets. See Form 990, Part X, II (a) Descri (1) LT DUE FROM AFFILATES	ne 15.		28,200,521
Part IX Other Assets. See Form 990, Part X, II (a) Descri	ne 15.		28,200,521
Part IX Other Assets. See Form 990, Part X, II (a) Descri (1) LT DUE FROM AFFILATES (2) OTHER RECEIVABLES	ne 15. ption		28,200,521
Part IX Other Assets. See Form 990, Part X, II (a) Descri (1) LT DUE FROM AFFILATES (2) OTHER RECEIVABLES Total. (Column (b) must equal Form 990, Part X, col.(B) line 19	ne 15. ption 5.)		28,200,521
Part IX Other Assets. See Form 990, Part X, In (a) Descri (1) LT DUE FROM AFFILATES (2) OTHER RECEIVABLES Total. (Column (b) must equal Form 990, Part X, col.(B) line 15 Part X Other Liabilities. See Form 990, Part X	ne 15. ption 5.) K, line 25.		28,200,521
Part IX Other Assets. See Form 990, Part X, II (a) Descri (1) LT DUE FROM AFFILATES (2) OTHER RECEIVABLES Total. (Column (b) must equal Form 990, Part X, col.(B) line 19	ne 15. ption 5.) K, line 25.		28,200,521
Part IX Other Assets. See Form 990, Part X, II (a) Description of liability Other Assets. See Form 990, Part X, II (a) Description of liability	ne 15. ption 5.)		28,200,521
Part IX Other Assets. See Form 990, Part X, II (a) Description of liability Other Assets. See Form 990, Part X, II (a) Description of liability	ne 15. ption 5.) K, line 25.		28,200,521
Total. (Column (b) must equal Form 990, Part X, col.(B) line 19 Part X Other Liabilities. See Form 990, Part X (a) Description of liability Federal income taxes	5.) (b) Book value 0		28,200,521
Total. (Column (b) must equal Form 990, Part X, col.(B) line 19 Part X Other Liabilities. See Form 990, Part X (a) Description of liability Federal income taxes	ne 15. ption 5.) C, line 25. (b) Book value		28,200,521
Total. (Column (b) must equal Form 990, Part X, col.(B) line 19 Part X Other Liabilities. See Form 990, Part X (a) Description of liability Federal income taxes	5.) (b) Book value 0		28,200,521
Total. (Column (b) must equal Form 990, Part X, col.(B) line 19 Part X Other Liabilities. See Form 990, Part X (a) Description of liability Federal income taxes	5.) (b) Book value 0		28,200,521
Total. (Column (b) must equal Form 990, Part X, col.(B) line 19 Part X Other Liabilities. See Form 990, Part X (a) Description of liability Federal income taxes	5.) (b) Book value 0		28,200,521
Total. (Column (b) must equal Form 990, Part X, col.(B) line 19 Part X Other Liabilities. See Form 990, Part X (a) Description of liability Federal income taxes	5.) (b) Book value 0		28,200,521
Part IX Other Assets. See Form 990, Part X, In (a) Descrit (1) LT DUE FROM AFFILATES (2) OTHER RECEIVABLES Total. (Column (b) must equal Form 990, Part X, col.(B) line 15 Part X Other Liabilities. See Form 990, Part X	5.) (b) Book value 0		28,200,521
Part IX Other Assets. See Form 990, Part X, In (a) Descrit (1) LT DUE FROM AFFILATES (2) OTHER RECEIVABLES Total. (Column (b) must equal Form 990, Part X, col.(B) line 19 Part X Other Liabilities. See Form 990, Part X (a) Description of liability Federal income taxes	5.) (b) Book value 0		28,200,521
Part IX Other Assets. See Form 990, Part X, In (a) Descrit (1) LT DUE FROM AFFILATES (2) OTHER RECEIVABLES Total. (Column (b) must equal Form 990, Part X, col.(B) line 19 Part X Other Liabilities. See Form 990, Part X (a) Description of liability Federal income taxes	5.) (b) Book value 0		28,200,521
Part IX Other Assets. See Form 990, Part X, In (a) Description (1) LT DUE FROM AFFILATES (2) OTHER RECEIVABLES Total. (Column (b) must equal Form 990, Part X, col.(B) line 19 Part X Other Liabilities. See Form 990, Part X (a) Description of liability Federal income taxes	5.) (b) Book value 0		28,200,521
Part IX Other Assets. See Form 990, Part X, In (a) Description (1) LT DUE FROM AFFILATES (2) OTHER RECEIVABLES Total. (Column (b) must equal Form 990, Part X, col.(B) line 19 Part X Other Liabilities. See Form 990, Part X (a) Description of liability Federal income taxes	5.) (b) Book value 0		28,200,521
Part IX Other Assets. See Form 990, Part X, In (a) Descrit (1) LT DUE FROM AFFILATES (2) OTHER RECEIVABLES Total. (Column (b) must equal Form 990, Part X, col.(B) line 19 Part X Other Liabilities. See Form 990, Part X (a) Description of liability Federal income taxes	5.) (b) Book value 0		28,200,521
Part IX Other Assets. See Form 990, Part X, In (a) Descrit (1) LT DUE FROM AFFILATES (2) OTHER RECEIVABLES Total. (Column (b) must equal Form 990, Part X, col.(B) line 19 Part X Other Liabilities. See Form 990, Part X (a) Description of liability Federal income taxes	5.) (b) Book value 0		28,200,521
Part IX Other Assets. See Form 990, Part X, In (a) Descrit (1) LT DUE FROM AFFILATES (2) OTHER RECEIVABLES Total. (Column (b) must equal Form 990, Part X, col.(B) line 19 Part X Other Liabilities. See Form 990, Part X (a) Description of liability Federal income taxes	5.) (b) Book value 0	b	28,200,521
Part IX Other Assets. See Form 990, Part X, In (a) Descrit (1) LT DUE FROM AFFILATES (2) OTHER RECEIVABLES Total. (Column (b) must equal Form 990, Part X, col.(B) line 19 Part X Other Liabilities. See Form 990, Part X (a) Description of liability Federal income taxes	5.) (b) Book value 0		28,200,521
Part IX Other Assets. See Form 990, Part X, In (a) Description (1) LT DUE FROM AFFILATES (2) OTHER RECEIVABLES Total. (Column (b) must equal Form 990, Part X, col.(B) line 19 Part X Other Liabilities. See Form 990, Part X (a) Description of liability Federal income taxes	5.) (b) Book value 0		28,200,521
Part IX Other Assets. See Form 990, Part X, In (a) Description (1) LT DUE FROM AFFILATES (2) OTHER RECEIVABLES Total. (Column (b) must equal Form 990, Part X, col.(B) line 19 Part X Other Liabilities. See Form 990, Part X (a) Description of liability Federal income taxes	5.) (b) Book value 0		28,200,521
Part IX Other Assets. See Form 990, Part X, In (a) Descrit (1) LT DUE FROM AFFILATES (2) OTHER RECEIVABLES Total. (Column (b) must equal Form 990, Part X, col.(B) line 19 Part X Other Liabilities. See Form 990, Part X (a) Description of liability Federal income taxes	5.) (b) Book value 0		28,200,521
Part IX Other Assets. See Form 990, Part X, In (a) Description (1) LT DUE FROM AFFILATES (2) OTHER RECEIVABLES Total. (Column (b) must equal Form 990, Part X, col.(B) line 19 Part X Other Liabilities. See Form 990, Part X (a) Description of liability Federal income taxes	5.) (b) Book value 0		28,200,521
Total. (Column (b) must equal Form 990, Part X, col.(B) line 19 Part X Other Liabilities. See Form 990, Part X (a) Description of liability Federal income taxes	5.) (b) Book value 0	b	28,200,521
Total. (Column (b) must equal Form 990, Part X, col.(B) line 15 Part X Other Liabilities. See Form 990, Part X (a) Description of liability Federal income taxes PAYABLE TO THIRD PARTIES	ne 15. ption 5.) C, line 25. (b) Book value 0 2,483,438		28,200,521
Part IX Other Assets. See Form 990, Part X, In (a) Descrit (1) LT DUE FROM AFFILATES (2) OTHER RECEIVABLES Total. (Column (b) must equal Form 990, Part X, col.(B) line 19 Part X Other Liabilities. See Form 990, Part X (a) Description of liability Federal income taxes	5.) (b) Book value 0		28,200,521

Part	XI Reconciliation of Revenue per Audited Financial Statements With Revenue	er Retu	r n
1	Total revenue, gains, and other support per audited financial statements	1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
а	Net unrealized gains on investments		
b	Donated services and use of facilities		
С	Recoveries of prior year grants		
d	Other (Describe in Part XIII)		
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
а	Investment expenses not included on Form 990, Part VIII, line 7b . 4a		
b	Other (Describe in Part XIII)	1	
c	Add lines 4a and 4b	4c	
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	5	
Part	Reconciliation of Expenses per Audited Financial Statements With Expenses	per Ret	turn
1	Total expenses and losses per audited financial statements	1	
2	A mounts included on line 1 but not on Form 990, Part IX, line 25		
а	Donated services and use of facilities		
b	Prior year adjustments		
С	Other losses		
d	Other (Describe in Part XIII)		
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
а	Investment expenses not included on Form 990, Part VIII, line 7b 4a		
b	Other (Describe in Part XIII)		
c	Add lines 4a and 4b	4c	
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	5	
Part	XIII Supplemental Information		

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

Identifier	Return Reference	Explanation
CONSOLIDATED AUDIT FOOTNOTE FOR FIN 48 (ASC 740)		ACCOUNTING STANDARDS CODIFICATION (ASC) 740, INCOME TAXES, CLARIFIES THE ACCOUNTING FOR INCOME TAXES BY PRESCRIBING A MINIMUM RECOGNITION THRESHOLD THAT A TAX POSITION IS REQUIRED TO MEET BEFORE BEING RECOGNIZED IN THE FINANCIAL STATEMENTS ASC 740 ALSO PROVIDES GUIDANCE ON DERECOGNITION, MEASUREMENT, CLASSIFICATION, INTEREST AND PENALTIES, DISCLOSURE, AND TRANSITION THE GUIDANCE IS APPLICABLE TO PASS-THROUGH ENTITIES AND TAXEXEMPT ORGANIZATIONS NO SIGNIFICANT TAX LIABILITY FOR TAX BENEFITS, INTEREST OR PENALTIES WAS ACCRUED AT JUNE 30, 2013 OR 2012

OMB No 1545-0047

Open to Public Inspection

SCHEDULE H (Form 990)

Department of the Treasury Internal Revenue Service

Name of the organization METHODIST CHILDREN'S HOSPITAL

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

Hospitals

Employer identification number

75-2428911

Pa	rt I Financial Ass	istance an	d Certain	Other Community	Benefits at Cost	5 2 120 5 1 1				
	T I I I I I I I I I I I I I I I I I I I	iotalico all	a cortain					Yes	No	
1a	Did the organization have	e a financial as	ssistance pol	licy during the tax year?	Y If "No," skip to questi	on 6a	1a	Yes		
ь	If "Yes," was it a written	policy?					1b	Yes		
2	If the organization had m financial assistance police					oplication of the		103		
	Applied uniformly to a Generally tailored to	•			mly to most hospital fac	cilities				
3	Answer the following base organization's patients d			nce eligibility criteria th	at applied to the larges	t number of the				
a	Did the organization use If "Yes," indicate which o					providing <i>free</i> care?	За	Yes		
	「 100%									
b	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									
	┌ 200%	300%	50% Г 400	0% Other			3b	Yes		
С	If the organization used f criteria for determining el used an asset test or oth discounted care	ligibility for fre	ee or discoun	ted care Include in the	description whether the	e organızatıon				
4	Did the organization's fin				•					
5a	provide for free or discou Did the organization budg the tax year?		or free or disc				_4	Yes		
L	If "Yes," did the organiza			evpenses evceed the h	udgeted amount?		<u>5a</u>	Yes		
	If "Yes" to line 5b, as a r						<u>5b</u>	Yes		
C	care to a patient who was						5c		No	
6a	Did the organization prep	are a commur	nity benefit re	eport during the tax year	r?		6a	Yes		
b	If "Yes," did the organiza	tion make it a	vailable to th	ne public?			6b	Yes		
	Complete the following ta worksheets with the Sche	_	worksheets p	provided in the Schedule	e H instructions Do not	submit these				
7	Financial Assistance	and Certain	Other Com	munity Benefits at Co	st					
	ancial Assistance and Means-Tested overnment Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community ben expense		(f) Percei otal expe		
a	Financial Assistance at cost (from Worksheet 1)			1,242,456		1,242,	156	2 0	20 %	
b	Medicaid (from Worksheet 3, column a)			35,073,889	29,156,302	5,917,	587	9 6	10 %	
С	Costs of other means-tested government programs (from Worksheet 3, column b)									
d	Total Financial Assistance and Means-Tested Government Programs .			36,316,345	29,156,302	7,160,	043	11 6	30 %	
е	Other Benefits Community health improvement services and community benefit operations (from Worksheet 4)			364			364			
f	(from Worksheet 4) Health professions education							1.0	70.0/	
g	(from Worksheet 5) Subsidized health services (from Worksheet 6)			1,212,925		1,212,	925	19	70 %	
h	Research (from Worksheet 7)						\perp			
ı	Cash and in-kind contributions for community benefit (from Worksheet 8)									
J	Total. Other Benefits			1,213,289		1,213,	-		70 %	
k	Total. Add lines 7d and 7j .	I		37,529,634	29,156,302	8,373,	332	13 6	00 %	

Part II	Community Buildir activities during the	tax year, an									
	of the communities i	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total communit building expense	y (d)	Direct off revenue		(e) Net commur building expens		(f) Pero total ex	
1 Physical ii	nprovements and housing										
2 Economic	development										
3 Communi	·										
-											
LIIVIIOIIIII	ental improvements p development and training										
for comm	unity members										
6 Coalition	ty health improvement			2,2	:35				2,235		
advocacy	·										
	e development										
9 Other 0 Total				2.5	25				2 225		
	Bad Debt, Medicar	e & Collec		<u> </u>	!35				2,235		0 %
	d Debt Expense	e, & conec	tion Plactic	<u> </u>						Yes	No
	organization report bac ent No 15?		e ın accordance	with Heathcare F	ınancıal I	Manag∈ •. •	ment A	ssociation	1		No
	he amount of the organi lology used by the orga				he						
	lology used by the orga he estimated amount of					2		4,327,70	3		
patient the me	s eligible under the orga thodology used by the c	anızatıon's fina organızatıon to	ancial assistandes estimate this a	ce policy Explain amount and the ra	ın Part V						
1 Provide	ncluding this portion on the rest of the rest of the rest of the text of the rest of the r	:he footnote to	the organization	on's financial state			rıbes b	ad debt expense			
or the p ection B. Me	oage number on which tl e dicare	hıs footnote ıs	contained in th	ne attached financ	ıal stater	nents					
	otal revenue received fr	om Medicare	(ıncludına DSH	and IME)		. 5	l	6,554,33	7		
	ledicare allowable cost			•		. 6		6,243,050	-		
	ct line 6 from line 5 Thi					. 7		311,28	-1		
Also de	pe in Part VI the extent escribe in Part VI the co the box that describes	osting method	ology or source					ty benefit			
Г cos	st accounting system	r c∘	st to charge ra	tio Г	Other						
ection C. Co	llection Practices										
a Did the	organization have a wr	itten debt coll	ection policy du	uring the tax year?	٠				9a	Yes	
contair	," did the organization's i provisions on the colle ince? Describe in Part \	ection practice	s to be followed	d for patients who	are know	n to qu	alıfy for	financial	9b	Yes	
	anagement Comp								cians—s		ions)
(a)	Name of entity	(t	D) Description of pr activity of entity		(c) Orgai profit % owners	or stock		d) Officers, directors, trustees, or key employees' profit % r stock ownership %	pr	e) Physicofit % or ownersh	stock
											_
									\perp		
									\bot		
									\bot		
0									\perp		
1									\bot		
.2									\perp		

Part V	Facility Information										
Section	n A. Hospital Facilities	Licensed	General	Children's	Teac	Ortio	Research	ER-2	ER-other		
smalles How ma organiza 1	order of size from largest to t—see instructions) iny hospital facilities did the ation operate during the tax year? ———	sed hospital	ral medical & surgical	ren's hospital	Teaching hospital	Critical access hospital	arch facility	ER-24 hours	ther		
Name, a	address, and primary website address		=							Other (Describe)	Facility reporting group
1	METHODIST CHILDREN'S HOSPITAL 3610 21ST STREET LUBBOCK,TX 79410 WWW COVENANTHEALTH ORG	x	х	х			х	х			

Schedule H (Form 990) 2012

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

METHODIST CHILDREN'S HOSPITAL

Name of hospital facility or facility reporting group

			Yes	N
m	munity Health Needs Assessment (Lines 1 through 8c are optional for tax years begining on or before March 23, 2012)			
	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	1	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
	A definition of the community served by the hospital facility			
	Demographics of the community			
	Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
	▼ How data was obtained			
	The health needs of the community			
	Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
	The process for identifying and prioritizing community health needs and services to meet the community health needs			
	The process for consulting with persons representing the community's interests			
	Information gaps that limit the hospital facility's ability to assess the community's health needs			
	Other (describe in Part VI)			
	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>			
	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	4	Yes Yes	
	Did the hospital facility make its CHNA report widely available to the public?	5	Yes	T
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			T
	▼ Hospital facility's website			
	▼ A vailable upon request from the hospital facility			
	Other (describe in Part VI)			
	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply			
	to date) Adoption of an implementation strategy that addresses each of the community health needs identified through the			
	CHNA Execution of the implementation strategy			
	Participation in the development of a community-wide plan			
	Participation in the execution of a community-wide plan			
	Inclusion of a community benefit section in operational plans			
	Adoption of a budget for provision of services that address the needs identified in the CHNA			
	Prioritization of health needs in its community			
	Prioritization of services that the hospital facility will undertake to meet health needs in its community			
	Other (describe in Part VI)			
	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		١
	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		H
	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		+
	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? \$			

Pá	art V Facility Information (continued)			
	nancial Assistance Policy		Yes	No
9	Did the hospital facility have in place during the tax year a written financial assistance policy that			
	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	Yes	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for free care 175 %			
11	If "No," explain in Part VI the criteria the hospital facility used		\ , ₋ -	
-11	Used FPG to determine eligibility for providing <i>discounted</i> care?	11	Yes	
	If "No," explain in Part VI the criteria the hospital facility used			
12	Explained the basis for calculating amounts charged to patients?	12	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
а	Income level			
b	Asset level			
c	Medical indigency			
d	Insurance status			
е	Uninsured discount			
f	Medicaid/Medicare			
g	State regulation			
h	Other (describe in Part VI)			
13	Explained the method for applying for financial assistance?	13	Yes	
14	Included measures to publicize the policy within the community served by the hospital facility?	14	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
а	The policy was posted on the hospital facility's website			
b	The policy was attached to billing invoices			
C	lacksquare The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d	The policy was posted in the hospital facility's admissions offices			
е	lacksquare The policy was provided, in writing, to patients on admission to the hospital facility			
f	The policy was available upon request			
g	Other (describe in Part VI)			
	ling and Collections	ı		
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		163	
	the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
а	Reporting to credit agency			
b	Lawsuits			
C	Liens on residences			
d	Body attachments			
е	Other similar actions (describe in Part VI)			
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	17		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
а	Reporting to credit agency			
b	<u>-</u>			
C	Liens on residences			
d	Body attachments			
_	C Other similar actions (describe in Part VI)	I	l	1

chedule H	(Form 990)	2012

Page

1	artive facility information (continuea)			
8	Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)			
а	Notified individuals of the financial assistance policy on admission			
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			
	Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
е	Other (describe in Part VI)			
0	licy Relating to Emergency Medical Care			
			Yes	No
L 9	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	19	Yes	
	If "No," indicate why			
а	The hospital facility did not provide care for any emergency medical conditions			
b	The hospital facility's policy was not in writing			
c	The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d	Other (describe in Part VI)			
Cha	arges 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			
а	The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b	The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c	The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d	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?	21		No
	If "Yes," explain in Part VI			
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual?	22		No
	If "Yes," explain in Part VI			

Schedule H (Form 990) 2012

Ρ	а	a	e

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	

Schedule H (Form 990) 2012

Part VI Supplemental Information

Complete this part to provide the following information

- 1 Required descriptions. Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part III, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2 Needs assessment. Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3 Patient education of eligibility for assistance. Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4 Community information. Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.)
- **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 State filing of community benefit report. If applicable, identify all states with which the organization, or a related organization, files a community benefit report
- **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1₁, 3, 4, 5c, 6₁, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
SCHEDULE H, PART I, LINE 6A		COVENANT HEALTH PREPARES AN ANNUAL COMMUNITY BENEFIT REPORT THAT INCLUDES COVENANT CHILDREN'S HOSPITAL
SCHEDULE H, PART I, LINE 7		THE AMOUNTS REPORTED IN THE TABLE WERE CALCULATED USING THE ORGANIZATION'S COST ACCOUNTING SYSTEM

Identifier	ReturnReference	Explanation
SCHEDULE H, PART II		COVENANT CHILDREN'S HOSPITAL IS COMMITTED TO SERVING ITS COMMUNITIES WITH AN EMPHASIS ON PROVIDING OPTIMAL HEALTHCARE SERVICES AND PROGRAMS BY DEDICATING ITS EFFORTS TO ASSIST ALL PERSONS REGARDLESS OF THEIR AGE, SEX, CREED, DISABILITY, NATIONAL ORIGIN OR FINANCIAL STATUS THE VISION OF CCH IS TO BRING PEOPLE TOGETHER TO PROVIDE COMPASSIONATE CARE, PROMOTE HEALTH IMPROVEMENT, AND CREATE HEALTHY COMMUNITIES DURING THE YEAR, THE EMPLOYEES OF COVENANT HAVE VOLUNTEERED COUNTLESS HOURS TO VARIOUS COMMUNITY-BASED ORGANIZATIONS, PROFESSIONAL ORGANIZATIONS, AND VOLUNTEERED WITH LOCAL NON-PROFIT ORGANIZATIONS TO IMPROVE HEALTH AND OUALITY OF LIFE IN OUR COMMUNITY
SCHEDULE H, PART III, SECTION A, LINE 2		THE ORGANIZATION ANALYZES ITS HISTORICAL EXPERIENCE AND TRENDS TO ESTIMATE THE APPROPRIATE BAD DEBT EXPENSE DISCOUNTS AND PAYMENTS ON PATIENT ACCOUNTS ARE RECORDED PRIOR TO CALCULATING BAD DEBT EXPENSE

SCHEDULE H, PART III, SECTION	PAGE 11 OF THE FINANCIAL STATEMENTS - THE
A, LINE 4	ORGANIZATION RECEIVES PAYMENT FOR SERVICES
	RENDERED TO PATIENTS FROM FEDERAL AND STATE
	GOVERNMENTS UNDER THE MEDICARE AND MEDICAID
	PROGRAMS, PRIVATELY SPONSORED MANAGED CARE
	PROGRAMS FOR WHICH PAYMENT IS MADE BASED ON
	TERMS DEFINED UNDER FORMAL CONTRACTS, AND
	OTHER PAYORS THE ORGANIZATION BELIEVES THERE
	ARE NO SIGNIFICANT RISKS ASSOCIATED WITH
	RECEIVABLES FROM GOVERNMENT PROGRAMS
	RECEIVABLES FROM CONTRACTED AND OTHERS ARE
	FROM VARIOUS PAYORS WHO ARE SUBJECT TO
	DIFFERING ECONOMIC CONDITIONS, AND DO NOT
	REPRESENT ANY CONCENTRATED RISKS TO THE
	ORGANIZATION THE ORGANIZATION ANALYZES ITS
	HISTORICAL EXPERIENCE AND IDENTIFIES TRENDS FOR
	EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO
	ESTIMATE THE APPROPRIATE ALLOWANCE FOR
	DOUBTFUL ACCOUNTS
CHEDULE H, PART III, SECTION	AS A CATHOLIC HEALTH CARE MINISTRY, THE
3, LINE 8	ORGANIZATION FOLLOWS THE CATHOLIC HEALTH
	ASSOCIATION'S COMMUNITY BENEFIT REPORTING
	GUIDELINES AND THEREFORE, DOES NOT REPORT
	MEDICARE AS A COMMUNITY BENEFIT MEDICARE COSTS
	ARE DETERMINED USING THE MEDICARE COST REPORT
	THE MEDICARE COST REPORT SUBMITTED FOR THE
	FISCAL YEAR USES CMS STANDARD COSTING METHODS
	THIS METHOD INCLUDES SPECIFIC STEP-DOWN
	ALLOCATION PROCESSES WHICH ARE APPLIED TO
	CALCULATE ALLOWABLE MEDICARE COSTS

Explanation

ReturnReference

Identifier

Identifier	ReturnReference	Explanation
SCHEDULE H, PART III, SECTION C, LINE 9B		COVENANT CHILDREN'S HOSPITAL PATIENT ACCOUNTS WERE NOT FORWARDED TO COLLECTION STATUS WHEN THE PATIENT MADE A GOOD FAITH EFFORT TO RESOLVE OUTSTANDING ACCOUNT BALANCES SUCH EFFORTS INCLUDE APPLYING FOR FINANCIAL ASSISTANCE, NEGOTIATING A PAYMENT PLAN, OR APPLYING FOR MEDICAID COVERAGE PRIOR TO ADVANCING ANY ACCOUNT FOR EXTERNAL COLLECTION, THE ORGANIZATION PERFORMED AN EVALUATION TO IDENTIFY IF THE ACCOUNTS FOR PATIENTS WHO QUALIFIED FOR FREE CARE (100 PERCENT FINANCIAL ASSISTANCE) WERE WRITTEN OFF AND COLLECTION EFFORTS WERE NOT PURSUED THE ORGANIZATION'S COLLECTIONS POLICY APPLIED TO ACCOUNTS FOR PATIENTS WHO QUALIFIED FOR A PARTIAL DISCOUNT
METHODIST CHILDREN'S HOSPITAL (1)	SCHEDULE H, PART V, SECTION B, LINE 3	ALL IDENTIFIED HEALTH NEEDS BASED ON SECONDARY DATA ANALYSIS WERE PRESENTED TO FOCUS GROUPS COMPRISED OF LUBBOCK COMMUNITY HEALTH LEADERS, LUBBOCK COMMUNITY SERVICE ORGANIZATION REPRESENTATIVES, INTERNAL COVENANT DEPARTMENT LEADERS AND THE CB COMMITTEE COVENANT HEALTH OBTAINED CONSULTATION ON THE COMMUNITY NEEDS ASSESSMENT FROM PUBLIC HEALTH EXPERT CATHERINE F KINNEY, MSW, PHD COVENANT MEDICAL GROUP PHYSICIANS WERE ASKED TO COMPLETE AN ON-LINE SURVEY RELATED TO THE IDENTIFIED NEEDS THE FEEDBACK RECEIVED FROM THESE GROUPS COMBINED WITH THE SECONDARY DATA ANALYSIS HELPED SHAPE THE FINAL PRIORITIES

Identifier	ReturnReference	Explanation
LACRITAL (1)	LINE 4	COVENANT HEALTH'S COMMUNITY HEALTH OUTREACH DEPARTMENT (CHO) CONDUCTS A COMMUNITY NEEDS AND ASSETS ASSESSMENT EVERY THREE YEARS THIS NEEDS ASSESSMENT IS CONDUCTED AS A SYSTEM WHICH INCLUDES COVENANT MEDICAL CENTER, COVENANT CHILDREN'S HOSPITAL AND COVENANT SPECIALTY HOSPITAL (JOINT VENTURE) ALL LOCATED IN LUBBOCK, TX
	INF 5A	THE WEB ADDRESS IS http://www.covenanthealth.org/documents/CHNA-2012- Childrens-Hospital-Final-Reviewed.pdf

METHODIST CHILDREN'S	SCHEDULE H, PART V, SECTION B,	HEALTH NEEDS EXPLORED DURING OUR NEEDS
	LINE 7	ASSESSMENT AND PRIORITY SELECTION PROCESS THAT
	Time /	WERE NOT SELECTED AS A KEY FOCUS AREA FOR
		COVENANT HEALTH OUTREACH INCLUDED SUBSTANCE
		ABUSE (LEGAL, ILLICIT, INCLUDING TOBACCO USE),
		MATERNAL/CHILD HEALTH, CARDIOVASCULAR AND
		RESPIRATORY DISEASE, AND SEXUALLY TRANSMITTED
		DISEASE WHEN APPLYING THE RANKING SYSTEM FOR THE
		REQUIRED ELEMENTS AND OPTIONAL CONSIDERATIONS
		THÈSE HEALTH ISSUES SCORED LOWER
		CARDIOVASCULAR, MATERNAL/CHILD HEALTH AND
		RESPIRATORY NEEDS ARE CURRENTLY WELL ADDRESSED
		WITHIN COVENANT HEALTH'S AND COVENANT MEDICAL
		GROUP SERVICE LINES AND THROUGH OTHER COMMUNITY
		BASED INTERVENTION PROGRAMS STD PREVENTION WAS
		NOT SELECTED AS A COVENANT HEALTH PRIORITY
		HOWEVER WE CONTINUED TO WORK WITH LOCAL
		AGENCIES FOR WHICH THIS IS A PRIORITY COVENANT
		HEALTH ALSO ADDRESSED STD PREVENTION THOUGH AN
		EDUCATION PROGRAM TITLED "BOY TALK GIRL TALK"
		COVENANT COMMUNITY OUTREACH CONTINUED TO
		PARTNER WITH OTHER COMMUNITY OUTREACH PROGRAMS
		TO SUPPORT THEIR EFFORTS IN ADDRESSING THE
		COMMUNITY NEEDS THAT WERE NOT SELECTED AS
		PRIORITIES ONE SUCH EFFORT IS BY PROVIDING GRANTS
		FUNDS TO THE LUBBOCK CHILDREN'S HEALTH CLINIC, THE
		SICK CHILDREN'S CLINIC, CATHOLIC FAMILY SERVICES,
		AND WOMEN'S PROTECTIVE SERVICES TO HELP ADDRESS
		A VARIETY OF HEALTH NEEDS AND SOCIAL BARRIERS IN
		THE COMMUNITY FOR FURTHER INFORMATION, PLEASE
		SEE THE IMPLEMENTATION STRATEGY FOUND
		http://www.covenanthealth.org/documents/FINAL-Childrens-
		FY12-FY14-CB-Plan- 501R-ALIGNMENT-FEB2013 pdf
METHODIST CHILDREN'S	COUEDING IN DART W. CECTION D	THE OBOANIZATION BEGO ONIZECTUAT A BOBTION OF
LIO CDITAL (1)	BCHEDOLE H, PART V, SECTION B,	THE UNINSURED OR UNDERINSURED PATIENT
	LINE 12H	POPULATION MAY NOT ENGAGE IN THE TRADITIONAL
		FINANCIAL ASSISTANCE APPLICATION PROCESS
		THEREFORE, THE ORGANIZATION ALSO USES AN
		AUTOMATED PREDICTIVE SCORING TOOL TO IDENTIFY
		AND QUALIFY PATIENTS FOR FINANCIAL ASSISTANCE FOR
		ACCOUNTS THAT ARE INITIALLY CLASSIFIED AS BAD
	1	MOCCOCKID THAT ARE INTITALLI CLADDITILD AD DAD

Explanation

ReturnReference

Identifier

Identifier	ReturnReference	Explanation					
METHODIST CHILDREN'S HOSPITAL (1)	LINE 14G	THE ORGANIZATION POSTS ITS SUMMARIZED FINANCIAL ASSISTANCE NOTICE IN ALL ADMITTING AREAS IN BOTH ENGLISH AND SPANISH AND PROVIDES THE FULL POLICY UPON REQUEST SUMMARIZED NOTICES OF THE POLICY ARE AVAILABLE ON ITS WEBSITE ALONG WITH CONTACT INFORMATION IN THE EVENT OF ADDITIONAL INQUIRIES NOTICES OF FINANCIAL ASSISTANCE ARE INCLUDED WITH BILLINGS FOR UNINSURED PATIENTS BILINGUAL PATIENT ACCOUNT REPRESENTATIVES ARE AVAILABLE TO ADDRESS QUESTIONS AND ASSIST IN THE COMPLETION OF A FINANCIAL ASSISTANCE APPLICATION IN ENGLISH OR SPANISH					
METHODIST CHILDREN'S HOSPITAL (1)	SCHEDULE H, PART V, SECTION B, LINE 18E	THE ORGANIZATION POSTS ITS SUMMARIZED FINANCIAL ASSISTANCE NOTICE IN ALL ADMITTING AREAS IN BOTH ENGLISH AND SPANISH AND PROVIDES THE FULL POLICY UPON REQUEST SUMMARIZED NOTICES OF THE POLICY ARE AVAILABLE ON ITS WEBSITE ALONG WITH CONTACT INFORMATION IN THE EVENT OF ADDITIONAL INQUIRIES NOTICES OF FINANCIAL ASSISTANCE ARE INCLUDED WITH BILLINGS FOR UNINSURED PATIENTS BILINGUAL PATIENT ACCOUNT REPRESENTATIVES ARE AVAILABLE TO ADDRESS QUESTIONS AND ASSIST IN THE COMPLETION OF A FINANCIAL ASSISTANCE APPLICATION IN ENGLISH OR SPANISH					

Identifier	ReturnReference	Explanation
	LINE 20D	FOR PATIENTS WITH A FAMILY INCOME BETWEEN 176% AND 300% OF FEDERAL POVERTY GUIDELINES (FPG), THE HOSPITAL FACILITY USES MEDICARE RATES WHEN CALCULATING THE MAXIMUM AMOUNTS THAT CAN BE CHARGED FOR CATASTROPHIC CASES WITH A PATIENT RESPONSIBILITY GREATER THAN \$75,000, MEDICARE RATES ARE USED TO DETERMINE THE MAXIMUM AMOUNT THAT CAN BE CHARGED
NEEDS ASSESSMENT	SCHEDULE H, PART VI, LINE 2	A NEEDS ASSESSMENT IS COMPILED EVERY THREE YEARS WHICH DETAILS OVERARCHING HEALTHCARE CONCERNS FOR TEXAS IN GENERAL AS WELL AS MANY DETAILS AFFECTING THE LUBBOCK COMMUNITY BENEFIT SERVICE AREA IN PARTICULAR SOME OF THE OTHER SOURCES USED FOR COVENANT'S NEEDS ASSESSMENT INCLUDE ST JOSEPH HEALTH SYSTEM'S PRC DATA ASSESSMENT, THE UNITED WAY COMMUNITY STATUS REPORT, AND THE TEXAS DEPARTMENT OF STATE HEALTH SERVICES DATA THE PROCESS USED FOR THE PRIORITIZATION OF THE PROGRAMS WAS DETERMINED BY GENERAL CONSENSUS ALL ASSESSMENTS USED FOR THIS PLAN, PRIMARY AND SECONDARY DATA THAT WAS ANALYZED, INDIVIDUAL MEETINGS WITH GROUPS OF STAKEHOLDERS, AND MEMBERS OF THE COMMUNITY BENEFIT COMMITTEE ALL CONFIRMED THE PROGRAMS WHICH ARE PRIORITIZED FOR THIS PLAN

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	SCHEDULE H, PART VI, LINE 3	THE ORGANIZATION POSTED NOTICES INFORMING THE PUBLIC OF THE FINANCIAL ASSISTANCE PROGRAM NOTICES WERE POSTED IN HIGH VOLUME INPATIENT AND OUTPATIENT SERVICE AREAS NOTICES WERE ALSO POSTED AT LOCATIONS WHERE A PATIENT COULD PAY
		THEIR BILL NOTICES INCLUDED CONTACT INFORMATION ON HOW A PATIENT COULD OBTAIN MORE INFORMATION ON FINANCIAL ASSISTANCE AS WELL AS WHERE TO APPLY FOR ASSISTANCE THESE NOTICES
		WERE POSTED IN ENGLISH AND SPANISH AND ANY OTHER LANGUAGES THAT WERE REPRESENTATIVE OF 5% OR GREATER OF PATIENTS IN THE HOSPITAL'S SERVICE AREA ALL PATIENTS WHO DEMONSTRATED LACK OF
		FINANCIAL COVERAGE BY THIRD PARTY INSURERS WERE OFFERED AN OPPORTUNITY TO COMPLETE THE FINANCIAL ASSISTANCE APPLICATION AND WERE
		OFFERED INFORMATION, ASSISTANCE, AND REFERRAL AS APPROPRIATE TO GOVERNMENT SPONSORED PROGRAMS FOR WHICH THEY MAY HAVE BEEN ELIGIBLE
COMMUNITY INFORMATION	SCHEDULE H, PART VI, LINE 4	COVENANT HEALTH (INCLUDING COVENANT MEDICAL CENTER AND COVENANT HOSPITAL CHILDREN'S) IS THE ONLY SJHS MINISTRY PROVIDING SERVICES TO COMMUNITIES IN TWO STATES COVENANT HEALTH
		PROVIDES SERVICES IN NEW MEXICO AND DRAWS PATIENTS FROM NEW MEXICO COMMUNITIES INTO LUBBOCK THE CIRCUMSTANCES OF THESE COMMUNITY
		MEMBERS PROFOUNDLY IMPACT THE ORGANIZATION AND THE SERVICES IT PROVIDES COVENANT HEALTH'S COMMUNITY BENEFIT PRIORITIES ADDRESS DUHN POPULATIONS WITHIN BOTH CORE SERVICE AREAS AND
		SECONDARY SERVICE AREAS FOR COMMUNITY RESIDENTS WHO ARE FACED WITH MULTIPLE HEALTH PROBLEMS AND HAVE LIMITED ACCESS TO TIMELY, HIGH-QUALITY HEALTH CARE CORE SERVICE AREAS
		INCLUDE THE TEXAS COUNTIES OF LUBBOCK, BAILEY, LAMB, HALE, FLOYD, MOTLEY, COCHRAN, HOCKLEY, CROSBY, DICKENS, YOAKUM, TERRY, LYNN, GARZA, KENT,
		GAINES, DAWSON, BORDEN, AND SCURRY ESPECIALLY WITHIN LUBBOCK, FOUR NEIGHBORHOODS, ARNETT- BENSON, HARWELL, PARKWAY-CHERRY POINT AND DUNBAR-MANHATTAN HEIGHTS, ARE DESIGNATED AS
		MEDICALLY UNDERSERVED AREAS (MUA'S) SECONDARY SERVICE AREAS INCLUDE PARMER, CASTRO, AND KING COUNTIES IN TEXAS COVENANT HEALTH COMMUNITY BENEFIT PROGRAMS AND OUTREACH ACTIVITIES ARE
		FOCUSED ON LOW-INCOME AREAS WITHIN LUBBOCK COUNTY AND THOSE LIVING IN A 60 MILE RADIUS OF THE CITY OF LUBBOCK THERE IS AN EMPHASIS ON
		RESIDENTS WHO LIVE WITHIN THE FOLLOWING LUBBOCK ZIP CODES 79401,79403,79404,79411,79412 AND 79415 THE REGIONAL COUNTIES TARGETED INCLUDE CROSBY, DAWSON, LAMB, GAINS, AND LYNN MANY OF
		THESE COMMUNITIES ARE MEDICALLY UNDERSERVED AREAS (MUAS) OR PERSISTENT POVERTY AREAS (PPAS) OR BOTH THE LUBBOCK ZIP CODES WERE SELECTED DUE
		TO DATA THAT SHOWS PER CAPITA INCOME IS SIGNIFICANTLY LOWER THAN COUNTY, STATE AND U S AVERAGES THE PERCENTAGE OF CHILDREN, ELDERLY AND INDIVIDUALS BELOW THE POVERTY LEVEL IS
		SIGNIFICANTLY HIGHER THAN COUNTY, STATE AND U S AVERAGES THE REGIONAL COUNTIES TARGETED SHOW PER CAPITA INCOME IS SIGNIFICANTLY LOWER THAN
		COUNTY, STATE AND US AVERAGES THE PERCENTAGE OF RESIDENTS REPORTING SPANISH AS THEIR PRIMARY LANGUAGE IS HIGHER THAN STATE AND US AVERAGE (EXCLUDING TAHOKA WHICH IS LOWER THAN THE STATE
		AVERAGE BUT HIGHER THAN THE U S AVERAGE) THE PERCENTAGE OF CHILDREN BELOW POVERTY LEVEL IS SIGNIFICANTLY HIGHER THAN THE STATE AND U S (EXCLUDING TAHOKA WHICH IS LOWER THAN THE STATE
		ÀVERAGE BUT HIGHER THAN THE U S AVERAGE) THE PERCENTAGE OF RESIDENTS AGED 65+BELOW THE POVERTY LEVEL IS SIGNIFICANTLY HIGHER IN
		CROSBYTON AND TAHOKA THAN LUBBOCK COUNTY, STATE AND U S AVERAGES THE FY12-14 COVENANT HEALTH NEEDS ASSESSMENT DATA REFLECTS THE FOLLOWING PERCENTAGES FOR UNINSURED LUBBOCK
		COUNTY 31%, CROSBY COUNTY 36%, DAWSON COUNTY 29%, LAMB COUNTY, 33%, GAINES COUNTY 40%, AND LYNN COUNTY 34% TEXAS AS A WHOLE WAS 30% AND
		NATIONALLY IT IS 17 5% LUBBOCK AND THE SURROUNDING REGION ARE SERVED BY TWO MAJOR HOSPITALS, COVENANT HEALTH AND UNIVERSITY MEDICAL CENTER THERE ARE ALSO A FEW VERY SMALL
		REGIONAL HOSPITALS OUTSIDE OF LUBBOCK COUNTY WHICH PROVIDE LIMITED SERVICES AND OFTEN TRANSFER PATIENTS TO ONE OF THE TWO LUBBOCK
<u> </u>	<u> </u>	HOSPITALS

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY	SCHEDULE H, PART VI, LINE 5	THE GOVERNING BODY IS COMPRISED OF A MAJORITY OF
HEALTH		PERSONS WHO RESIDE IN THE HOSPITALS PRIMARY SERVICE AREA AND WHO ARE NOT EMPLOYEES,
		CONTRACTORS, OR FAMILY MEMBERS THE SUB- COMMITTEE OF THE BOARD OF TRUSTEES, KNOWN AS THE
		COMMUNITY BENEFIT COMMITTEE, OVERSAW THE
		DEVELOPMENT AND IMPLEMENTATION OF THE COMMUNITY HEALTH NEEDS ASSESSMENT REPORT AND
		COMMUNITY BENEFIT PLAN/IMPLEMENTATION STRATEGY REPORT EVERY THREE YEARS, AS WELL AS AN ANNUAL
		COMMUNITY BENEFIT REPORT THE COMMITTEE ALSO PROVIDED GENERAL DIRECTION TO COVENANT HEALTH
		REGARDING 1) BUDGETING DECISIONS, 2) COMMUNITY
		BENEFIT PROGRAM CONTENT, 3) COMMUNITY BENEFIT PROGRAM DESIGN, 4) TARGET
		GEOGRAPHIC/POPULATION, 5) PROGRAM CONTINUATION OR DISCONTINUATION, 6) FUND DEVELOPMENT
		SUPPORT, AND 7) COMMUNITY-WIDE ENGAGEMENT
		MEDICAL STAFF PRIVILEGES ARE EXTENDED TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY GIVING
		BACK TO THE COMMUNITY IS HARDWIRED INTO EVERY ASPECT OF OUR ORGANIZATION AS A MEMBER OF THE
		FAITH-BASED HEALTH MINISTRY OF ST JOSEPH HEALTH SYSTEM, WE PROVIDE FREE AND DISCOUNTED CARE VIA
		OUR FINANCIAL ASSISTANCE PROGRAM AND HAVE A
		FUNDING STREAM TO ADDRESS THE NEEDS OF THE ECONOMICALLY POOR AND VULNERABLE IN THE
		COMMUNITIES WE SERVE OUR COMMITMENT TO COMMUNITY IS FURTHER DEMONSTRATED THROUGH OUR
		STRATEGIC COMMUNITY INVESTMENTS ON AN ANNUAL
		BASIS, TEN PERCENT OF OUR NET INCOME IS DEVOTED TO FUND COMMUNITY PROGRAMS FOR THE
		ECONOMICALLY POOR (CARE FOR THE POOR FUNDS) SPECIFICALLY, FUNDS ARE USED FOR OUTREACH
		PROGRAMS, DEFINED AS THOSE SERVICES THAT ADDRESS A SPECIFIC UNMET HEALTH NEED AND ARE
		SEPARATE FROM TRADITIONAL ACUTE CARE SERVICES
		FUNDS ARE ALSO USED TO PROVIDE GRANTS AND DONATIONS TO COMMUNITY ORGANIZATIONS SERVING
		THE ECONOMICALLY POOR THE FOLLOWING PROGRAMS IN FY13 WERE MADE POSSIBLE THROUGH CARE FOR THE
		POOR FUNDS AND EXEMPLIFY OUR COMMITMENT TO PROMOTE HEALTH AND ACCESS TO CARE TO THE LOW-
		INCOME COMMUNITY DENTAL CLINIC, MOBILE DENTAL
		CLINIC, HEALTH EDUCATION OUTREACH, AND COMMUNITY COUSELING CENTER THE FOLLOWING
		PROGRAMS IN FY13 WERE MADE POSSIBLE THROUGH CARE FOR THE POOR FUNDS AND EXEMPLIFY OUR
		COMMITMENT TO PROMOTE HEALTH AND ACCESS TO THE LOW-INCOME AND BROADER COMMUNITY COVENANT
		BODY MIND INSTITUTE (CHILDHOOD OBESITY PROGRAM)
		COVENANT HEALTH (INCLUDING CMC AND CHILDRENS) CONTRIBUTES 10% OF ITS NET INCOME, LESS REALIZED
		GAINS AND LOSSES, ANNUALLY TO FUND PROGRAMS FOCUSED ON LOW INCOME INDIVIDUALS AND FAMILIES
		WITHIN OUR SERVICE AREA THE FUNDS ARE CALLED
		"CARE FOR THE POOR FUNDS " CARE FOR THE POOR FUNDS ARE UTILIZED TO OPERATE THREE MAJOR
		OUTREACH PROGRAMS FOR COVENANT HEALTH THESE PROGRAMS INCLUDE A DENTAL PROGRAM, COUNSELING
		PROGRAM AND DIABETES/HEALTH EDUCATION PROGRAM EACH PROGRAM SERVES PERSONS AT OR BELOW 200% OF
		THE FEDERAL POVERTY LEVEL CHILDREN ARE SERVED AS
		WELL AS ADULTS THESE FUNDS ARE ALSO USED TO PROVIDE GRANTS TO COMMUNITY PARTNERS WHO ARE
		ALSO SERVING THE LOW INCOME WITHIN COVENANT HEALTHS SERVICE AREA THE GRANTS ARE PROVIDED
		FROM COVENANT HEALTH AT THE SYSTEM LEVEL GRANT FUNDING WAS PROVIDED IN FISCAL YEAR 2013 TO
		LUBBOCK CHILDRENS HEALTH CLINIC, CATHOLIC
		CHARITIES PRESCRIPTION ASSISTANCE PROGRAM, WOMENS PROTECTIVE SERVICES, THE SICK CHILDRENS
		CLINIC, AND TEXAS TECH UNIVERSITY CENTER FOR PREVENTION AND RESILIENCYS CHILDHOOD OBESITY
AFFILIATED HEALTH CARE		REDUCTION PROGRAM COVENANT CHILDREN'S HOSPITAL IS A HEALING
SYSTEM	SCHEDULE H, PART VI, LINE 6	MINISTRY OF ST JOSEPH HEALTH SYSTEM, AN
		INTEGRATED HEALTHCARE DELIVERY SYSTEM SPONSORED BY THE ST JOSEPH HEALTH MINISTRY ST
		JOSEPH HEALTH SYSTEM IS ORGANIZED INTO THREE REGIONS NORTHERN CALIFORNIA, SOUTHERN
		CALIFORNIA, AND WEST TEXAS/EASTERN NEW MEXICO THE SYSTEM INCLUDES 14 ACUTE CARE HOSPITALS.
		HOME HEALTH AGENCIES, HOSPICE CARE, OUTPATIENT
		SERVICES, COMMUNITY CLINICS, AND PHYSICIAN ORGANIZATIONS EACH ASSOCIATED MINISTRY WORKS
		TO LIVE OUT ITS MISSION TO EXTEND THE HEALING MINISTRY OF JESUS IN THE TRADITION OF THE SISTERS
		OF ST JOSEPH OF ORANGE BY CONTINUALLY IMPROVING THE HEALTH AND QUALITY OF LIFE OF THE COMMUNITIES
		IT SERVES IN 1986, ST JOSEPH HEALTH SYSTEM
		CREATED A PLAN AND BEGAN AN EFFORT TO FURTHER ITS COMMITMENT TO NEIGHBORS IN NEED WITH A VISION
		OF REACHING BEYOND THE WALLS OF ITS HEALTHCARE FACILITIES AND TRANSCENDING TRADITIONAL EFFORTS
		OF PROVIDING FINANCIAL ASSISTANCE FOR THOSE IN
		NEED OF ACUTE SERVICES, ST JOSEPH HEALTH SYSTEM CREATED THE ST JOSEPH HEALTH SYSTEM FOUNDATION
		TO IMPROVE THE HEALTH OF LOW-INCOME INDIVIDUALS RESIDING IN LOCAL COMMUNITIES OUR FOUNDATIONAL
		DOCUMENT, A VISION OF VALUES, FORMALIZES A POLICY THROUGH WHICH THE HOSPITAL MINISTRIES RETURN
		TEN PERCENT OF THEIR NET INCOME TO THE ST JOSEPH
		HEALTH SYSTEM FOUNDATION TO SUPPORT OUTREACH EFFORTS FOR THE MATERIALLY POOR THE FOUNDATION
		THEN FUNDS PROGRAMS IN COMMUNITIES SERVED BY ST JOSEPH HEALTH HOSPITALS THAT EXEMPLIFY THE FOUR
		CORE VALUES OF ST JOSEPH HEALTH SYSTEM SERVICE, EXCELLENCE, DIGNITY, AND JUSTICE
1	I .	EVOCETERACE, DIGINILLY WIND 1021ICE

Identifier	ReturnReference	Explanation
STATE FILING OF COMMUNITY BENEFIT REPORT	SCHEDULE H, PART VI, LINE 7	TEXAS

DLN: 93493134003024

OMB No 1545-0047

Schedule J (Form 990)

Department of the Treasury

Internal Revenue Service

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

Compensation Information

Part IV, question 23.

► Attach to Form 990. ► See separate instructions.

Open to Public Inspection

Name of the organization METHODIST CHILDREN'S HOSPITAL **Employer identification number**

75-2428911

	Questions Regarding Compensation		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form			
	990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	First-class or charter travel Housing allowance or residence for personal use Travel for companions Payments for business use of personal residence			
	Tax idemnification and gross-up payments Health or social club dues or initiation fees			
	Discretionary spending account Personal services (e.g., maid, chauffeur, chef)			
	, Paradian Schriebs (e.g., maia, chambar, chamba			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b	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?	2		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			
	Compensation committee Written employment contract			
	☐ Independent compensation consultant ☐ Compensation survey or study			
	Form 990 of other organizations Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
а	Receive a severance payment or change-of-control payment?	4a		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b		Νo
C	Participate in, or receive payment from, an equity-based compensation arrangement?	4c		Νo
	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			
а	The organization?	5a		Νo
b	Any related organization?	5b		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line $1a$, did the organization pay or accrue any compensation contingent on the net earnings of			
а	The organization?	6a		Νo
b	Any related organization?	6b		Νo
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was			
	subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	_		
		8		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	9		

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

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

Note. The sum of columns (B)(1)-(111) 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	f W-2 and/or 1099-MI:	SC compensation	(C) Retirement and	(D) Nontaxable	(E) Total of	(F) Compensation reported as deferred in prior Form 990	
	(i) Base compensation	(ii) Bonus & ıncentıve compensatıon	(iii) Other reportable compensation	other deferred compensation	benefits	columns (B)(ı)-(D)		
See Additional Data Table								

Schedule J (Form 990) 2012

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
SUPPLEMENTAL COMPENSATION INFORMATION	SCHEDULE J, PART I, LINE 1A	COMPANION TRAVEL ST JOSEPH HEALTH SYSTEM ALLOWS FOR COMPANION TRAVEL FOR CERTAIN PRE-APPROVED, MINISTRY SPONSORED EVENTS COMPANION TRAVEL IS TREATED AS TAXABLE COMPENSATION IN MOST CASES IN THE CASE THAT COMPANION TRAVEL IS NOT TREATED AS TAXABLE COMPENSATION, THE INDIVIDUAL IS PROVIDING A SERVICE TO THE HEALTH SYSTEM AS A REPRESENTATIVE WITH KNOWLEDGE OF THE COMMUNITIES AND MINISTRIES WE SERVE COMPANION TRAVEL IS AN ESSENTIAL PART OF THE TRUSTEE CONFERENCE THE FOLLOWING TRUSTEES RECEIVED A BENEFIT FOR COMPANION TRAVEL THAT WAS INTENDED TO BE COMPENSATION JOANN ESCASA-HAIGH - \$4,507
SCHEDULE J, PART I, LINE 3		THE ORGANIZATION'S CHIEF EXECUTIVE OFFICER IS PAID BY ITS TAX EXEMPT PARENT, COVENANT HEALTH SYSTEM, AND IS DISCLOSED AS A PERSON PAID BY A RELATED ORGANIZATION SEE SCHEDULE O FOR FORM 990, PART VI, LINE 15A AND 15B FOR THE PROCESS THAT IS COMPLETED BY ST JOSEPH HEALTH SYSTEM
SCHEDULE J, PART I, LINE 7		A PORTION OF EXECUTIVES SALARIES ARE PLACED "AT-RISK" AND ARE NOT AWARDED UNLESS SPECIFIC STRATEGIC OBJECTIVE TARGETS ARE MET OR EXCEEDED THE AT-RISK EXECUTIVE PLAN IS DESIGNED TO MOTIVATE AND REWARD EXECUTIVES FOR TEAM PERFORMANCE THAT SUPPORTS THE STRATEGIC GOALS AND SUCCESSFUL PERFORMANCE OF ST JOSEPH HEALTH SYSTEM AT-RISK PAY IS AWARDED TO ASSISTANT VICE PRESIDENTS, VICE PRESIDENTS, SENIOR VICE PRESIDENTS, EXECUTIVE VICE PRESIDENTS, AND THE CHIEF EXECUTIVE OFFICER BASED ON ACHIEVING OR SURPASSING SPECIFIC GOALS THAT ARE PREDETERMINED BY THE BOARD OF TRUSTEES PRIOR TO THE BEGINNING OF THE FISCAL YEAR THE GOALS INCLUDE OUR STRATEGIC OBJECTIVES OF PERFECT CARE, SACRED ENCOUNTERS, AND HEALTHIEST COMMUNITIES AS WELL AS FISCAL STEWARDSHIP EACH OF THESE FACTORS IS TAKEN INTO CONSIDERATION WHEN DETERMINING THE PERCENTAGE OF AT-RISK PAY

Schedule J (Form 990) 2012

Software ID: Software Version:

EIN: 75-2428911

Name: METHODIST CHILDREN'S HOSPITAL

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

Total 550, Schedule 5, Fare 12 Sincers, Shedest, Ref Employees, and highest compensated Employees								
(A) Name		(B) Breakdown of	f W-2 and/or 1099-MIS	3C compensation	(C) Deferred	(D) Nontaxable	(E) Total of columns	(F) Compensation reported in prior Form
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation	compensation	benefits	(B)(ı)-(D)	990 or Form 990-EZ
RICHARD PARKS	(I) (II)		0 234,300	0 142,566	0 10,000	0 30,943	0 1,069,955	0
JOHN GRIGSON	(I) (II)		0 135,979	0 87,029	0 10,000	0 17,705	0 626,539	0
TROY THIBODEAUX	(I) (II)		0 138,228	0 83,325	0 10,000	0 6,503	0 633,356	0
CHRIS DOUGHERTY	(I) (II)		0 72,983	0 54,291	0	0 14,652	0 400,979	0
GARTH THOMAS	(I) (II)		0	29 0	4,803 0	20,729	178,240 0	0
ROXIE TAYLOR	(I) (II)		0 101,926	0 80,451	0 22,500	0 6,463	0 476,162	0
STEPHEN GARR	(I) (II)		3,266 0	188 0	6,924 0	7,782 0	186,203 0	0
WESLEY WELLS	(I) (II)		4,520 0	29 0	7,033 0	21,114	161,309 0	0
DONNA NEEL	(I) (II)		6,667 0	29 0	15,848 0	22,682	173,416 0	0
JO ANN ESCASA- HAIGH	(I) (II)		0 94,236	0 82,717	0 10,000	0 25,440	0 585,724	0
JAMES GUTHEIL MD	(1) (11)	0 775,977	0 2,793	0 8,267	0 8,000	0 19,667	0 814,704	0

efile GRAPHIC print - DO NOT PROCESS

As Filed Data -

DLN: 93493134003024

OMB No 1545-0047

Schedule L

(Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

Transactions with Interested Persons

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

Open to Public Inspection

METHODIST CHILDR							En	прюуе	r identii	ricatioi	1 numbei	Ī
								-242				
	ss Benefit Tran ete ıf the organızatı										40h	
	of disqualified pers			between dis		(c) Descrip					(d) Corre	ected?
1 (4)	or aloqualifica pero			d organizatio		(0) 5 05 011,			, , , , , , , , , , , , , , , , , , , ,		Yes	No
										-		
2 Enter the am	nount of tax incurre	d by organiza	ation mana	gers or disc	ualified perso	ns during the	yearı	ınder	section			
4958									F \$.			
3 Enter the am	nount of tax, if any,	on line 2, ab	ove, reimb	ursed by the	e organization			•	► \$			
Part III Loa	ns to and/or F	rom Inter	ested Pe	ersons.								
Com	plete if the organiz	atıon answer	ed "Yes" o	n Form 990		ne 38a, or Fo	rm 99	0, Par	t IV, lın	e 26, d	rıfthe	
	nization reported a				T	(6) D = I = = .		\ T			(i))/(···	
(a) Name of Interested	(b) Relationship with organization				(e)Original principal	(f) Balance due) In ault?	(h	-	(i)Wri	
person			organization	organızat	ion?	amount		by board	by board or		"	
			T.	From	4		V	l No	commi	No No	Yes	l No
			То	FIOIII			Yes	No	Yes	NO	res	No
											_	
											_	
											_	
											_	
									ļ		_	
otal			<u>► \$</u>									
	nts or Assistan plete if the orgai					TV line 27						
(a) Name of inte		ationship be			fassistance	(d) Type of		tance	(e)	Purnos	e of ass	ıstanc
person	interes	ted person a		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	. assistante	(u) 1 / pc 0	. 45515	cunce		. u.pos	0, 455	.o came
		organization										

Part IV Business Transactions Involving Interested Persons. Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.								
<u>Complete if the organizat</u>	<u>ion answered "Yes" on </u>	<u>Form 990, Part IV, lin</u>	ie 28a, 28b, or 28c.					
(a) Name of Interested person	(b) Relationship between interested person and the organization	(c) A mount of transaction	(d) Description of transaction	(e) Sharing of organization' revenues?				
				Yes	No			
(1) KAREN BRODBECK	WIFE OF TODD BRODBECK	1	COMPENSATION FOR SERVICES		No			

Part V Supplemental Information

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

Ident if ier	Return Reference	Explanation

Schedule L (Form 990 or 990-EZ) 2012

efile GRAPHIC print - DO NOT PROCESS | As Filed Data -

DLN: 93493134003024

OMB No 1545-0047

Inspection

Department of the Treasury

Internal Revenue Service

SCHEDULE M

(Form 990)

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

Noncash Contributions

Name of the organization METHODIST CHILDREN'S HOSPITAL **Employer identification number**

Part	Types of Property						
		(a) Check If applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	•	d) determining ibution amour	nts
	rt—Works of art						
	rt—Historical treasures .						
	rt—Fractional interests						
	ooks and publications						
	lothing and household bods						
Ci	ars and other vehicles						
В	oats and planes						
Ιn	itellectual property						
Se	ecurities—Publicly traded .						
Se	ecurities—Closely held stock .						
	ecurities—Partnership, LLC, r trust interests						
Se	ecurities—Miscellaneous						
c	ualified conservation ontribution—Historic tructures						
Q	ualified conservation						
	eal estate—Residential .						
	eal estate—Commercial						
	eal estate—Other						
	ollectibles						
	ood inventory						
	rugs and medical supplies .						
	axidermy						
	istorical artifacts						
	cientific specimens			1			
	rcheological artifacts			1			
	MEDICAL						
0	ther ► (<u>EQUIPMENT</u>)	X	9	217,779	COST/SELLING P	RICE	
	ther ►()			·	,		
	ther ►()						
	ther ► ()						
	umber of Forms 8283 received	hy the orga	inization during the tay yea	r for contributions			
	r which the organization comple				29		
	-			- L		Yes	N
a D	Ouring the year, did the organiza	ation receiv	e by contribution any prope	erty reported in Part I, lines	1-28 that it		T
n	nust hold for at least three year	rs from the o	date of the initial contributi	on, and which is not required	d to be used		
	or exempt purposes for the enti					30a	l No
	f "Yes," describe the arrangem					300	 ```
	oes the organization have a gif			review of any non-standard (contributions?	31 Yes	
	oes the organization hire or us	e third narti	es or related organizations	to solicit process or sell r	noncash		
С	ontributions?		· · · · · · ·			32a	No
) I	f "Yes," describe in Part II						
	f the organization did not report lescribe in Part II	t an amount	in column (c) for a type of	property for which column (a	a) is checked,		

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

Identifier	Return Reference	Explanation
DESCRIPTION OF METHOD USED FOR NUMBER OF CONTRIBUTIONS	, ,	COVENANT CHILDREN'S HOSPITAL IS REPORTING A COMBINATION OF BOTH NUMBER OF CONTRIBUTIONS AND ITEMS CONTRIBUTED

Schedule M (Form 990) (2012)

efile GRAPHIC print - DO NOT PROCESS

As Filed Data -

DLN: 93493134003024

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
METHODIST CHILDREN'S HOSPITAL

Figure 1. The proper identification number of the organization in the properties of the organization in the organization i

ldentifier	Return Reference	Explanation	
	LINE 1 & PART III, LINE	COVENANT CHILDREN'S HOSPITAL IS COMMITTED TO EXTENDING CHRISTIAN MINISTRY BY CARING FOR THE WHOLE PERSON-BODY, MIND AND SPIRIT-AND BY WORKING WITH OTHERS TO IMPROVE HEALTH AND QUALITY OF LIFE IN OUR COMMUNITIES	

ldentifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, LINE 4A	COVENANT CHILDREN'S HOSPITAL HAS SEEN METING THE HEALTH AND QUALITY OF LIFE NEEDS OF THE LOCAL COMMANITY FOR OVER 15 YEARS SERVING THE COMMANTES OF WEST TEXAS AND THE ACTION EASTERN NEW MEDICAL CENTER OWNERS THE ACTION OF THE AREA OF CARDIAC SERVICES, MOBILE REVISION OF COMMANT HEALTH HEROVOES QUALITY CARE IN THE AREAS OF CARDIAC SERVICES, MOBILE MANNOGRAPHY, MOBILE DENTAL, OUTPATIENT CANDET THEATHER, AND COVENANT MEDICAL CENTER COVENANT HEALTH HAD CHILDREN'S HEALTH HAD CHILDREN'S HEALTH WITH OVER 45,000 EML OVER SCOMMITTED TO REALIZING THE MISSION, COVENANT HEALTH WITH OVER 45,000 EML OVER SCOMMITTED TO REALIZING THE MISSION OUTCOMES STRATEGICALLY QUIDE CUR MINISTRY WORK COVENANT HEALTH IS COMMITTED TO THREE MISSION OUTCOMES STRATEGICALLY QUIDE CUR MINISTRY WORK COVENANT HEALTH IS COMMITTED TO THREE SYSTEMMICE MISSION OUTCOMES STRATEGICALLY QUIDE CUR MINISTRY WORK COVENANT HEALTH IS COMMITTED TO THREE SYSTEMMICE MISSION OUTCOMES STRATEGICALLY QUIDE CUR MINISTRY WORK COVENANT HEALTH IS COMMITTED TO THREE SYSTEMMICE MISSION OUTCOMES STRATEGICALLY COMMITTED SERVER INTERCOLOR OF SACRED BLOCULITIER AS A DIRECT CONNECTION TO THE OVERALL MISSION OUTCOMES STRATEGICALLY COMMITTED TO THE COVENANT HEALTH WIS COMMITTED THE COVENANT HEALTH WIS COMMITTED THE COVENANT HEALTH HEALTH WIS COMMITTED THE COVENANT HEALTH HEALTH WIS CONNECTION. AND TO THE GOAL TO MINISTRY HEALTH HEALTH WIS COMMITTED THE COVENANT HEALTH HEALTH WIS COMMITTED THE COVENANT HEALTH HEALTH WIS COMMITTED THE COVENANT HEALTH HEALTH WIS COMMITTED THE

ldentifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, LINE 4A	NWEALTH UNIVERSITY IS UTILIZING THE COVENANT CURRICULUM IN THEIR AFTERSCHOOL YOUTH WELLNES S PROGRAM - THE ONLINE TEACHER TRAINING IS ACCESSIBLE AT WWW DEPTS TTU EDU/HS/BMI FY 13 R ESEARCH OUTCOMES - OF THE STUDENTS PARTICIPATING IN THE CBMI PROGRAM IN 2012-2013 SCHOOL Y EAR, 70% WERE IN OR MOVING TOWARD A HEALTHY BMI, WITH AN INCREASED NUMBER IN THE HEALTHY R ANGE - THE MEASURES CURRENTLY BEING USED ARE DEMONSTRATING VALIDITY AND RELIABILITY - A PO ST-DOCTORAL RESEARCHER HAS BEEN HIRED TO ANALYZE DATA - POSTER SESSION ABSTRACT PUBLISHED IN THE JOURNAL OF THE ACADEMY OF NUTRITION AND DIETETICS

ldentifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS		PATIENT FINANCIAL ASSISTANCE PROGRAM AND UN-REIMBURSED MEDICAID OUR MISSION IS TO PROVIDE QUALITY CARE TO ALL OUR PATIENTS, REGARDLESS OF ABILITY TO APY WE BELIEVE THAT NO ONE SHOULD DELAY SERVIN SHEEDE MEDICAL CARE BECAUSE THEY LACK HEALTH INSURANCE. THAT IS WHY COVENANT HOSPITAL CHILDRENS HAS A PATIENT FINANCIAL ASSISTANCE PROGRAM (FAP). THAT PROVIDES REG OR DISCOLINFED SERVICES TO BLIGBLE PATIENTS ADDITIONALLY COVENANT HOSPITAL CHILDRENS OPERATES THREE DIRECT COMMUNITY OUTREACH PROGRAMS. EMPLOYES A SOCIAL WORKER TO ASSIST LOW-INCOME PERSONS AND GRANTS FUNDING TO TEXAS TECH UNIVERSITY FOR A CHILDRON OF OBESITY PROGRAM (CBM). THESE PROGRAMS ARE ALL FOR LOW-INCOME PERSONS IN OUR COMMUNITY 10% OF THE NET INCOME, LESS REALZED GAINS AND CLOSSES, FOR COVENANT HEALTH (NCLUDINS MEDICAL CONTRE AND CHILDRENS) IS SET ASSIE IN CROSSES, TOR COVENANT HEALTH (NCLUDINS MEDICAL CONTRE AND CHILDRENS) IS OUR COVENANT HEALTH (NCLUDINS MEDICAL CONTRE AND CHILDRENS). IN CHILDREN SHOULD SERVICE AREA THE PROGRAMS AND GROVED GRANTS FOCUSED ON SERVING LOW-INCOME AND UNINSURED PRESONS IN OUR SERVICE AREA. THE PROGRAMS AND GROVED ON SERVING LOW-INCOME AND UNINSURED PRESONS IN OUR SERVICE AREA. THE PROGRAMS AND GROVED ON SERVING LOW-INCOME AND UNINSURED PRESONS IN OUR SERVICE AREA. THE PROGRAMS AND GRANTS ARE TARGETED AT BOTH CHILDREN AND ADULTS. THE THREE MAJOR PROGRAM MAD DUBBETS HOW COVENANT HEALTH WHICH ARE SET UP TO SERVE THOSE AT OR BELOW 200% OF THE FEDERAL POVERTY GUIDE LINES INCLUDE A DENTIL PROGRAM COUNSEL ING FROGRAM AND DUBBETS. PROTECTED TO THE FEDERAL POVERTY GUIDE LINES INCLUDES A CHILDREN ARE SERVED THROUGH FRACH OF THESE PROGRAMS. THE DENTIL PROGRAM INCLUDES A CHILDREN ARE SERVED THROUGH FRACH OF SHEAD AND ADMITTANCE OF THE SERVED THROUGH THE COUNSELING CHITER, AND CHILDREN ARE SERVED THROUGH FRACH OF SHEAD AND ADMITTANCE OF THE SERVED THROUGH THE COUNSELING CHITER AND ADMITTANCE OF THE SERVED THROUGH THE ROCKER AND COUNSELING CHITER AND ADMITTANCE OF THE SERVED THROUGH THROUGH THE ROCKER AND ADMITTANCE OF THE SERVED THR

ldentifier	Return Reference	Explanation
DESCRIPTION OF CLASSES OF MEMBERS OR STOCKHOLDERS	FORM 990, PART VI, LINE 6	COVENANT HEALTH IS THE SOLE CORPORATE MEMBER OF COVENANT CHILDREN'S HOSPITAL

ldentifier	Return Reference	Explanation
DESCRIPTION OF CLASSES OF PERSONS AND THE NATURE OF THEIR RIGHTS	FORM 990, PART VI, LINE 7A	COVENANT CHILDREN'S HOSPITAL HAS A TIERED GOVERNANCE IN WHICH THE CORPORATE MEMBERS RESERVE THE RIGHT TO APPOINT TRUSTEES TO THE COVENANT CHILDREN'S HOSPITAL BOARD ALL DIRECTOR APPOINTMENTS THAT COME FROM THE COVENANT CHILDREN'S HOSPITAL BOARD AS NOMINATIONS MUST BE APPROVED BY COVENANT HEALTH, AS THE CORPORATE MEMBER, AND THE ST JOSEPH HEALTH SYSTEM, AS THE TAX EXEMPT PARENT OF COVENANT HEALTH, AND ST JOSEPH HEALTH MINISTRY, AS THE ORGANIZATIONAL SPONSOR

ldentifier	Return Reference	Explanation
DESCR CLASSES OF PERSONS, DECISIONS REQUIRING APPR & TYPE OF VOTING RIGHTS	FORM 990, PART VI, LINE 7B	THE RESERVED RIGHTS IN OUR TIERED GOVERNANCE STRUCTURE CONTEMPLATE APPROVAL BY THE COVENANT HEALTH MEMBER OF FINANCING, BUDGETS, UNBUDGETED EXPENDITURES OF DEFINED AMOUNTS, STRATEGIC PLAN, APPOINTMENT OF AUDITORS, CREATION OR INVESTMENT IN A LEGALLY RECOGNIZED ENTITY, JOINT VENTURES, PURPOSES, SALE OR DISPOSITION OF REAL PROPERTY, MERGER OR SALE OF SUBSTANTIALLY ALL ASSETS, APPOINTMENT AND REMOVAL OF TRUSTEES, ADOPTION OR AMENDMENT OF ARTICLES OR BY LAWS

ldentifier	Return Reference	Explanation
DESCRIBE THE PROCESS USED BY MANAGEMENT &/OR GOVERNING BODY TO REVIEW 990	FORM 990, PART VI, LINE 11B	THE FORM 990 WAS PREPARED BY THE FINANCE DEPARTMENT BASED ON INFORMATION RECEIVED FROM VARIOUS DEPARTMENTS OF THE ORGANIZATION AS APPLICABLE. THE FORM 990 WAS THEN REVIEWED BY AN OFFICER OF THE ORGANIZATION A COPY OF THE FORM 990 FILING WAS DISTRIBUTED TO ALL VOTING MEMBERS OF THE BOARD FOR THE APRIL 2014 MEETING DURING THE FINANCE COMMITTEE MEETING, MANAGEMENT PRESENTED AND DISCUSSED CERTAIN DISCLOSURES AND INFORMATION INCLUDED IN THE FORM 990 THE BOARD FINANCE COMMITTEE CHAIR THEN PROVIDED A SUMMARY AT THE FULL BOARD MEETING

ldentifier	Return Reference	Explanation
PROCESS TO	FORM 990, PART VI, LINE 12C	OFFICERS, TRUSTEES, AND KEY EMPLOYEES ARE REQUIRED TO DISCLOSE ANNUALLY ON THE CONFLICT OF INTEREST DISCLOSURE FORM THE EXISTENCE AND NATURE OF ANY ACTUAL, APPARENT, OR POTENTIAL CONFLICTS OF INTEREST HE/SHE MAY HAVE ADDITIONALLY, DISCLOSURES SHALL BE MADE PROMPTLY ANY TIME AN ACTUAL, APPARENT, OR POTENTIAL CONFLICT OF INTEREST ARISES AND BEFORE THE CONSUMMATION OF ANY CONTRACT, TRANSACTION, OR ARRANGEMENT THAT IS THE SUBJECT OF THE POTENTIAL CONFLICT OF INTEREST WHEN A CONFLICT OF INTEREST IS IDENTIFIED, SUCH CONFLICT IS DISCLOSED TO THE COVENANT CHILDREN'S HOSPITAL'S CONFLICTS AND COMPENSATION COMMITTEE IF THE CONFLICT INVOLVES A MEMBER OF THAT COMMITTEE, THE REMAINING COMMITTEE MEMBERS REVIEW THE MATTER AND DETERMINE WHETHER A CONFLICT OF INTEREST EXISTS THE OFFICER, TRUSTEE, OR KEY EMPLOYEE MAY NOT BE PRESENT DURING ANY MEETING IN WHICH THE COMMITTEE CONDUCTS ITS EVALUATION, EXCEPT TO ANSWER QUESTIONS AS MAY BE NECESSARY ONCE ALL NECESSARY INFORMATION HAS BEEN OBTAINED, THE COMMITTEE CONDUCTS ITS EVALUATION AND FORWARDS ITS FINDINGS AND RECOMMENDATIONS TO THE SJHS CHIEF COMPLIANCE OFFICER IF THE COMMITTEE DETERMINES AN UNRESOLVED CONFLICT OF INTEREST EXISTS, THE COMMITTEE WILL EVALUATE AND RECOMMEND CONFLICT MITIGATION STRATEGIES THE SJHS CHIEF COMPLIANCE OFFICER, IN CONSULTATION WITH SJHS GENERAL COUNSEL, WILL REVIEW THE COMMITTEE FINDINGS, RECOMMENDATIONS, AND MITIGATION STRATEGIES, AND PRESENT RECOMMENDATIONS TO THE BOARD FOR DISCUSSION AND VOTE

ldentifier	Return Reference	Explanation
PROCESS USED TO DETERMINE COMPENSATION	FORM 990, PART VI, LINES 15A & 15B	THE ORGANIZATION'S CHIEF EXECUTIVE OFFICER IS PAID BY ITS TAX EXEMPT PARENT, COVENANT HEALTH, AND IS DISCLOSED AS A PERSON PAID BY A RELATED ORGANIZATION THE EXECUTIVE COMPENSATION PROCESS AT ST JOSEPH HEALTH SYSTEM IS ADMINISTERED BY A COMMITTEE OF INDEPENDENT TRUSTEES THEY FOLLOW A BOARD-APPROVED CHARTER AND OVERALL EXECUTIVE COMPENSATION PHILOSOPHY THE CHARTER EMPOWERS THE SJHS BOARD WORKLIFE COMMITTEE TO ADMINISTER THE EXECUTIVE COMPENSATION PROGRAM AND PROCESS ON BEHALF OF THE FULL BOARD OF TRUSTEES OF SJHS OVERALL, THE PHILOSOPHY IS INTENDED TO REWARD A BROAD SPECTRUM OF HIGH ORGANIZATIONAL AND INDIVIDUAL PERFORMANCE EXPECTATIONS, AS WELL AS THE RETENTION OF KEY MANAGEMENT TALENT THE SJHS EXECUTIVE COMPENSATION PHILOSOPHY DEFINES THE MARKET FOR ADMINISTERING COMPENSATION AS A COMPARABLE SET OF NOT-FOR-PROFIT HEALTH CARE DELIVERY SYSTEMS SJHS PROVIDES COMPENSATION TO ITS SENIOR EXECUTIVES IN THE FORM OF BASE SALARY, AN ANNUAL INCENTIVE PROGRAM, AND BENEFITS TO FULFILL THEIR RESPONSIBILITY, THE COMMITTEE REGULARLY REVIEWS INFORMATION FROM MULTIPLE SOURCES OF MARKET DATA THEY USE THIS INFORMATION TO SUPPORT THEIR DECISIONS REGARDING ONGOING EFFECTIVENESS AND ADMINISTRATION OF THE PROGRAM THE WORKLIFE COMMITTEE IS COMPRISED OF SEVERAL INDEPENDENT MEMBERS OF THE BOARD THEY MEET AT LEAST 3 TIMES A YEAR AND MAKE ALL CRITICAL DECISIONS IN EXECUTIVE SESSION THESE DECISIONS ARE DOCUMENTED IN DETAILED MINUTES AND APPROVED IN SUBSEQUENT MEETINGS THE COMMITTEE IS EMPOWERED TO ENGAGE OUTSIDE COUNSEL AND CONSULTING SUPPORT AS NEEDED THE WORKLIFE COMMITTEE PERFORMED ITS LAST COMPENSATION REVIEW FOR ASSISTANT VICE PRESIDENTS, VICE PRESIDENTS, SENIOR VICE PRESIDENTS, EXECUTIVE VICE PRESIDENTS, AND THE CHIEF EXECUTIVE OFFICER IN JUNE 2013

ldentifier	Return Reference	Explanation
AVAIL OF GOV DOCS, CONFLICT OF INTEREST POLICY, & FIN STMTS TO GEN PUBLIC	FORM 990, PART VI, LINE 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST THE SJHS COMMUNITY BENEFIT REPORTS, FINANCIAL REPORTS, AND PHILANTHROPY REPORTS ARE ALSO AVAILABLE ON THE SJHS INTERNET SITE. THE AUDITED FINANCIAL STATEMENTS ARE ATTACHED TO FORM 990

ldentifier	Return Reference	Explanation
OTHER FEES EXCEEDING 10%	FORM 990, PART IX, LINE 11G	PROFESSIONAL FEES \$8,948,306 PURCHASES SERVICES 6,347,233TOTAL 15,295,539

ldentifier	Return Reference	Explanation
OTHER CHANGES IN NET ASSETS	FORM 990, PART XI, LINE 9	CONTRIBUTED CAPITAL \$151,663 ROUNDING (1) TOTAL 151,662

efile GRAPHIC print - DO NOT PROCESS | As Filed Data -**SCHEDULE R**

(Form 990)

Department of the Treasury

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

DLN: 93493134003024

Open to Public Inspection

Internal Revenue Service Name of the organization **Employer identification number** METHODIST CHILDREN'S HOSPITAL 75-2428911 Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)

	· =		<u> </u>			
(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 III Identification of Polated Tay Evennt Organization	tions (Complete if	the erganization a	neward "Vac	" to Form 000 D	ent IV line 24 heerige it	had ana

Part 💶 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.) (c) (d) (e) (g) Name, address, and EIN of related organization Primary activity Legal domicile (state Exempt Code section Public charity status Direct controlling Section 512(b) (13) controlled or foreign country) (if section 501(c)(3)) entity entity? Yes See Additional Data Table

(a) Name, address, and EIN of		(b)	(c)	(d)	(e)	(f)	(g)	(h	1)	(i)	Cana	i)	(k)
Name, address, and EIN of Frelated organization		Primary activity	domicile domicile (state or foreign country)	entity	Predominant income (related, unrelated, excluded from tax under sections 512-514)	Share of total income			tions?	Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	mana part	aging ner?	Percentag ownersh
onal Data Table								Yes	No		Yes	No	
onal Data Table													
													-
Identification of Related Orga line 34 because it had one or mo								iswere	ed "Ye	s" to Form	990,	Part	IV,
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)		(d) Direct controlli entity	(e) Type of entri (C corp, S corp, or trust)	y Share of t income	otal Share	(g) e of end- -year ssets		(h) ercentage wnership	Section (b) conti	(13)	
									_	ļ	Yes		No
nal Data Table									+				
									1				

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

Yes No

1 During the tax year, did the organization engage in any of the following transactions with one or more	related organizations li	sted in Parts II-IV?					
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity				1a		No	
b Gift, grant, or capital contribution to related organization(s)				1b		No	
c Gift, grant, or capital contribution from related organization(s)				1c	Yes		
d Loans or loan guarantees to or for related organization(s)				1d		No	
e Loans or loan guarantees by related organization(s)				1e		No	
f Dividends from related organization(s)				1f		No	
g Sale of assets to related organization(s)				1g		No	
h Purchase of assets from related organization(s)				1h		No	
i Exchange of assets with related organization(s)				1 i		No	
j Lease of facilities, equipment, or other assets to related organization(s)							
k Lease of facilities, equipment, or other assets from related organization(s)				1k		No	
I 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)							
• Sharing of paid employees with related organization(s)				10	Yes		
p Reimbursement paid to related organization(s) for expenses				1 p		No	
q Reimbursement paid by related organization(s) for expenses				1q		No	
r Other transfer of cash or property to related organization(s)				1r	Yes		
s Other transfer of cash or property from related organization(s)				1s	Yes		
To the control of the character with the control of the character of the control of the character of the cha	ha khara lama a sa alaa dan a a a						
2 If the answer to any of the above is "Yes," see the instructions for information on who must complet (a)	(b)	(c)	(d)				
Name of other organization	Transaction type (a-s)	Amount involved	Method of determining amo	ount ir	nvolved		
1) COVENANT HEALTH SYSTEM FOUNDATION	С	217,779	ACCRUAL				

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

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

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

revenue) that was not a related organization See instructions re	garding exclu	sion for ce		nent	partnerships				`	,		_	
(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512- 514)	org	(e) all partners section 501(c)(3) anizations?	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtiona allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
			514)	Yes	No			Yes	No		Yes	No	
												1	

Identifier

IDENTIFICATION

Software ID: **Software Version:**

EIN: 75-2428911

Name: METHODIST CHILDREN'S HOSPITAL

Schedule R (Form 990) 2012 Page **5**

SCHEDULE R, ST JOSEPH HEALTH SYSTEM HOME HEALTH AGENCY EIN 33-0282945 ADDRESS 1845 W ORANGEWOOD AVENUE, STE 200 ORANGE, CA

Part VII Supplemental Information

Return

Reference

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

Explanation

OF RELATED ORGANIZATIONS TAXABLE AS A PARTNERSHIP	ORANGE, CA 92 EIN 75-256909 2301 QUAKER L HERITAGE INVE AMBULATORY S COMPREHENSIN ORANGE, CA 92 NEWPORT IMAG 61-1588294 AD ADDRESS 280 N CORPORATE PL SANTA ROSA, C	868-201 4 ADDRE UBBOCK STMENT URGICEN /E IMAGI 868 ST ING CEN DRESS MAIN STF AZA, NEV A 95404	2 METHODIST ESS 12940 NO TX 79410 CO GROUP I, LLC NTER, LTD EIN NG PARTNERS IOSEPH PHYSI TER EIN 33-0 1 HOAG DRIVE REET, ST 100, WPORT BEACH	DIAGNOSTIC I ORTH HIGHWAY VENANT LONG- EIN 27-10000 33-0355575 A SOF ORANGE C CIAN VENTURE 191776 ADDRE BOX 6100, NE ORANGE, CA 92 , CA 92660 ADV	MAGING EIN 183 AUSTIN, TERM CARE, L 61 ADDRESS DDRESS 2780 OUNTY, LLC EIN S I, LLC EIN 4 SS 360 SAN N WPORT BEACH 868 ORTHOPE	75-2343261 A TX 78750 LUBE P EIN 20-503 3345 MICHELS O MEDICAL C IN 26-459150 45-4521884 A MIGUEL, NEWP H, CA 92658 M EDIC SURGERY ERY INSTITUT	DDRES 3419 A 50N DR ENTER 2 ADDF DDRESS ORT BE AIN ST CENTE	S 4005 JRGERY DDRESS IVE, STE ROAD, S RESS OF S 1100 N ACH, CA SPECIA	245 W ORANGEWOO 24TH STREET LUBB CENTER, LTD EIN 4000 24TH STREE 100 IRVINE, CA 9 TE 362 MISSION V NE CITY BOULEVARI WEST STEWART DRIV 22660 HOAG ORTH LTY SURGERY CENT C, LLC EIN 33-0841 2299255 ADDRESS	OCK, 75-21 T LUE 2612 IEJO, O WES VE OF HOPE BR EI 806 A	TX 79 7740 BOCI MISS CA 9 ST, SL RANG DIC I N 95	9410 SHA, LLC 01 ADDRESS <, TX 79410 ION 2691 ITE 1100 E, CA 92868 NSTITUTE EIN -4813223 ESS 22
Form 990, Schedule R, Pa	art III - Identifica	1	Related Orga	anizations Ta 	xable as a I	Partnership	I		I	l (i	、 1	
(a) Name, address, and EIN of related organization	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)		(g) Share of end- of-year assets	(h) Dispropallocati	ortionate	(i) Code V-UBI amount on Box 20 of K-1	Gen o Mana Part	eral r iging ner?	(k) Percentage ownership
ST JOSEPH HLTH SYS HOME HLTH	HOME HEALTH	СА	NA	N/A								
SEE PART VII LUBBOCK, TX 79410 75-2177401												
ST JOSEPH HLTH SYS HOME CARE	HOME HEALTH	СА	NA	N/A								
SEE PART VII LUBBOCK, TX 79410 20-5477251												
IMAGING	HEALTHCARE SVCS	ТХ	NA	N/A								
SEE PART VII LUBBOCK, TX 79410 SHA LLC	HEALTHCARE SVCS	TX	NA	N/A								
SEE PART VII LUBBOCK, TX 79410												
LUBBOCK SURGERY CENTER LTD	HEALTHCARE SVCS	TX	CHS	N/A								
SEE PART VII LUBBOCK, TX 79410												
CARE LP SEE PART VII	HEALTHCARE SVCS	TX	NA	N/A								
LUBBOCK, TX 79410 HERITAGE INVESTMENT GROUP	INVESTMENT	СА	NA	N/A								
SEE PART VII LUBBOCK, TX 79410 MISSION AMBULATORY	HEALTHCARE SVCS	CA	NA	N/A								
SURGICENTER SEE PART VII	III ALTIICARE 3VC3			IN/A								
LUBBOCK, TX 79410	UEAL TUGA DE GVOG		A. A	21.42								
COMPREHENSIVE IMAGING PARTNERS SEE PART VII	HEALTHCARE SVCS	CA	NA	N/A								
LUBBOCK, TX 79410 ST JOSEPH PHYSICIAN	REAL ESTATE	CA	NA	N/A								
VENTURES SEE PART VII	REALESTATE	CA	IN A	N/A								
LUBBOCK, TX 79410 NEWPORT IMAGING CENTER	HEALTHCARE SVCS	C A	NA	N / A								
NEWPORT IMAGING CENTER	nealincare svcs	CA	IVA	N/A								
HOAG ORTHOPEDIC INSTITUTE	HEALTHCARE	CA	NA	N/A								
MAIN ST SPECIALTY SURGERY CNTR	HEALTHCARE SVCS	CA	NA	N/A								
ORTHOPEDIC SURGERY CNTR OF OC	HEALTHCARE SVCS	CA	NA	N/A								
ADVANCED SURGERY INSTITUTE LLC	HEALTHCARE SVCS	CA	NA	N/A								

Form 990, Schedule R, Part IV - Identifica								1 400	
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	entity (C corp, S corp,	ıncome	(g) I Share of end- of-year assets	(h) - Percentage ownership	(i) Section 512(b)(control entity	ion)(13) olled ty?
ST JOSEPH PROF SVCS ENTERPRISES INC	HEALTHCARE SVCS		NA	or trust)				Yes	No No
3345 MICHELSON DR STE 100 IRVINE, CA 92612 33-0155323		CA							
AMERICAN UNITY GROUP LTD	CAPTIVE INSURANCE	BD	NA	C CORP					No
58 PAR-LA-VILLE ROAD HX BD									
ALLIANCE PHYSICIAN SERVICES	INACTIVE	CA	NA	C CORP					No
MISSION VIEJO MEDICAL VENTURES	HEALTHCARE SVCS		NA	C CORP				+	No
27800 MEDICAL CENTER RD 354 MISSION VIEJO, CA 92691 33-0212905		СА							
MISSION MEDICAL CENTER ASSOCIATION	HEALTHCARE SVCS		NA	C CORP					No
27800 MEDICAL CENTER RD 354 MISSION VIEJO, CA 92691 33-0201044		СА							
ST JOSEPH YORBA PARK	INACTIVE	СА	NA	C CORP					No
LUBBOCK METHODIST HOSP SVCS	HEALTHCARE SVCS	TX	СНЅ	C CORP					No
PO BOX 1201 LUBBOCK, TX 79410 75-2118585									
LUBBOCK METHODIST HOSP PRACTICE MGMT	INACTIVE	ТХ	CHS	C CORP					No
2107 OXFORD STREET SUITE 300 LUBBOCK, TX 79410 75-2578995									
ST JOSEPH HEALTH SOURCE INC 3345 MICHELSON DR	HEALTHCARE SVCS	CA	NA	C CORP					No
STE 100 IRVINE, CA 92612 46-1900168									
HOAG MANAGEMENT SERVICES INC 1 HOAG DR BOX 6100	HEALTHCARE SVCS	CA	NA	C CORP					No
NEWPORT BEACH, CA 92658 33-0731587 COASTAL	HEALTHCARE SVCS		NA	C CORP				!	No
MANAGEMENT SERVICES ORG	MEALINGARE 5. 5.	CA	INA	C COM					IVO
1 HOAG DR BOX 6100 NEWPORT BEACH, CA 92658 33-0676831 DATU HEALTH INC	IT SVCS		NA	C CORP					No
16150 MAIN CIRCLE DR STE 250 CHESTERFIELD, MO 63017 46-3070062	11 30 6 5	МО	IVA	C C C T					140
HOAG MEDICAL FOUNDATION	HEALTHCARE SVCS		NA	C CORP					No
1 HOAG DR BOX 6100 NEWPORT BEACH, CA 92663 45-3583707		СА							



With Report of Independent Auditors

Ernst & Young LLP



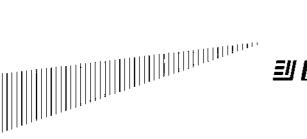
St. Joseph Health System and Affiliates A St. Joseph Health Ministry Corporation

Audited Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2013 and 2012

Contents

Report of Independent Auditors	1
Audited Consolidated Financial Statements	
Consolidated Balance Sheets	3
Consolidated Statements of Operations and Changes in Net Assets	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6
Supplementary Information	
Details of Consolidation (2013)	50
Details of Consolidation (2012)	60



II Ernst & Young

Ernst & Young LLP

Suite 1000 18111 Von Karman Avenue Irvine, CA 92612

Tel +1 949 794 2300 Fax +1 949 437 0590 www.ev.com

Report of Independent Auditors

Board of Trustees St Joseph Health System and Affiliates

We have audited the accompanying consolidated financial statements of St Joseph Health System and Affiliates, which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

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

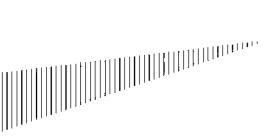
Auditor's Responsibility

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

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

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

1307-1107702



II Ernst & Young

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of St Joseph Health System and Affiliates at June 30, 2013 and 2012, and the consolidated results of their operations and their cash flows for the years then ended in conformity with U S generally accepted accounting principles

Supplementary Information

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

Ernst + Young LLP

September 27, 2013

Consolidated Balance Sheets (In Thousands)

	June 30			
		2013		2012
Assets				
Current assets				
Cash and equivalents	\$	329,513	\$	199,940
Short-term marketable securities		782,752		784.811
Patient accounts receivable, less allowance for doubtful accounts				
(\$262,282 and \$179,588 as of June 30, 2013 and 2012, respectively)		607,548		485,499
Other assets		294,900		174,030
Total current assets		2,014,713		1,644,280
Long-term marketable securities		990,317		936,487
Assets limited as to use				
Board designated		1,350,270		188,267
Held in trust		127,810		196,066
Total assets limited as to use		1,478,080		384,333
Property and equipment, net		3,641,852		2,388,782
Investments and other		115,250		55,042
Collateral held for swap counterparty		8,926		40,402
Notes receivable		23,152		4,711
Deferred financing costs, net		23,247		20,781
Goodwill and other intangibles, net		255,935		42,280
		426,510		163,216
Total assets	\$	8,551,472	\$	5,517,098
Liabilities and net assets				
Current habilities				
Accounts payable	\$	176,866	\$	121,428
Accrued compensation and related liabilities		309,424		234,086
Accrued liabilities		366,648		292,230
Pavable to third-party pavors		75,873		64,045
Current maturities of long-term debt		202,453		39,238
Total current habilities		1,131,264		751,027
Interest rate swaps		85,983		72,629
Other liabilities		252,227		178,597
Long-term debt, less current maturities		2,118,137		1,633,784
Total liabilities		3,587,611		2,636,037
Net assets				
Unrestricted				
Controlling interest		4,598,399		2,709,675
Noncontrolling interests in subsidiaries		76,418		35,920
Temporarily restricted		223,370		125,865
Permanently restricted		65,674		9,601
		4,963,861	Ф	2.881.061
Total liabilities and net assets		8,551,472	\$	5,517,098

See accompanying notes

Consolidated Statements of Operations and Changes in Net Assets (In Thousands)

	Year Ended Jo 2013			June 30 2012		
Revenues Patient service, net of contractual allowances and discounts Provision for doubtful accounts	<u> </u>	4,088,718 236,897	\$	3,729,930 221,400		
Net patient service, net of provision for doubtful accounts	_	3,851,821		3,508,530		
Premium		943,634		740,468		
Other		160,245		133,809		
Total revenues	_	4,955,700		4.382.807		
Expenses						
Compensation and benefits		2,179,898		1.974.224 897.381		
Supplies and other Professional face and purphosed corrupce		1,048,765				
Professional fees and purchased services		1,369,459 235,496		1,087,812 189,468		
Depreciation and amortization Interest		72,346		64.197		
Total expenses	_	4,905,964		4,213,082		
Operating income		49,736		169,725		
				(17.005)		
Nonoperating gains (losses), net Contribution from affiliation		159,584 1,712,981		(47.995)		
Excess of revenues over expenses		1,712,981		121,730		
		1,722,301		121,750		
Less Excess of revenues over expenses attributable to noncontrolling interests		41,314		4,324		
Excess of revenues over expenses attributable to controlling interests	<u>s</u>	1,880,987	\$	117,406		
Unrestricted net assets Excess of revenues over expenses attributable to controlling interests Net assets released from restrictions and other attributable to controlling interests	\$	1,880,987 7,737	\$	117.406 6.485		
Excess of revenues over expenses attributable to noncontrolling interests Net assets released from restrictions and other		41,314		4.324		
attributable to noncontrolling interests	_	(816)		1,841		
Increase in unrestricted net assets		1,929,222		130,056		
Temporarily and permanently restricted net assets Restricted net assets released from restrictions. restricted contributions and other, net, attributable to controlling interests Restricted net assets contribution from affiliation		16,597 136,981		25.244		
Increase in net assets		2,082,800		155,300		
Net assets at beginning of vear		2,881,061		2,725,761		
Net assets at end of year	\$	4,963,861	\$	2,881,061		
See accompanying notes						

Consolidated Statements of Cash Flows (In Thousands)

		Year End	ed Ju	une 30
		2013		2012
Cash flows from operating activities and nonoperating gains				
Increase in net assets	\$	2,082,800	\$	155,300
Adjustments to reconcile increase in net assets to net cash provided by (used in)				
operating activities and nonoperating gains				
Contribution from Hoag affiliation		(1,849,962)		_
Provision for doubtful accounts		236,897		221,400
Depreciation and amortization		235,496		189,468
Amortization of deferred financing costs		891		894
Change in fair value of investments designated as trading		2,976		36,002
Restricted contributions and other, net		(16,597)		(25,244)
Change in fair value of interest rate swap agreements		(34,720)		36,717
Swap agreement cancellations		_		(9,052)
Changes in operating assets and liabilities				
Patient accounts receivable		(263,340)		(251,626)
Investments designated as trading		69,795		(346.257)
Other assets		(73,502)		(35,331)
Accounts payable		32,453		(6,080)
Accrued compensation and related liabilities		22,239		(23.869)
Accrued liabilities		56,199		63,203
Payable to third-party payors		11,085		(12,074)
Other habilities		12,770		(706)
Net cash provided by (used in) operating activities and nonoperating gains	_	525,480		(7.255)
		020,100		(/1/
Investing activities				
Purchase of property and equipment		(472,060)		(336,351)
Increase in investments and other		1,883		12.127
Decrease (increase) in collateral held for swap counterparty		31,476		(30,063)
(Increase) decrease in notes receivable		(18,441)		682
Cash contribution from Hoag affiliation		147,078		_
Acquisitions, net of cash acquired		(145,210)		
Net cash used in investing activities		(455,274)		(353,605)
Financing activities				
Restricted contributions and other		16,597		25,244
Proceeds from line of credit		121,000		67,152
Repayment of line of credit		(40,000)		_
Proceeds from long-term debt		2,646		303,144
Repayment of long-term debt		(41,115)		(84,134)
Decrease (increase) in deferred financing costs		239		(1.318)
Net cash provided by financing activities		59,367		310,088
•				
Increase (decrease) in cash and equivalents		129,573		(50,772)
Cash and equivalents at beginning of year		199,940		250,712
Cash and equivalents at end of year		329,513	\$	199,940
Supplemental disclosure of non-cash information				
Construction obligation	\$	36,474	\$	_
Capital lease obligation	\$	13,835	\$	_
	Ψ	10,000	Ψ	
See accompanying notes				

Notes to Consolidated Financial Statements

June, 30, 2013

1. Summary of Significant Accounting Policies

Organization

St Joseph Health System and Affiliates (the Health System) is a nonprofit organization previously sponsored by the Sisters of St Joseph of Orange, a religious order of the Roman Catholic Church, with its Motherhouse in Orange, California The sponsorship of the Heath System was expanded to include the laity in a new nonprofit organization, St Joseph Health Ministry (SJHM) SJHM is a public juridic person, a pontifical structure that allows laypeople to assume sponsorship responsibilities of "temporal goods" of the Catholic church such as the Health System SJHM formally assumed sponsorship responsibilities previously exercised by the General Council of the Sisters of St Joseph of Orange There was no direct impact on the operations of the Health System and its affiliates as a result of the expanded sponsorship

Hoag Memorial Hospital Presbyterian and Affiliates

The Health System's affiliation with Hoag Memorial Hospital Presbyterian and Affiliates (Hoag) became effective on March 1, 2013 The affiliation did not require a transfer of assets and was accomplished through the creation of a new entity, Covenant Health Network (CHN), a California nonprofit public benefit corporation CHN became the third member of Hoag along with the then current members comprising of the Hoag Family Foundation and the Association of Presbyterian Ministers (APM) CHN also became a member, joining the Health System, of the four Southern California hospital ministries, St Joseph Hospital of Orange, St Jude Medical Center, Mission Hospital, and St Mary Medical Center A majority of CHN's board of directors are designated by the Health System and the balance of directors are appointed by the Hoag Family Foundation and the APM

Hoag is a nonprofit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the IRC) Hoag Orthopedic Institute (HOI), an orthopedic specialty hospital is 51% owned by Hoag and is consolidated with Hoag's financial statements Hoag Hospital Foundation (Hoag Foundation) is a wholly-owned nonprofit corporation which raises funds to support Hoag Hospital Hoag's consolidated financial statements have been consolidated with those of the Health System The results of operations of Hoag have been included in the consolidated statements of operations and changes in net assets of the Health System as of the March 1, 2013 effective date of the affiliation

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Lubbock Methodist Hospital System and Affiliates

In 1998, the Health System entered into an affiliation agreement with Lubbock Methodist Hospital System and Affiliates (LMHS) The agreement provided for the formation of Covenant Health System (Covenant) (1,047 licensed beds) with contributions by the Health System and LMHS of substantially all of the assets, liabilities and operations of St Mary of the Plains Hospital and Rehabilitation Center and Foundation, Lubbock, Texas, and LMHS to Covenant

Under the terms of the affiliation agreement, net asset transfers from Covenant to the Health System are limited to \$5,000,000 in the aggregate over the life of the affiliation Exceptions to this limitation include (i) payments made to the Health System for management, administration, and other services provided by it, (ii) debt service, repayments of loans and similar financing costs, (iii) payment under the joint and several obligation of the Health System Master Indenture, (iv) return of capital contributed or other advances from the Health System, (v) payments consented to by the corporate members, (vi) payment for services such as insurance, self-insurance, benefit and retirement plans and similar programs administered by the Health System, provided such payments are substantially comparable to charges made to other Health System affiliates, and, (vii) payment for property or services provided by third parties through the Health System

The Members Agreement restricts the ability of the Health System to exit its relationship with Covenant and also precludes the Health System and Covenant from entering into a wide variety of transactions which could result in Covenant assets or affiliates being conveyed to a third party, except conveyances in the ordinary course of business. These precluded transactions are referred to as Covered Transactions. Should Covenant or the Health System undertake a Covered Transaction, they are obligated to provide notice and information to LMHS and to make a "reciprocal offer" to LMHS, including an offer to purchase LMHS's membership rights in Covenant and a simultaneous obligation to offer to sell the Health System's membership rights in Covenant to LMHS at the same purchase price, adjusted upward by a formula that reflects the dissolution percentages (57% Health System, 43% LMHS). Covenant's net assets totaled \$513,160,000 and \$494,424,000 at June 30, 2013 and 2012, respectively

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Covenant is a nonprofit corporation that is exempt from income taxes under Section 501(c)(3) of the IRC Firstcare, a licensed Texas Health Maintenance Organization, is 67% owned by Covenant Covenant's financial results have been combined with those of the Health System, as the two entities are operated under common management and control and certain Covenant hospitals are members of the Health System Obligated Group (as defined below)

Subsequent to the above affiliations, the Health System is the sole or joint corporate member of 14 acute care hospital affiliates (4,023 licensed beds), which also offer associated ancillary, skilled nursing, psychiatric, substance abuse, rehabilitation, outpatient surgery, home health, and hospice services Outpatient services and physician practice management are also provided through affiliated nonprofit subsidiaries and controlling interests in various partnerships. The hospital affiliates are

- St Joseph Hospital of Orange, Orange, California
- St Jude Hospital, Inc (dba St Jude Medical Center), Fullerton, California
- Mission Hospital Regional Medical Center (dba Mission Hospital), Mission Viejo, California and Laguna Beach, California
- St Mary Medical Center, Apple Valley, California
- Hoag Memorial Hospital Presbyterian, Newport Beach, California and Irvine, California
- Queen of the Valley Medical Center, Napa, California
- Santa Rosa Memorial Hospital, Santa Rosa, California
- SRM Alliance Hospital Services (dba Petaluma Valley Hospital), Petaluma, California
- St Joseph Hospital of Eureka, Eureka, California
- Redwood Memorial Hospital, Fortuna, California
- Covenant Health System (dba Covenant Medical Center Lakeside and Covenant Medical Center), Lubbock, Texas
- Methodist Children's Hospital (dba Covenant Children's Hospital), Lubbock, Texas
- Methodist Hospital Levelland (dba Covenant Levelland), Levelland, Texas
- Methodist Hospital Plainview (dba Covenant Hospital Plainview), Plainview, Texas

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

The Health System owns a captive insurance company, American Unity Group, Ltd (the Captive) The Health System's hospital affiliates are also the corporate members of St Jude Hospital Yorba Linda dba St Joseph Heritage Healthcare (Heritage), a nonprofit corporation providing physician practice management services The Health System is also the sole corporate member of St Joseph Professional Services Enterprises, Inc (PSE), a company formed to participate in health care-related ventures, Revenue Cycle Services, LLC, a company formed to provide collection services from health plan payors on behalf of the hospital affiliates, and St Joseph Health System Foundation, a company formed to administer funds for charitable purposes The Health System is the sole corporate member of Innovation Institute, a company formed to engage in health care-related activities with other health systems, technology companies and private investors Through PSE, the Health System owns a controlling interest in Heritage Investment Group I, LLC, a real estate company formed to construct, own and manage a medical office building

The Health System office and its hospital affiliates, with the exclusion of Hoag, along with the northern division of the Health System's home health operations, are members of the Obligated Group, as defined under trust indentures, for purposes of entering into long-term debt arrangements (see Note 5)

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the affiliated members of St Joseph Health System and entities controlled by its affiliates, Hoag, and Covenant Significant intercompany accounts and transactions have been eliminated in the consolidated financial statements

Use of Estimates

The preparation of the Health System's consolidated financial statements in conformity with accounting principles generally accepted in the United States (GAAP) 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 Estimates also affect the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Cash and Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The carrying amount approximates fair value because of the short maturity of the investments

Marketable Securities

Marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value based on quoted market prices or similar instruments in markets that are not active. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses, unless the income or loss is restricted by donor or law

The Health System has designated its investment portfolio as "trading" Unrealized gains and losses on marketable securities that have been designated as trading securities are included within excess of revenues over expenses. In addition, cash flows from the purchases and sales of its investment portfolio designated as trading are reported as a component of operating activities in the accompanying consolidated statements of cash flows

Direct investments in equity securities with readily determinable fair values and all direct investments in debt securities have been measured at fair value in the accompanying consolidated balance sheets based upon quoted market prices Investments that are not anticipated to be utilized in the current period are classified as noncurrent

Investments in partnerships and limited liability companies with underlying interest in equity and debt securities are recorded using the equity method of accounting with the related changes in value in earnings reported as nonoperating gains, net in the accompanying consolidated financial statements

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Patient Accounts Receivable

The Health System receives payment for services rendered to patients from the federal and state governments under the Medicare and Medicaid programs, privately sponsored managed care programs for which payment is made based on terms defined under formal contracts, and other payors. The following table summarizes the percentages of gross accounts receivable from all payors as of June 30.

	2013	2012
Government	38%	40%
Contracted	45	40
Self-pay and others	17	20
* *	100%	100%

The Health System believes there are no significant credit risks associated with receivables from government programs Receivables from contracted and others are from various payors who are subject to differing economic conditions, and do not represent any concentrated risks to the Health System Accounts receivables are reduced by an allowance for doubtful accounts In evaluating the collectibility of accounts receivable, the Health System analyzes its historical experience and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for doubtful accounts The Health System regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts For receivables associated with services provided to patients who have third-party coverage, the Health System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for doubtful accounts, if necessary For receivables associated with self-pay patients, which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Health System records a significant provision for doubtful accounts in the period of service on the basis of its past experience. The difference between the standard rates, or the discounted rates if negotiated, and the amounts actually expected to be collected after all reasonable collection efforts have been exhausted are recorded as allowance for doubtful accounts

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

The Health System's allowance for doubtful accounts as a percentage of self-pay and others accounts receivable increased from 65% as of June 30, 2012, to 87% as of June 30, 2013, due to a decline in collections in this payor category. The Health System also experienced a 3% decline in gross accounts receivable related to self-pay and others from June 30, 2012 to June 30, 2013. The Health System had no significant changes in its charity care or uninsured discount policies during its fiscal years 2013 and 2012. The Health System does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write-offs from third-party payors in the year ended June 30, 2013.

Other Assets

Other assets primarily consist of inventories, prepaid expenses, and other current assets expected to be utilized within a year Inventories, consisting principally of supplies, are stated at the lower of cost (first-in, first-out basis) or market value

Other assets consist of the following as of June 30

	 2013		2012		
	(In Thousands)				
Inventories	\$ 58,053	\$	52,632		
California Hospital Fee receivable	95,461		72,398		
Other current assets	 141,386		49,000		
	\$ 294,900	\$	174,030		

Assets Limited as to Use

Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the Health System's Board of Trustees (the Board) for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment acquisitions are recorded at cost Expenditures which materially increase values, change capacities or extend useful lives are capitalized Depreciation is recorded over the estimated useful life of each class of depreciable asset, ranging from 3 to 40 years, and is computed using the straight-line method Leases which have been capitalized are amortized over the life of the lease which approximates the useful life of the assets Lease amortization is included within depreciation Net interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets

Deferred Financing Costs

Costs incurred in obtaining long-term financing are deferred and amortized over the terms of the related obligations using the effective-interest method

Goodwill and Other Intangibles

Goodwill and other intangible assets consist primarily of costs in excess of the fair value of tangible assets of acquired entities. The Health System assesses goodwill for impairment by testing the carrying value of goodwill for impairment at the reporting unit level on an annual basis, or more frequently if significant indicators of impairment exist. The Health System primarily utilizes the income and market approaches to valuation that include the discounted cash flow method, the guideline company method, as well as other generally accepted valuation methodologies to determine the fair value of its reporting units. Indefinite-lived intangibles are assessed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Definite-lived intangible assets are amortized using the straight-line method over the estimated useful lives of the assets. Customer and contract intangibles are amortized over 20 years. Covenants not-to-compete are amortized over a period of five to eight years. Certain tradenames are amortized over a useful life ranging from two to five years. To the extent that operating results indicate the probability that the carrying values of such assets have been impaired, provisions for losses are recorded based upon the discounted cash flows of the acquired entities over the remaining amortization period.

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

As of July 1, 2011, the Health System adopted the accounting standard allowing organizations to perform an initial qualitative assessment to test goodwill for impairment at a reporting unit level Upon completion of the qualitative assessment as of April 1, 2013, the Health System determined that it is not more likely than not that the fair value of its reporting units is less than the carrying value As a result, the Health System determined that no significant indicators of impairment exist for its goodwill that would require additional analysis before its next annual evaluation

At June 30, 2013, the Health System's goodwill balance of \$173,919,000 includes \$88,558,000 recognized in conjunction with acquisitions completed during the year and \$43,889,000 relating to HOI Goodwill of \$41,472,000 was recorded as of June 30, 2012

Prior to June 30, 2012, cumulatively, the Health System has recognized goodwill impairment of \$17,901,000

The Health System's other intangibles balances as of June 30, are as follows (see Acquisitions and Affiliations)

	 2013	2012	Average Useful Life (Years)
	(In Thouse	ands)	
Customer and contract	\$ 34,500 \$	_	20
Covenant not-to-compete	24,601	3,772	7
Tradename – Hoag	16,000	_	Indefinite
Tradename – Other	3,400	_	4
Other	 11,322	_	7
	89,823	3,772	
Accumulated amortization	 (7,807)	(2,964)	
Other intangibles, net	\$ 82,016 \$	808	

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Self-Insurance

The Health System is self-insured, through the Captive, for professional and general liability risks for its affiliates, except Hoag, subject to certain limitations Risks in excess of \$5,000,000 per occurrence are reinsured with major independent insurance companies. Hoag is self-insured for professional and general liability risks, with risks in excess of \$2,000,000 re-insured with major independent insurance companies. Based on actuarially determined estimates, provisions have been made in the accompanying consolidated financial statements, with the current portion included within accrued liabilities and the noncurrent portion within other liabilities, for all known claims and incurred but not reported claims as of June 30, 2013 and 2012. The accruals for professional and general liability claims totaled \$44,902,000 at June 30, 2013, and \$29,702,000 at June 30, 2012, and are not discounted Estimation differences between actual payments and amounts recorded in previous years are recognized as expense in the year such amounts become determinable

Workers' Compensation Insurance

The Health System's affiliates in California, except Hoag, are insured for workers' compensation claims with major independent insurance companies, subject to certain deductibles of \$1,000,000 per occurrence as of June 30, 2013 and 2012 Hoag is self-insured for workers' compensation claims, with risks in excess of \$1,000,000 re-insured with major independent insurance companies In connection with the workers' compensation plan, the Health System has filed bank letters of credit with the insurance companies Based on actuarially determined estimates, provisions have been made in the accompanying consolidated financial statements, with the current portion included within accrued compensation and the noncurrent portion within other liabilities, for all known claims and incurred but not reported claims as of June 30, 2013 and 2012 The accruals for workers' compensation claims totaled \$112,006,000 at June 30, 2013, and \$77,256,000 at June 30, 2012, and are not discounted Receivables for insurance recoveries for Hoag were \$11,433,000 at June 30, 2013, and are primarily included in investments and other assets Estimation differences between actual payments and amounts recorded in previous years are recognized as expense in the year such amounts become determinable

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Other Liabilities

Other liabilities consist of the following as of June 30

	 2013		2012		
	(In Thousands)				
Workers' compensation Professional and general liability	\$ 83,909	\$	56,070		
Other liabilities	 19,967 148,351		11,535 110,992		
	\$ 252,227	\$	178,597		

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use by the Health System has been limited by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by the Health System in perpetuity (see Note 11)

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Health System are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the consolidated financial statements.

Net Patient Service Revenues

The Health System has agreements with third-party payors that provide for payments at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Patient service revenues are reported at net realizable amounts from patients, third-party payors, and others for services rendered, including estimated settlements under reimbursement agreements with third-party payors. Settlements are accrued on an estimated basis in the period the related services are rendered, and adjusted in future periods as final settlements are determined. Favorable differences between final settlements and amounts accrued in previous years of approximately \$24,331,000 and \$27,401,000 are reflected in net patient service revenue for the years ended June 30, 2013 and 2012, respectively

The Health System recognizes significant amounts of patient service revenue at the time the services are rendered even though a patient's ability to pay is not assessed. The Health System records its provision for doubtful accounts based upon historical experience, as well as collections trends for major payor types.

Patient service revenues, net of contractual allowances and discounts, recognized for the year ended June 30 are as follows

	20	13	2012		
	((In Thousands)			
Government	\$ 1,51	9,596 \$	1,468,779		
Contracted	2,06	6,329	1,901,663		
Self-pay and others	50	2,793	359,488		
	\$ 4,08	8,718 \$	3,729,930		

The Health System is reimbursed for services provided to patients under certain programs administered by governmental agencies Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Health System believes that they are in compliance with all applicable laws and regulations, and they are not aware of any pending or threatened investigations involving allegations of potential wrongdoing. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs (see Note 12)

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Premium Revenues

Firstcare contracts with various employers to provide medical services to subscribing participants Firstcare receives monthly premium payments from employers and contracts with various medical providers to provide medical care Firstcare's premium revenue for the year ended June 30 was \$484,312,000 in 2013 and \$351,324,000 in 2012

In addition to the Firstcare contracts, the Health System has contracts with various health plans to provide medical services to subscribing participants. Under these agreements, the Health System's hospital affiliates and Heritage receive monthly capitation payments based on the number of each health plan's participants enrolled with participating affiliated or local physician groups that have designated the hospital affiliates as their provider. Under these arrangements, the hospital affiliates are responsible for hospital contracted services provided to plan participants including services received at other health care facilities. The Health System's premium revenue for the contracts for the year ended June 30 was \$459,322,000 in 2013 and \$389,144,000 in 2012. Firstcare and the hospital affiliates have accrued for estimated claims for professional services and services from other providers (included in accrued liabilities). Claims accruals related to these services are generally based on claims lag analyses and are continually monitored and reviewed.

Charity Care

The Health System provides care to patients who meet certain criteria under its charity care policies without charge or at amounts less than its established rates Because the Health System does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue

Operating Income

The Health System's primary purpose is to provide diversified health care services to the community served by its affiliates Activities directly associated with the furtherance of this purpose are considered operating activities and classified as unrestricted operating revenues and expenses Operating revenues include those generated from direct patient care, related support services, and other revenues related to the operation of the Health System, including gifts and bequests not restricted by donors

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Other activities that result in gains or losses unrelated to the Health System's primary purpose are considered to be nonoperating. Nonoperating gains and losses include investment income, realized and unrealized gains and losses on trading securities, gains and losses from the sale of property and equipment, and gains and losses on extinguishment of debt

The Health System considers the performance indicator to be the excess of revenues over expenses

Income Taxes

The principal operations of the Health System are exempt from taxation pursuant to IRC Section 501(c)(3) and the related state provisions

Accounting Standards Codification (ASC) 740, *Income Taxes*, clarifies the accounting for income taxes by prescribing a minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements ASC 740 also provides guidance on derecognition, measurement, classification, interest and penalties, disclosure, and transition The guidance is applicable to pass-through entities and tax-exempt organizations. No significant tax liability for tax benefits, interest or penalties was accrued at June 30, 2013 or 2012

The Health System currently files Form 990 (informational return of organizations exempt from income taxes) and Form 990-T (business income tax return for an exempt organization) in the U S federal jurisdiction and the states of California and Texas for each tax-exempt organization as appropriate The Health System is not subject to income tax examinations prior to 2009 in major tax jurisdictions

Acquisitions and Affiliations

The accounting for acquisitions requires extensive use of estimates and judgments to measure the fair value of the identifiable tangible and intangible assets acquired. The fair value of acquired tangible and identifiable intangible assets and liabilities assumed are based on their estimated fair values at the acquisition date and are measured using an income and market approach with significant unobservable inputs. For significant acquisitions, the Health System engages an independent third-party valuation firm to assist in determining the fair value of identifiable intangible assets. The Health System believes that the fair values assigned to the assets acquired and liabilities assumed are based on reasonable assumptions. However, actual values may differ and unanticipated events and circumstances may occur

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

The Health System accounts for acquisitions and affiliations in accordance with the business combinations accounting standard for not-for-profit entities

Hoag Memorial Hospital Presbyterian and Affiliates

The affiliation with Hoag did not involve consideration and resulted in an excess of assets acquired over liabilities assumed under the business combination accounting guidance which has been recorded as a contribution to the Health System of \$1,849,962,000. The unrestricted portion of the contribution of \$1,712,981,000 is classified as a nonoperating gain and the remaining \$136,981,000 of the contribution was restricted and is recorded in restricted net assets in the consolidated statements of operations and changes in net assets. The Health System recognized tangible and intangible assets acquired and liabilities assumed in connection with the affiliation based upon their estimated fair values at the transaction date. The Health System recognized the following fair value estimates of Hoag assets acquired and liabilities assumed as of March 1, 2013 (in thousands)

Cash and equivalents	\$ 147,078
Patient accounts receivable, net	95,607
Marketable securities and board designated assets	1,081,034
Other assets	46,672
Property and equipment, net	1,009,314
Goodwill – historical HOI	43,889
Covenant not-to-compete – historical HOI	11,629
Tradename	16,000
Lease intangible	11,322
Restricted assets	136,981
Other noncurrent assets	65,961
Current liabilities	(94,591)
Long-term debt	(591,202)
Other noncurrent liabilities	(129,732)
Total identifiable net assets assumed	\$ 1,849,962

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Hoag's financial results for the four months ending June 30, 2013, included in the Health System's results (in thousands) from the date of the affiliation closing on March 1, 2013, are as follows

Total revenues	\$ 313,863
Operating income	5,651
Excess of revenues over expenses	22,938

The following pro forma (unaudited) consolidated financial information presents the Health System's results assuming the affiliation occurred on July 1, 2011

	2	013	2012			
	Actual	Pro forma (Unaudited)	Actual	Pro forma (Unaudited)		
Total revenues	\$4,955,700	\$5,610,129	\$4,382,807	\$5,314,681		
Operating income	49,736	104,637	169,725	218,291		
Excess of revenues over expenses	1,922,301	335,792	121,730	1,970,844		

Pro forma results for the year ending June 30, 2013, include historical Hoag results for the eightmonth period ended February 28, 2013, prior to the affiliation Pro forma results for the year ending June 30, 2012, include historical Hoag results for the year ended September 30, 2012 Purchase accounting adjustments are included within pro forma results A nonrecurring contribution of \$1,712,981,000 is included within pro forma results

As part of the business combination accounting policy conformity between the Health System and Hoag, the Health System reclassified approximately \$36,717,000 from interest expense to nonoperating gains (losses), net for the change in fair value related to the interest rate swaps Additionally, the Health System reclassified approximately \$9,282,000 from nonoperating gains (losses), net to operating income related to charitable foundation activities

Mission Internal Medical Group

Effective November 2012, Heritage acquired tangible and intangible assets as well as a management company from Mission Internal Medical Group, Inc (MIMG), a Southern California physician medical group, for \$110,223,000 MIMG is located in the south Orange

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

County market, providing physician services and unique ancillary services, including cardiac diagnostic services, an infusion center, medical travel clinic and sleep center. Upon the effective date of the transaction, MIMG became the exclusive medical group partner in south Orange County providing professional services to patients whose contractual relationship is owned and managed by Heritage. The transaction was accounted for as an acquisition under ASC 958-805 and resulted in goodwill and intangible assets of \$105,016,000. Intangible assets primarily related to covenants not-to-compete and customer contracts

High Desert Primary Care

Effective December 2012, Heritage acquired tangible and intangible assets as well as a management company from High Desert Primary Care for \$34,987,000 The transaction was accounted for as an acquisition under ASC 958-805 and resulted in goodwill and intangible assets of \$30,642,000 Intangible assets primarily related to covenants not-to-compete and customer contracts

California Hospital Quality Assurance Program

California legislation established a program that imposes a Quality Assurance Fee (QA Fee) on certain general acute care hospitals in order to make supplemental and grant payments and increased capitation payments (Supplemental Payments) to hospitals up to the aggregate upper payment limit for various periods There have been three such programs since inception The first two programs were the 21-month program (21-Month Program) covering the period April 1, 2009 to December 31, 2010, and the 6-month program (6-Month Program) covering the period January 1, 2011 to June 30, 2011 (the Original Programs), and the third, a 30-month program covering the period from July 1, 2011 to December 31, 2013 (30-Month Program, collectively, the Programs) The 30-Month Program was signed into law by the Governor of California in September 2011 The Programs are designed to make supplemental inpatient and outpatient Medi-Cal payments to private hospitals, including additional payments for certain facilities that provide high-acuity care and trauma services to the Medi-Cal population This hospital QA Fee program provides a mechanism for increasing payments to hospitals that serve Medi-Cal patients, with no impact on the state's General Fund (GF) Payments are made directly by the state or Medi-Cal managed care plans, which will receive increased capitation rates from the state in amounts equal to the Supplemental Payments Outside of the legislation, the California Hospital Association (CHA) has created a private program, operated by the California Health Foundation and Trust (CHFT), which was established to alleviate disparities potentially resulting from the implementation of the Programs

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

The Original Programs required full federal approval (i e by the Centers for Medicare and Medicaid Services (CMS)) in order for them to be fully enacted If final federal approval was not ultimately obtained, provisions in the underlying legislation allowed for the QA Fee, previously assessed, and Supplemental Payments, previously received, to be returned and recouped, respectively As such, revenue and expense recognition was not allowed until full CMS approval was obtained Full CMS approvals for the 21-Month Program and 6-Month Program were obtained in December 2010 and December 2011, respectively For the year ended June 30, 2012, the Health System recognized payments to the California Department of Health Care Services (DHCS) for the QA Fee in the amount of \$34,375,000 and pledge payments to the CHFT of approximately \$876,000 within supplies and other expenses The Health System recognized Supplemental Payment revenue for the year ended June 30, 2012, in the amount of \$52,917,000 pertaining to the 6-Month Program within net patient service revenues

In June 2012, the legislation governing the Program was amended to allow for the fee-for-service portion of the 30-Month Program to be administered separately from the managed care portion Accordingly, upon CMS approval of the fee-for-service portion of the 30-Month Program in June 2012, for the year ended June 30, 2012, the Health System recognized \$54,268,000 in accrued liabilities for the 30-Month Program QA Fee payments, which was expensed within supplies and other expenses Additionally, Supplemental Payment revenue in the amount of \$72,398,000 was recognized within net patient service revenue and as the payments were not yet received, a receivable was recorded in inventories and other current assets

In May and June 2013, CMS approved the managed care portion of the 30-Month Program covering the period from July 1, 2011 to June 30, 2013 Accordingly, the Health System recognized the impact of the managed care portion for the approved period and continued to recognize the fee-for-service portion of the 30-Month Program The Health System recognized payments to DHCS for the QA Fee in the amount of \$138,530,000 and pledge payments to CHFT of \$6,269,000 within supplies and other expenses During the year ended June 30, 2013, the Health System also recognized Supplemental Payment revenue in the amount of \$210,922,000 pertaining to the 30-Month Program within net patient service revenues

Electronic Health Records Incentive Payments

The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH) The provisions were designed to increase the use of electronic

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

health record (EHR) technology and establish the requirements for a Medicaid and Medicare incentive payment program beginning in 2011 for eligible providers that adopt and demonstrate meaningful use of certified EHR technology Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period Initial Medicaid incentive payments are available to providers that adopt, implement or upgrade certified EHR technology Providers must continue to demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicaid and Medicare incentive payments and to avoid potential penalties

The Health System accounts for Medicaid and Medicare EHR incentive payments as a gain contingency. For the years ended June 30, 2013 and 2012, Medicare incentives of \$5,997,000 and \$8,157,000 were recognized in other revenues upon demonstration of compliance with the meaningful use criteria over the entire applicable compliance period and the end of the 12-month cost report period that will be used to determine the final incentive payment. The Health System also recognized Medicaid incentives of \$1,954,000 in 2013 and \$13,122,000 in 2012, in other revenues, upon demonstration of compliance with the criteria. Income from incentive payments is subject to retrospective adjustment as the incentive payments are calculated using Medicare cost report data that is subject to audit Additionally, the Health System's compliance with meaningful use criteria is subject to audit by the federal government

Adoption of New Accounting Pronouncements

Effective July 1, 2012, the Health System adopted a new accounting standard modifying the wording used to describe many of the requirements in GAAP for measuring fair value and disclosing information about fair value measurements under ASC 820, Fair Value Measurements and Disclosures Adoption of the new standard did not have a significant impact on the Health System's consolidated financial statements (see Note 2)

Recent Accounting Pronouncements

In December 2011, an accounting standard was released and effective for the Health System beginning July 1, 2013, relating to the offsetting of financial instruments. The Health System is currently evaluating the impact of this standard to the consolidated financial statements.

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

In October 2012, an accounting standard was released and effective for the Health System beginning July 1, 2013, requiring classification of cash receipts from the sale of donated financial assets consistently with cash donations received within the statement of cash flows. The Health System is currently evaluating the impact of this standard to the consolidated financial statements.

Subsequent Events

The Health System has evaluated subsequent events occurring between the end of the most recent fiscal year ended June 30, 2013 and September 27, 2013, the date the financial statements were issued In July 2013, the Health System issued fixed rate revenue bonds to refund Hoag's outstanding obligations and to finance prospective projects (see Note 5)

2. Fair Value Measurements

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the Health System utilizes a three-tier fair value hierarchy, as determined at the end of the reporting period, which prioritizes the inputs used in measuring fair value as follows

- Level 1 Pricing is based on observable inputs such as quoted prices in active markets
 Financial assets in Level 1 include certain cash and cash equivalents, money market
 funds, U S treasury securities, corporate debt and equity securities, including mutual
 funds and commingled funds
- Level 2 Pricing inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities Financial assets and liabilities in this category include certain money market funds, commercial paper, US Treasury securities, corporate debt and equity securities, municipal bonds, and interest rate swap obligations

Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

Level 3 – Pricing inputs are generally unobservable and include situations where there is
little, if any, market activity for the investment. The inputs into the determination of fair
value require management's judgment or estimation of assumptions that market
participants would use in pricing the assets or liabilities. The fair values are therefore
determined using factors that involve considerable judgment and interpretations,
including, but not limited to, private and public comparables, and discounted cash flow
models. This category primarily includes certain corporate debt and equity securities and
commingled funds.

Assets and liabilities measured at fair value are based on one or more of three valuation techniques as follows

- (a) Market approach Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities
- (b) Cost approach Amount that would be required to replace the service capacity of an asset (replacement cost)
- (c) Income approach Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing, and excess earnings models)

The Health System has invested in funds which are included in long-term marketable securities and assets limited as to use in the accompanying consolidated balance sheets. Specifically, the Health System has invested in hedge funds, private equity funds and real return asset funds. The funds use various strategies including but not limited to long/short equities, arbitrage, and event driven strategies to seek positive returns, regardless of market direction. The terms and conditions upon which the Health System may redeem investments in hedge funds range from monthly with 60 days' notice to rolling three years with 45 days' notice. These investments are primarily made through limited partnerships and offshore corporations where liquidity may be limited on new contributions for up to three years. Private equity investments can be accessed on the partnership termination date. Certain of the Health System's investments in real return asset funds are subject to redemption limitations ranging from daily liquidity with ten days' notice to quarterly liquidity with 60 days' notice. The remaining real return positions can be accessed on the partnership termination date. Certain funds reserve the right to reduce or suspend

Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

redemptions and to satisfy redemptions by making distributions in-kind, under certain circumstances. The Health System may not withdraw or sell, assign, or transfer its interests in certain limited partnerships except in certain circumstances, subject to consent by the general partners of the funds

Total unfunded commitments were \$58,993,000 and \$56,454,000 as of June 30, 2013 and 2012, respectively The value for these funds recorded under the equity method of accounting and included within the tables below was \$771,333,000 at June 30, 2013, and \$240,042,000 at June 30, 2012

Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

The following tables provide the composition of certain assets and liabilities as of June 30, 2013 and 2012

		June 30, 2013	M	oted Prices in Active larkets for Identical Assets (Level 1)	o	ignificant Other Observable Inputs (Level 2)	U	Significant nobservable Inputs (Level 3)		fair Value Method ivestments	In	Equity Method svestments	Valuation Technique (a,b,c)
Current assets						(111 1 11	Onse	1710137					
Cash and equivalents	\$	329,513	\$	300,792	\$	28,721	\$	_	\$	329,513	\$		a
Short-term marketable securities													•
Money market funds	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	a
U.S. Treasury securities		285,681		-		285,681		_		285,681		_	a
Corporate debt securities		276,226		74,305		201,921		_		276,226		_	a,c
Corporate equity securities		218,972		218,972		_		_		218,972		_	a
Other	-	1,873	40	1,306	47	567	40		45	1,873	45		- a
	\$	782,752	\$	294,583	\$	488,169	\$	_	\$	782,752	\$		-
Long-term marketable securities	\$	1 557	r.	1 557	a.		ď		d.	1 557	-		
Money market funds U.S. Treasury securities	3	1,557 60,229	\$	1,557	\$	60,229	\$	_	\$	1,557 60,229	\$	_	a
Corporate debt securities		152,201		104,581		45,631		1,989		152,201		_	a a
Corporate equity securities		460,206		460,101		105		1,202		460,206		_	a
Other		316,124		-		-		_		-		316,124	
	\$	990,317	\$	566,239	\$	105,965	\$	1,989	\$	674,193	\$	316,124	-
Assets limited as to use Board designated Money market funds U.S. Treasury securities Corporate debt securities Corporate equity securities	s	318,197 128,698 286,108 210,571	\$	318,197 - 129,621 209,207	\$	- 128,698 156,487 -	\$	- - 1,364	\$	318,197 128,698 286,108 210,571	\$	- - - -	a a a a
Other	-	406,696	40	20,040	4	205 105		1 264	4	20,040	4	386,656	-
** 11		1,350,270	\$	677,065	\$	285,185		1,364	\$	963,614	\$	386,656	=
Held in trust Money market funds US Treasury securities	\$	1,147 3,053	\$	1,147	\$	3,053	\$	- -	\$	1,147 3,053	\$	_ _	a a
Corporate debt securities		18,137		13,276		4,861		_		18,137		_	a
Corporate equity securities Other		26,652		26,652		0.413		_		26,652			a
Otner	<u> </u>	78,821 127,810	<u>s</u>	855 41,930	<u>\$</u>	9,412 17,326	\$	1 1	<u>\$</u>	10,268 59,257	<u>\$</u>	68,553 68,553	-
Cycle collateral hald by co-	<u> </u>	12/,010	J	+1,730	J	1/,340	J	1	J	37,23/	J	00,555	•
Cash collateral held by swap counterparty US Treasury securities	\$	8,926	\$	_	\$	8,926	\$	_	\$	8,926	\$	_	a
Liabilities Interest rate swaps	\$	85,983	\$	_	\$	85,983	\$	_	\$	85,983	\$	_	c
T		,	_		_	,-	_		_	,			•

Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

		June 30, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)		o	Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		Fair Value Method Investments		Equity Method Sestments	Valuation Technique (a,b,c)
Current assets						(In The	211541	nds)					
Cash and equivalents	\$	199,940	\$	199,940	\$	_	\$	_	\$	199,940	\$	_	d
Short-term marketable securities Money market funds U.S. Treasury securities Corporate debt securities Corporate equity securities	\$	12.813 318.948 212.446 240.604	\$	6.499 7.912 20.184 240.604	\$	6.314 311.036 192.262	\$	- - -	\$	12.813 318.948 212.446 240.604	\$	- - -	a a a.c
Corporate equity securities	\$	784,811	\$	275,199	\$	509,612	\$		\$	784,811	\$		d
Long-term marketable securities Money market funds U.S. Treasury securities Corporate debt securities Corporate equity securities Other	\$	53,984 142,388 79,863 421,568 238,684	\$	14.541 342 - 417.402	\$	39.443 142.046 77.888 4.166	\$	- 1.975 -	\$	53.984 142.388 79.863 421.568	\$	- - - 238.684	a a a a
	\$	936,487	\$	432,285	\$	263,543	\$	1.975	\$	697,803	\$	238,684	
Assets limited as to use Board designated Money market funds U.S. Treasury securities Corporate debt securities Corporate equity securities Other	\$	93,749 8,932 51,242 32,986 1,358	\$	93.749 - - 32.986 -	\$	8.932 51.242	\$	- - - -	\$	93.749 8.932 51.242 32.986	\$	1.358	a a a a
	\$	188,267	\$	126,735	\$	60,174		_	\$	186,909	\$	1,358	
Held in trust Money market funds Corporate debt securities Corporate equity securities	\$	194,505 254 1,307 196,066	\$	183,583 254 1,307 185,144	\$	10.922 - - 10.922	\$	- - -	\$ \$	194,505 254 1,307 196,066	\$ \$	- - -	a a a
Cash collateral held by swap counterparty U.S. Treasury securities	\$	40,402	\$	_	\$	40.402	\$	-	\$	40,402	\$	_	a
Liabilities Interest rate swaps	\$	72,629	\$	_	\$	72.629	\$	_	\$	72,629	\$	_	e

Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

Activity for the year ended June 30, 2013, for investments with significant unobservable inputs (Level 3) consists of the following (in thousands)

Balance at June 30, 2012	\$ 1,975
Transfers in from Hoag affiliation	1,379
Purchases	151
Net unrealized losses, included in nonoperating gains	 (151)
Balance at June 30, 2013	\$ 3,354

The Health System received restricted and unrestricted pledges and contributions totaling approximately \$44,650,000 and \$31,643,000 for the years ended June 30, 2013 and 2012, respectively Contributions and pledges were measured based on actual cash and pledges received Long-term irrevocable planned gifts were measured based on discounted cash flow projections

In addition to amounts included in the previous table, the Health System's investments in partnerships, limited liability companies, and similarly structured entities of approximately \$15,596,000 and \$10,520,000 as of June 30, 2013 and 2012, respectively, are included in investments and other in the accompanying consolidated balance sheets and accounted for using the equity method of accounting, which is not a fair value measurement

The Health System sponsors certain deferred compensation plans for which plan assets of \$41,782,000 and \$34,963,000 comprised of certain mutual funds (Level 1) were maintained as of June 30, 2013 and 2012

Investment Gains and Losses

Interest, dividends, and realized gains on sales of marketable securities of \$159,455,000 and \$53,308,000, net of related fees, are included in nonoperating gains (losses), net for the years ended June 30, 2013 and 2012, respectively

Also included in nonoperating gains (losses), net are net unrealized gains of \$2,976,000 and net unrealized losses of \$36,002,000 for the years ended June 30, 2013 and 2012, respectively

Notes to Consolidated Financial Statements (continued)

3. Property and Equipment

Property and equipment consists of the following at June 30

	2013	2012
	(In The	ousands)
Land	\$ 296,524	\$ 147,659
Buildings and improvements	3,445,550	2,209,537
Equipment	2,201,129	1,556,843
Construction in progress	635,080	584,199
	6,578,283	4,498,238
Less accumulated depreciation	(2,936,431)	(2,109,456)
	\$ 3,641,852	\$ 2,388,782

The Health System is required to recognize a liability for the fair value of conditional asset retirement obligations if the fair value of the liability can be reasonably estimated. The fair value of a liability for conditional asset retirement obligations must be recognized when incurred, generally upon acquisition, construction or development and/or through the normal operation of the asset. The Health System estimated the fair value of known conditional asset retirement obligations relating to the costs of asbestos abatement that will result from the Health System's current plans to renovate and/or demolish certain of its facilities. This computation is based on a number of assumptions which may change in the future based on the availability of new information, technology changes, changes in costs of remediation, and other factors. The conditional asset obligation at June 30, 2013 and 2012, was \$11,959,000 and \$11,917,000, respectively, and is included in other liabilities in the accompanying consolidated balance sheets

Lease Financing Obligations

In June 2006, St Joseph Hospital of Orange (SJO) executed a 55-year lease arrangement with a developer, whereby the developer agreed to construct a 130,000 square foot medical office building and a parking structure on SJO's land Under the ground lease, SJO received nominal base rent until construction was completed in August 2008, at which time SJO took occupancy SJO guaranteed to lease 64,000 square feet of the medical office building for ten years and is required to pay lease payments for the parking structure for five years. At the end of the lease term, SJO will have title to both the parking structure and the medical office building. The aggregate cost of the project was approximately \$43,527,000 and is included in buildings and improvements. All construction costs were substantially financed by the developer

Notes to Consolidated Financial Statements (continued)

3. Property and Equipment (continued)

In May 2005, SJO executed a 22-year lease arrangement, including two five-year lease term extensions, with a joint venture partnership in which SJO has a 35% ownership interest. The joint venture partnership owned and constructed a 56,000 square foot medical office building and parking structure on its land. SJO committed to leasing the whole building, but subleased approximately 43,000 square feet to Heritage for physician offices. The aggregate cost of the project was approximately \$28,158,000 and is included in building and improvements. Substantially all construction costs were financed by the joint venture partnership.

SJO is considered the owner of both the medical office buildings and parking structures for financial reporting purposes due to certain financial arrangements that effectively fund a portion of the construction costs Heritage is also considered a separate owner of the medical office building since it is affiliated with SJO which has a 35% ownership interest in the joint venture partnership Accordingly, the assets and long-term debt of the medical office buildings and parking structures are recorded in the accompanying consolidated financial statements at June 30, 2013 and 2012 (see Note 5) The medical office buildings and parking structures are included in buildings and improvements as of June 30, 2013 and 2012 SJO and Heritage did not meet the criteria necessary to derecognize the asset and related long-term debt when construction was complete in 2009 and the lease terms began

The cost of the medical office buildings and parking structures are amortized over the economic life Rent payments paid by SJO and Heritage are recorded as debt service payments on the debt obligation with the portion not relating to interest reducing the principal balance Minimum estimated payments under lease financing obligations, excluding the effect of Consumer Price Index adjustments, are estimated to be as follows (in thousands)

Year	
2014	\$ 323
2015	341
2016	459
2017	587
2018	726
Thereafter	64,133
Total	\$ 66,569

Notes to Consolidated Financial Statements (continued)

4. Credit Facilities

In July 2011, the Health System entered into a syndicated credit arrangement (the Credit Agreement) for \$350,000,000 in revolving credit lines expiring on July 18, 2016 The Health System had \$131,000,000 and \$50,000,000 in outstanding borrowings under this credit facility at June 30, 2013 and 2012, respectively (see Note 5)

The Health System has a credit facility with a bank to cumulatively borrow up to \$80,000,000 Borrowings under this credit facility bear interest at rates based on specified margins from published indices The Health System had \$39,000,000 and \$47,000,000 in outstanding borrowings as of June 30, 2013 and 2012, respectively (see Note 5) The credit facility expires in March 2014 and the Health System intends to renew the facility and has the option to transfer the obligation to the Credit Agreement

St Joseph Health has a bank credit facility that provides for the issuance of up to an aggregate of \$50,000,000 under letters of credit Such letters of credit are collateralized under trust indentures (see Note 5) At June 30, 2013, St Joseph Health had provided an aggregate of \$41,650,000 of these letters of credit for its workers' compensation and other insurance plans At June 30, 2013 and 2012, none of these letters have been drawn upon

5. Long-Term Debt

At June 30, 2013, the Health System Obligated Group is jointly and severally liable for certificates of participation and tax-exempt revenue bonds issued on its behalf by the California Statewide Communities Development Authority (CSCDA), California Health Facilities Financing Authority (CHFFA), and the Lubbock Health Facilities Development Corporation (LHFDC) Hoag is liable for outstanding tax-exempt revenue bonds issued on its behalf by the City of Newport Beach (CNB) prior to the affiliation with the Health System

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

Long-term debt consists of the following at June 30

	2013		2012
	(In Thousands)		ınds)
CSCDA Series 1999, 2000, and 2007A-F fixed rate			
tax-exempt bonds, net of unamortized premium of			
\$2,232, due in varying amounts through 2047, coupon			
rates of 4 50% to 5 75%	\$ 606,342	\$	619,290
LHFDC Series 2008A multi-annual three-year put bonds			
due in 2030, coupon rate of 3 05%	45,375		46,750
LHFDC Series 2008B fixed rate tax-exempt bonds, due in			
varying amounts through 2023, coupon rates of 4 00% to			
5 00%	94,425		105,385
CHFFA Series 2009A fixed rate tax-exempt bonds, net of			
unamortized discount of \$2,626, due in varying amounts			
through 2039, coupon rates of 5 50% and 5 75%	182,469		182,368
CHFFA Series 2009BCD fixed rate multi-annual three-,			
five- and seven-year put bonds, net of unamortized			
premium of \$7,154, due in varying amounts through			
2034, coupon rates of 4 00% to 5 25%	237,429		243,260
CHFFA Series 2011ABCD variable rate tax-exempt bonds			
with credit facility liquidity, due in varying amounts			
through 2041, interest rates varying from 0 01% to 0 24%	302,110		302,110
CNB Series 2008C variable rate tax-exempt bonds with			
self-liquidity, due in varying amounts through 2040,			
interest rates varying from 0 06% to 0 15%	70,095		_
CNB Series 2008DEF variable rate tax-exempt bonds with			
credit facility liquidity, due in varying amounts through			
2040, interest rates varying from 0 07% to 0 20%	244,890		_
CNB Series 2009A fixed rate tax-exempt term bonds, due			
in varying amounts through 2024, interest rate of 4 22%	62,384		_
CNB Series 2009DE fixed rate private placement tax-			
exempt bonds, due in varying amounts through 2038,			
interest rate of 0 61%	70,980		_

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

	2013		2012	
	 (In Thousands)			
CNB Series 2011A fixed rate tax-exempt bonds, due in varying amounts through 2040, interest rate of 6 00% Bank line of credit, balloon payment due July 2016, interest	\$ 104,495	\$	_	
rates of 0 93% to 1 01%	131,000		50,000	
Bank line of credit, balloon payment due March 2014,				
interest rate of 0 75%	39,000		47,000	
Lease financing obligation (see Note 3)	66,569		66,981	
Fair value adjustment from Hoag affiliation	29,534		_	
Capitalized leases	17,746		4,134	
Other	15,747		5,744	
	2,320,590		1,673,022	
Less current portion of long-term debt	(202,453)		(39,238)	
	\$ 2,118,137	\$	1,633,784	

The effective interest rate on tax-exempt debt was 4 72% and 5 02% at June 30, 2013 and 2012, respectively

The aggregate amount of principal maturities and sinking fund requirements related to long-term debt at June 30, 2013, is as follows (in thousands)

Year	
2014	\$ 132,358
2015	88,437
2016	58,360
2017	199,175
2018	52,325
Thereafter	1,789,935
	\$ 2,320,590

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

In July 2011, the Health System issued \$302,110,000 of CHFFA variable rate tax-exempt demand bonds with interest rates reset daily or weekly and liquidity supported by irrevocable credit facilities that extend through July 13, 2016, unless renewed or extended Proceeds of this issuance are being used to finance prospective projects and reimburse prior capital spending at various hospitals. In addition, the Health System converted \$105,385,000 of LHFDC variable rate demand bonds with liquidity supported by an irrevocable credit facility into fixed rate revenue bonds at interest rates varying from 4 00% to 5 00%

In conjunction with the issuance of the CHFFA variable rate tax-exempt demand bonds in July 2011, the Health System secured \$306,878,000 of credit facilities to provide liquidity for the outstanding bonds

The fair value of the fixed rate tax-exempt bonds approximated \$1,456,462,000 and \$1,296,041,000 at June 30, 2013 and 2012, respectively Fair value is estimated using a discounted cash flow analysis, based on current market interest rates for similar types of borrowing arrangements (Level 2 within the fair value hierarchy) The carrying amount of the Health System's variable rate tax-exempt bonds approximates its fair value as the interest rates change with the market

At June 30, 2013, the Health System, excluding Hoag, was party to six interest rate swap agreements with a current notional amount totaling \$284,582,000 and with varying expirations In addition, Hoag was a party to three interest rate swap agreements with a current notional amount totaling \$244,915,000 with varying expiration dates. The swap agreements require fixed rate payment in exchange for a variable rate. The market risk exposure of these agreements occur when the fixed rate paid is greater than the variable rate received At June 30, 2013 and 2012, the total fair value of the combined interest rate swaps of \$85,983,000 and \$72,629,000, respectively, represent the estimated amount the Health System would have paid upon termination of these agreements as of these dates Fair values are based on independent valuations obtained and are determined by calculating the value of the discounted cash flows of the differences between the fixed interest rate of the interest rate swaps and the counterparty's forward LIBOR curve, which is the input used in the valuation, taking also into account any nonperformance risk Changes in the fair value of the interest rate swaps are included within nonoperating gains and losses The Health System restricted \$8,926,000 and \$40,402,000 in collateral held for the swap counterparty at June 30, 2013 and 2012, respectively, as required by its swap agreements

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

At June 30, 2013, Hoag's variable rate tax-exempt bonds of \$70,095,000 were supported by self-liquidity and, accordingly, sufficient assets were maintained to be used to repurchase the bonds in the event that tendered bonds are not resold in the market. Due to the holders' right to tender on a daily basis, outstanding amounts are classified as current maturities. Hoag's variable rate tax-exempt bonds of \$244,890,000 were supported by credit facilities of varying expiration dates.

In July 2013, the Health System issued \$654,840,000 of CHFFA fixed rate revenue bonds, of which \$324,840,000, net of unamortized premium of \$4,624,000, is due in varying amounts through 2037 at coupon rates of 4 00% to 5 00% and \$330,000,000 of multi-annual four-, six-, and seven-year put bonds, net of unamortized premium of \$42,255,000, is due in varying amounts through 2043 at coupon rates of 4 15% to 4 26%. The proceeds of the issuance were used to refund Hoag's outstanding obligations of \$552,844,000, to reimburse certain prior expenditures and to prospectively finance projects at various hospitals. Effective with the issuance of the CHFFA fixed rate revenue bonds, Hoag Hospital Newport Beach and Irvine entered the Health System's Obligated Group and St. Joseph Home Health North exited the group

Debt Covenants

As of June 30, 2013, the Health System continued to be subject to its existing Master Trust Indentures The Health System's financing agreements contain restrictive covenants and limitations on certain working capital and liquidity ratios, amount of combined debt of the corporations comprising the Obligated Group, and amount of transfer of assets to Non-Obligated Group members Additionally, the trust indentures require that funds are established with, and controlled by, a trustee during the period the bonds remain outstanding

If the Health System does not have a maximum annual debt service coverage ratio at the end of any fiscal year, including June 30, 2013, ranging from at least 2 0 to 1 0, pursuant to its trust indentures for the tax-exempt bonds issued through CSCDA, CHFFA, and LHFDC, the Health System is required to fund the applicable debt service reserve fund seven days after the required reporting date

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

Until its entry into the Health System's Obligated Group in July 2013, Hoag continued to be subject to a separate Master Trust Indenture under which essentially all of the cash, investments, receivables, and income of Hoag Hospital and Newport Healthcare Center are pledged as collateral

Interest Cost

Interest cost incurred for the year ended June 30 is summarized as follows

	 2013		2012	
	(In Thousands)			
Interest paid Amortization of deferred financing costs	\$ 71,455 891	\$	63,303 894	
Total interest expense	\$ 72,346	\$	64,197	

6. Children's Hospital of Orange County

SJO provides Children's Hospital of Orange County (CHOC) with specified facilities and ancillary services and other operating services under an agreement that requires CHOC to reimburse SJO for the costs of providing such services. Net patient service revenues include \$55,509,000 and \$74,936,000 for the years ended June 30, 2013 and 2012, respectively, relating to these services. The agreement terminated on March 31, 2013

In January 1993, Mission Hospital Regional Medical Center (MHRMC) and CHOC entered into an asset purchase agreement, a long-term lease, and an operating agreement forming Children's Hospital at Mission (CHM), a wholly owned subsidiary of CHOC Pursuant to the asset purchase agreement, CHM purchased substantially all of the pediatric services and operations of MHRMC and certain tangible and intangible assets related to those activities and operations for \$10,200,000

Notes to Consolidated Financial Statements (continued)

6. Children's Hospital of Orange County (continued)

CHM has agreed to rent space from MHRMC through December 2022 with a ten-year renewal option available under the long-term lease MHRMC provides CHM and its patients certain hospital services and facilities at an agreed-upon cost plus a percentage mark-up under the operating agreement Net patient service revenues include \$13,250,000 and \$13,687,000 for the years ended June 30, 2013 and 2012, respectively, for these services Other revenue includes \$6,280,000 and \$5,993,000 for the years ended June 30, 2013 and 2012, respectively, for other services provided to CHM

7. Employee Benefit Plans

Retirement Plan

The Health System sponsors defined contribution retirement plans that covers substantially all employees. The plans provide for employer matching contributions in an amount equal to a percentage of employee pre-tax contributions, up to a maximum amount. In addition, the Health System makes contributions to all eligible employees based on years of service. The Health System contributed \$83,857,000 and \$79,072,000 in 2013 and 2012 to the plan.

Postretirement Health

The Health System offers a retiree health reimbursement plan to provide employees who have satisfied the conditions of eligibility, with certain retiree medical expense reimbursement benefits Eligibility for plan benefits is based on age and years of service

1307-1107702

Notes to Consolidated Financial Statements (continued)

7. Employee Benefit Plans (continued)

The following table sets forth the change in benefit obligations and components of net periodic benefit cost for the postretirement health plan As of June 30, 2013 and 2012, there were no plan assets

	2013		2012
	(In The	usan	ds)
Change in benefit obligations			
Accumulated postretirement benefit obligation at beginning of year	\$ 39,510	\$	35,688
Service cost	2,639		2,164
Interest cost	1,501		1,779
Actuarial (gain) loss	(1,405)		674
Benefits paid	(1,270)		(825)
Change in plan provision	_		30
Accumulated postretirement benefit obligation at end of year			
recognized in the consolidated balance sheet	\$ 40,975	\$	39,510
Amounts recognized in the consolidated balance sheet			
Funded status at end of year	\$ (40,975)	\$	(39,510)
Unrecognized prior service cost	_		_
Unrecognized net (gain) or loss	_		_
Amounts recognized in the consolidated balance sheet	\$ (40,975)	\$	(39,510)
Amounts recognized in changes to unrestricted net assets			
Prior service cost	\$ (15,541)	\$	(18,709)
Net actuarial gain	13,379		12,620
Total	\$ (2,162)	\$	(6,089)
Components of net periodic benefit costs			
Service cost	\$ 2,639	\$	2,164
Interest cost	1,501		1,779
Amortization of net loss	(646)		(785)
Amortization of prior service cost	3,169		3,166
Net periodic benefit cost	\$ 6,663	\$	6,324

The assumptions used to determine the net benefit obligation and net periodic benefit cost for the retirement plan are set forth below

	2013	2012
Weighted-average discount rate for benefit obligation Weighted-average discount rate for net periodic benefit	4.05%	3 65%
cost	3.65%	4 85%

Notes to Consolidated Financial Statements (continued)

7. Employee Benefit Plans (continued)

The assumed annual health care cost trend rate for the retiree health plan is 8 00% for 2013, gradually decreasing to 5 00% in 2019 and remaining at that level thereafter

Information about the expected cash flows for the retiree health reimbursement plan follows (in thousands)

Expected employer contributions 2014	\$ 2,707
Expected benefit payments	
2014	\$ 2,707
2015	3,969
2016	4,572
2017	4,697
2018	4,523
2019–2023	22,069

8. Functional Expenses

The Health System provides general health care services to residents within the geographic locations served by its affiliates Expenses related to providing these services for the year ended June 30 are as follows

	2013	2012
	(In T	housands)
Health care services	\$ 4,020,49	0 \$ 3,494,233
General and administrative	885,47	4 718,849
	\$ 4,905,96	4 \$ 4,213,082

9. Charity Care

The Health System's policy is to accept all patients regardless of their ability to pay In assessing a patient's ability to pay, the Health System's policy uses generally recognized income levels, but also considers cases where incurred charges are significant when compared to income Health care services rendered to patients who are unable to pay according to these criteria are classified as traditional charity care

Notes to Consolidated Financial Statements (continued)

9. Charity Care (continued)

The Health System's policy is to report charity care and community benefits disclosures on a cost basis and to report any offsetting funds separately. Charity care amounts are determined using both a ratio of cost to gross charges as well as cost accounting systems. Effective July 1, 2011, the Health System adopted the new accounting standard requiring health care entities to present charity care disclosures at cost and provide additional disclosures relating to the measurement of charity cost. In addition, the standard requires that funds received from sources such as government programs or private grants, which offset or subsidize charity services, be separately disclosed.

The Health System incurred charity care costs for the year ended June 30 of \$92,735,000 and \$83,526,000 in 2013 and 2012, respectively

10. Community Benefits (Unaudited)

The Health System's policy is also to sponsor numerous health care-related programs for the general community and the medically underserved population in the area it serves. Some of these programs include mobile medical vans, health and dental clinics, prenatal programs, AIDS residences, health referral services, and bilingual health education and are referred to as community services.

In addition to traditional charity care and other direct community services, the Health System incurred a shortfall from services rendered to patients covered by certain public programs. This shortfall is defined as the cost of providing services to state Medicaid and local indigent program beneficiaries in excess of government payments. The Health System's QA Fee payments and Supplemental Payment revenues from the California Hospital Quality Assurance Program are included within unpaid cost of state and local programs.

Notes to Consolidated Financial Statements (continued)

10. Community Benefits (Unaudited) (continued)

Unpaid cost of state and local programs

Community services for the broader community

Total quantifiable benefits for the broader community

Total quantifiable benefits for the poor

Benefits for the broader community

Total community benefits

The cost of the aforementioned programs for the Health System is summarized for the year ended June 30, 2013 and 2012, as follows

	Total Co Benefit I at C	Expense,			Ur	Benefit I	Community Expense, Cost
2013	Amount	% of Total Expenses		Direct Offsetting Revenue		Amount	% of Total Expenses
			(In	Thousands	5)		
Benefits for the poor Traditional charity care (audited) Community services for the poor Unpaid cost of state and local programs Total quantifiable benefits for the poor Benefits for the broader community Community services for the broader community Total quantifiable benefits for the broader community Total community benefits	\$ 92,735 42,547 657,805 793,087 42,237 42,237 835,324	1.9% 0.9% 13.4% 16.2% 0.9% 0.9%	S	4,349 492,333 496,682 812 812 497,494	\$	92,735 38,198 165,472 296,405 41,425 41,425 337,830	1.9% 0.8% 3.4% 6.1% 0.8% 6.9%
	Total Co Benefit l at C	Expense,			Ur	isponsored Benefit I at C	
2012 (Audited)	Amount	% of Total Expenses		Direct Offsetting Revenue		Amount	% of Total Expenses
•			(In	Thousands	s)		
Benefits for the poor Traditional charity care Community services for the poor	\$ 92,936 47,009	2 2% 1 1%	\$	9,410 4,230	\$	83.526 42.779	2 ()% 1 ()%

In addition, the Health System incurred \$371,326,000 and \$302,817,000 in costs in excess of reimbursement from the Medicare program for the year ended June 30, 2013 and 2012, respectively

589,726

729,671

34,820

34,820

764,491

14 0%

17 3%

0 8%

0.8%

18 1%

429,149

442,789

\$ 443,332

543

160,577

286.882

34,277

34,277

321,159

3 8%

6 8%

0 8%

0.8%

76%

Notes to Consolidated Financial Statements (continued)

10. Community Benefits (Unaudited) (continued)

The Health System's affiliated hospitals, excluding Hoag, dedicate approximately 10% of revenues in excess of expenses attributable to controlling interests each year to the St Joseph Health System Foundation (Foundation) The Foundation administers various programs for the poor and underserved in local and other communities Such programs are reflected in community services for the poor

11. Temporarily and Permanently Restricted Net Assets

A summary of net assets at June 30 follows

	2013		2012
	(In The	use	ands)
Unrestricted	\$ 4,674,817	\$	2,745,595
Temporarily restricted	223,370		125,865
Permanently restricted	 65,674		9,601
Total net assets	\$ 4,963,861	\$	2,881,061

Temporarily and permanently restricted net assets are donor-restricted assets appropriated for facility expansion, capital acquisition, health services, and other specific purposes

Endowments

The Health System's endowment consists of approximately 151 separate endowment funds included in assets limited as to use established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees of the hospital foundations to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions

The Board of Trustees has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor restrictions to the contrary As a result of this interpretation, the Health System classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of applicable donor gift instrument at the time

Notes to Consolidated Financial Statements (continued)

11. Temporarily and Permanently Restricted Net Assets (continued)

the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily net assets until those amounts are appropriated for expenditure by the Health System in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Health System considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds

- a The duration and preservation of the fund
- b The purposes of the hospital and the donor-restricted endowment fund
- c General economic conditions
- d The possible effect of inflation and deflation
- e The expected total return from income and the appreciation of investments
- f Other resources of the hospital
- g The investment policies of the hospital

The endowment net asset composition as of June 30, by fund type, was as follows (in thousands)

				20	13		
			Ten	nporarily	Per	manently	
	Uni	restricted	Re	estricted	Re	estricted	Total
Board-designated endowment funds	\$	56,425	\$	13,819	\$	_	\$ 70,244
Donor-restricted endowment funds		_		29,873		65,674	95,547
Total funds	\$	56,425	\$	43,692	\$	65,674	\$ 165,791
				20	12		
			Ten	20 nporarily		manently	
	Uni	restricted			Per	manently estricted	Total
Board-designated endowment funds	<u>Un</u>	restricted		nporarily	Per	•	\$ Total 23,971
C			Re	nporarily estricted	Per Re	•	\$
endowment funds Donor-restricted endowment			Re	nporarily estricted 4,897	Per Re	estricted	\$ 23,971

1307-1107702

Notes to Consolidated Financial Statements (continued)

11. Temporarily and Permanently Restricted Net Assets (continued)

Changes in endowment net assets during the years ended June 30 were as follows (in thousands)

				20	13		
			Ter	nporarily	Per	manently	
	Uni	restricted	Re	estricted	Re	estricted	Total
Endowment net assets,							
July 1, 2012	\$	19,074	\$	5,614	\$	9,601	\$ 34,289
Contributions from Hoag		33,457		36,972		53,818	124,247
Realized investment gains		1,737		1,467		539	3,743
Unrealized gains		2,104		1,090		2	3,196
Contributions, net		967		(421)		1,715	2,261
Appropriation of endowment							
assets for expenditure		(914)		(1,030)		(1)	(1,945)
Endowment net assets,							
June 30, 2013	\$	56,425	\$	43,692	\$	65,674	\$ 165,791

				20	12		
			Ten	porarily	Per	manently	
	Unr	estricted	Re	stricted	Re	estricted	Total
Endowment net assets,							
July 1, 2011	\$	19,595	\$	4,203	\$	7,483	\$ 31,281
Realized investment gains		882		157		467	1,506
Unrealized losses		(1,179)		(327)		_	(1,506)
Contributions, net		571		1,850		1,661	4,082
Appropriation of endowment							
assets for expenditure		(795)		(269)		(10)	(1,074)
Endowment net assets,							_
June 30, 2012	\$	19,074	\$	5,614	\$	9,601	\$ 34,289

The Health System has investment and spending policies for endowment assets that attempt to provide a stream of funding to programs supported by its endowment while balancing the risk of investment loss with the long-term preservation of purchasing power Endowment assets include those assets of donor-restricted funds that the Health System must hold in perpetuity or for a donor-specified period as well as board-designated funds. The Health System seeks to maintain

Notes to Consolidated Financial Statements (continued)

11. Temporarily and Permanently Restricted Net Assets (continued)

the purchasing power of the endowment assets portfolio and to achieve rates of returns which over time exceed inflation by a specified margin. To achieve its long-term investment objectives within prudent risk constraints, the Health System develops strategic asset allocation ranges and targets for the endowment portfolio and considers factors including, but not limited to, time horizon, liquidity, and risk tolerance. The current asset allocation targets emphasize diversification across asset classes to manage risk and enhance returns. Actual allocations may differ from target allocations in the short term or during periods of significant market fluctuations. In addition, the Health System confirms the asset allocation ranges on an annual basis and updates the investment policy and/or target allocations, as needed, if there is a significant change in capital market expectations and/or investment objectives, including spending requirements

The Health System expects that the returns achieved for the endowment portfolio will be accompanied by capital market risk, but the Health System seeks to achieve returns, adjusted for this risk, which will compare favorably to the returns of the applicable markets and representative peers

The Health System's policy allows the individual hospital Board of Trustees to determine a spending rate from endowment investments. In establishing this policy, the Health System considers the fair market value and long-term expected return on its endowment and the factors described above.

Notes to Consolidated Financial Statements (continued)

12. Commitments and Contingencies

Operating Leases

The Health System leases land, buildings and equipment under various noncancelable operating leases excluding lease financing obligations (see Note 3) for terms up to 33 years Lease expense for the year ended June 30 was approximately \$70,574,000 in 2013 and \$59,298,000 in 2012 Sublease revenues relating to building space under various noncancelable leases were \$16,997,000 in 2013 and \$18,347,000 in 2012 The leases provide that the minimum monthly lease payments may be adjusted for inflation Minimum lease commitments at June 30, 2013, are as follows (in thousands)

Year	
2014	\$ 81,759
2015	80,528
2016	73,377
2017	65,955
2018	61,450
Thereafter	291,821
	654,890
Less sublease revenue	(58,126)
	\$ 596,764

Litigation

In February 2012, the Health System became aware of and notified 31,800 patients that personal health information records residing on its internal computer networks had been accessible through external search engines All affected patients and regulatory agencies have been notified and corrective actions have been in progress As of June 30, 2013, the outstanding class action suits filed against the Health System have been coordinated into a single proceeding. Due to the recent timing of the discovery and the ongoing investigation, the likelihood of an unfavorable outcome and potential financial impact is currently unknown

The Health System has been named in complaints alleging various wage and hour violations in California Similar actions have been filed against other California employers including other hospitals and health systems. The Health System is vigorously defending the action. All such current cases are in the preliminary stages and as a result, the likelihood of an unfavorable outcome in any such case and the potential financial impact are unknown.

Notes to Consolidated Financial Statements (continued)

12. Commitments and Contingencies (continued)

St Joseph Hospital of Eureka has been named in a complaint alleging the existence of toxic mold at its facility and damages resulting therefrom. The case has been filed but not served, and as a result, the likelihood of an unfavorable outcome and the potential financial impact are unknown.

The Civil Division of the Department of Justice (DOJ) has contacted the Health System in connection with its nationwide review of whether, in certain cases, hospital charges to the federal government relating to implantable cardio-defibrillators (ICDs) met the Centers for Medicare and Medicaid Services criteria. In connection with this nationwide review, the DOJ has indicated that it will be reviewing certain ICD billing and medical records at certain of the Health System's hospitals for the period from October 2003 to the present. The review could potentially give rise to claims against the Health System under the federal false claims act or other statutes, regulations or laws. At this time, management cannot predict what effect, if any, this review or any resulting claims could have on the Health System.

Certain claims, suits, and complaints arising in the ordinary course of business have also been filed or are pending against the Health System In the opinion of management, such claims, if disposed of unfavorably, would not have a material adverse effect on the Health System's consolidated financial position, results of operations or cash flows

Seismic Compliance (Unaudited)

The Health System has completed facility master plans for each of its California hospitals, including an assessment of earthquake retrofit requirements. The Health System has received an extension for compliance with seismic standards for all of its California hospitals through January 1, 2015, for some hospitals for factors beyond the hospital's control Excluding Hoag, the Health System projects total costs of \$1,083,473,000 to meet these seismic standards, and in some cases these projects will meet enhanced standards for 2030. Of the total projected costs, \$889,817,000 has been spent through June 30, 2013, with additional commitments of \$186,130,000. The Health System plans to fund these projects through operations, debt issuance and philanthropy. Through June 30, 2013, the Health System has received \$355,679,000 in philanthropic support for all construction projects.

1307-1107702

Supplementary Information

A St Joseph Health Ministry Corporation St Joseph Health System and Affiliates

Consolidating Balance Sheet (In Thousands)

June 30, 2013

		- - - -		Total Regional	American Unity	Professional Services	Heritage Investment	Revenue Cycle	Innovation	St Joseph Health System	Obligated	N 190	Non- Obligated
		Consolidated	Eliminations	Entitles	croup	Enterprises	Group I	services.	Institute	r ound at lon	dnoso	5	Group
Assets													
Current assets													
Cash and equivalents	₩.	329513 \$	\$ (956 +1)	299 774	\$ 11.789	\$ 57.5	3 955 1	\$ 705	\$ 691 02	\$ 7619	\$ 73.780	\$	255 733
Short-term marketable securities		282 782	ı	715 344	ı	1	1	ı	1	80+ 29	605 291	91	177 461
Patient accounts receivable less													
allowance for doubtful accounts		812 209	1	607 548	1	1	ı	I	1	1	54 145	5.2	156 (196
Other Assets		006 764	ı	156	1117		61	١,	(35F)	٢	15 35 t	5.1	975 62
Total conse and		2011713	11.0561	CC0 210 1	200 61	7566	1 217	or:	110.00	000 36	550 31 5 1		200.022
Lotal current assets		2.014 / 13	(946 +1)	1910822	12,900	96/ 7	101	8	70.01	670 (x C+5 1	/ /	068 830
Long-term marketable securities		990 317	I	925 621	969 +9	ı	ı	I	1	ı	870 179	79	120 138
Assets limited as to use													
Board designated		1350270	1	1319971	1	1	1	1	1	30.299	158.330		1 191 940
Hald to finet		018.741	1	018701							(XC XL		30.50
		010.021		110 211						000	7726		1 201
Foral assets limited as to fise		1 + /8 (180)	ı	14/ /81	1	1	ı	1	1	667 DC	7100/7		1 201 468
Property and equipment net		3 641 852	(26 781)	3 643 334	I	11 608	12 362	63	1 266	I	2 677 248	×	964 604
Investments and other		115.250	(45 143)	140 941	369	11 042	7.724	1	417	1	96 933	33	18317
Collateral held for swap counterparts		8 9 2 6	1	8 926	1	1	1	ı	1	1	8 9 2 6	36	ı
Meta-record		ראו גר		51.50							ררר רר	۲,	030
incies iecetvatile		1 1	1	1 1	ı		1	ı	1	1	1 :	1 1	0.5%
Deferred financing costs net		23 247	I	23 247	ı	ı	ı	ı	ı	ı	12 × 61	17	3 726
Goodwill and other intangibles net		255 935	(6 594)	261 460	ı	1	1	1	1 069	1	41 770	70	214 165
		426 510	(51737)	457 726	569	11 042	7 724	1	1 486	1	189 372	72	237 138
7 T	6	L		100.00	11077	9 201 SC 9	3 502 15	501	, 272.66	OCC 301	0262 3	٥	101 (01 2
Loral assets	Ą	\$ 7/+ Iccs	(43+14)	8 391 284	3 // 8/1	4 00+C7 4	21 703 3	# IKC	27.703	875 COT 9	887 666 6	9	5 192 164
Lashilities and net assets (deficit)													
Curent habilities													
Account, on abla	÷	3 998 921	.106,	121150	3	5	٠	9	3 1000	27	500 701	3 50	50.771
Accounts pay anie	9			174 190	000	1	I		101				1// 04
Acci ued compensation and		0.70						0.0				í	
related Habilities		200	ı	126 cmc	1	1	ı	414.5	±8C-1	1	078 677	07	+()0 (8
Accrued habilities		366 648	(1461)	342.844	21 655	ı	2.253	1357	1	I	201 732	32	164916
Payable to third-party payors		75 873	ı	75 873	ı	1	1	ı	1	ı	73 800	00	2 073
Current maturities of long-term debt		202 453	ı	202 453	1	1	ı	ı	1	1	41 340	0+	161 113
Total current habilities		1 131 264	(1657)	1 099 271	22 263	1	2.253	4 276	4 785	7.3	187 999	87	464 477
Interest rate swaps		85 983	ı	85 983	1	1	ı	ı	1	1	559 81	55	37.328
Cither liabilities.		744 154	1	115117	10.716			ı			151 130	30	101.097
And the second s		1 1 1 1		-	01.23						-		70 ToT
Notes payable and interest due (from) to				6	:								
affillates		ı	(/ +1)</td <td>(3.824)</td> <td>ç III</td> <td>1</td> <td>(<!-- 71</td--><td>1740</td><td>(1981)</td><td>7</td><td>(91+8+1)</td><td>[0]</td><td>148 +116</td></td>	(3.824)	ç III	1	(71</td <td>1740</td> <td>(1981)</td> <td>7</td> <td>(91+8+1)</td> <td>[0]</td> <td>148 +116</td>	1740	(1981)	7	(91+8+1)	[0]	148 +116
Long-term debt less current maturities		2 118 137	(38 330)	2 136 101	1	20 366	1	1	1	_	1 712 710		405 427
Total habilities		3 587 611	(54.744)	3 559 042	33 092	20 366	15 010	10 803	3 424	618	998 08† 7		1 156 745
Net assets (deficit)													
Controlling interest		4 887 443	(42 062)	4 759 156	44 779	0+0) 5	6 6 6 9 3	(10.212)	19 339	104 710	2 9 28 4 2 2		1 959 021
Nonconfrolling interests in subsidiaries		76 418	3 332	73 086	I	ı	ı	ı	1	1			76 418
Ü		1 963 861	(38.730)	יני יגאד	11 779	0F0 \$	6693	(40.712)	19 339	104 710	ιτ Σκ0 ι		035 139
				1		:					1		2
Total habilities and net assets	643	8 551 472 \$	(93 474) \$	8 391 284	\$ 77.871	\$ 25 406 \$	21 703 \$	\$ 165	5 22.763 \$	\$ 105 328	882 6583	s	3 192 184
		ı		I			Ш				I		

Total habilities and net assets

Consolidating Balance Sheet of Regional Entities

(In Thousands)

June 30, 2013

	To Reg	Total Regional		Southern Califorma	Northern California	Texas	System
4.00		Ellinics	FIIIIIIIIII	IVERIOR	Negroii Negroii	Negion .	Oller
Current assets							
Cash and equivalents	- 99	299 774 \$	(23.352) \$	215 042 \$	41 382 \$	66 702 \$	ı
Short-term marketable securities			ı				100 281
Patient accounts receivable less allowance for doubtful accounts		607 548	I	370 454	119 394	117 700	I
()ther assets		294 156	ı	180 909	56 129	39 131	17 987
Total current assets		1 916 822	(23.352)	1 138 675	371 828	311 403	118 268
Long-term marketable securities		925 621	2.365	449 284	165 623	178 111	130 238
Assets limited as to use							
Board designated		1 319 971	ı	1 298 382	6 941	14 648	ı
Held in trust		127.810	ı	3.050	28 572	13 188	83 000
Total assets limited as to use		1 447 781	1	1 301 432	35 513	27 836	83 000
Property and equipment net		3 643 334	122 716	2 457 893	631 651	287 035	144 039
Investments and other		140 941	I	78 762	5 144	23 793	33.242
Collateral held for swap counterparts		8 926	I	ı	I	I	976 8
Notes receivable		23 152	1	2.832	1	5	20.299
Deterred financing costs net		23 247	1	16 099	5 1111	1 186	851
Goodwill and other intangibles net		261 460	26 782	234 409	369	=	1
		457 726	287 92	332 102	10.524	25 000	63 318
Total assets	÷	8 391 284 \$	128511 \$	\$ 679,386 \$	1215139 \$	8 588 628	538,863
Labilities and net assets							
Current liabilities							
Accounts pay able	æ	174180 \$	(1) \$	97 328 \$	27 829 \$	20360 \$	28 664
Accrued compensation and related liabilities		303 921	I	146 983	57 740	43 103	56095
Accrued liabilities		342 844	1	142.540	32 416	68 817	170 66
Payable to third-party payors		75 873	ı	43 412	22 809	9 652	I
Current maturities of long-term debt		202 453	(30) 969)	174 202	4 631	13 582	41 007
Total current liabilities		1 099 271	(30.970)	604 465	145 425	15551	224 837
Interest rate swaps		85 983	1	37.328	1	1	48 655
()ther liabilities		241 511	ı	772.28	1 939	31 831	125 464
Notes pay able and interest due (from) to attililates		(3.824)	1 342 264	101 865	38 493	(18 603)	(1 467 843)
Long-term debt less current maturities		2 136 101	(1 305 112)	1 348 153	334 598	147 483	1 610 979
Total liabilities		3 559 042	6 182	2 174 088	520 455	316 225	542 092
Net assets (deficit)							
Controlling interest		4759156	122 329	3 450 598	694 656	494 802	(3.229)
Noncontrolling interests in subsidiaries		73 086	1	54 700	28	18.358	1
		4 832 242	122 329	3 505 298	694 684	513 160	(3.229)
Total liabilities and net assets	-∽	8 391 284 \$	128,511 \$	\$ 679,386 \$	1,215,139 \$	8 28 382 8	538,863
							ı

A St Joseph Health Ministry Corporation St Joseph Health System and Affiliates

Consolidating Balance Sheet of Southern California Region

(In Thousands)

June 30, 2013

Avsets Region Currant avects \$ 215 042 Cash and equivalents \$ 215 042 Short-term mark-table securities \$ 20 045 Autent accounts recens able less allow ance for doubtful accounts \$ 70 454 Other avsets 1138 0 59 Long-term mark-table securities 1138 0 50 Avvets limited as to use 13 0 54 Board designated 1 208 382 Held in finst 1 301 42 Property and equipment net 2 47 893 Investments and other 8 06 Collateral held for swap counterparty 2 832 Delerred financial costs net 10 090 Occolaril and other manignibles net 234 409	Elman	o	150 14 150 14 150 14 150 14 150 14 150 14 150 14 150 14 150 14 150 150 150 150 150 150 150 150 150 150	<i>∽</i>	Hospital	Center H6 14 063 \$ 31 153	Hoag Hospital	- -	Foundation	C enter	South	C alifornia	Other 15 108
~	»	√s	15 01 14 15 01 14 15 01 14 15 01 14 15 01 14 15 01 14 15 01	12 - 92 5 19 - 92 5 10 - 92 5 10 - 92 6 10 - 91 6									15108
×	~	×	- \$ 45 014	12 025 14 002 21 511 19 014 19 014 19 014	ı								15108
			15 014 15 104 15 25 16 03 75 18 11 11 18 12 11 18 12 11 18 12 11 18 12 11 19 02 11 19	12" 225 19 902 21 511 19 938 246 290 - 19 914	81 982 81 258 20 601 100 240	31 153	121 332 \$	\$ #_ 02	15305 \$	\$ 018-	S		
			70 104 45 257 181 171 55 240 58 240 58 240 58 240 1 1 002 1 1 002 4 820 1 1 002	19 902 21 511 19 338 246 290 19 014	81 258 100 02 100 240		08 200	ı	2.804	ı	ı	15003	I
			70 104 445 257 160 375 181 171 55 246 58 246 58 246 58 246 15 086 1 1 902 4 820	21 511 100 338 246 200 10 014	81 258 20 001 100 240								1
			145.257 181 171 181 171 55.246 30.50 58.246 58.246 58.246 15.086 1 10.02 1 48.26 1 5 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	21 511 100 338 246 200 10 014	20 001	_£+	0o+ 08	10 244	1	1	0 _10	18 0 18	5 382
			181171 181171 3 0 2 0 3 0 2 0 5 2 4 0 5 8 2 0 5 9 2 0 1 1 0 0 2 1 1 0 0 2 1 2 0 2 1 2 0 2 1 3 0 2 1 4 0 2 1 4 0 2 1 4 0 2 1 5 0 2 1 6 0 2 1 7 0 2 1 8 0 2 1 9 0 2 1	10 01 - 10 011 - 10 011	100 240	18 510	31 504	35-	0 3 a 0	14 981	324	11 555	- 580
			181 171 55 246 58 246 58 246 602 444 15 086 1 902 1 902 1 902	246 290 19 014 - 19 014		111 400	301 505	3-345	27 550	22 300	- 043	54 002	28.070
- F. 4			55 240 58 200 502 444 15 080 1 1 002 1 1 002 1 1 202 1 1 202	10 01+ - 10 01+	ı	21 823	1	1	ı	1	1	ı	I
			55 240 3 050 58 240 502 444 15 080 - 1 902 4 820	10 01									
			3 050 58 290 502 444 115 080 - 1 902 4 820	10 014	-0 030	081	1 02 - 000	1	118 002	1	1	1011	1
			285 290 15 080 1 1002 1 4820	10 014	ı	1	ı	1	1	1	ı	ı	ı
61			15 080 - 1 902 4 820		−c 030	180	1 027 000	1	118 002	1	1	1 101	
			15 080 - 1 902 4 820	5-18 338	320 50-	135 5	742 550	0.234	1	128 043	2 930	25 and	35 821
			1 902 4 820	1021	20 122	1 101	230 194	55.847	T50 52	9	ı	2 232	120
[1			1 902	ı	ı	ı	1	1	ı	1	ı	1	ı
			4 820	1	1	ı	1	ı	1	ı	1	30	108
				4305	2 730	410	3 - 20	ı	1	ı	1	ı	1
	ا			1 002	13 -1-	1	1	520	1	1	1	132 035	50.308
332 102		١	21 814	8tt o	45 5-5	ا ځ	233 920	50.30	F5052	ol	1	134 900	5-310
Total assets \$ 50°0,380	380 \$ (314,050	<i>A</i>	324 100 \$ 1	022 428 \$	050 427 \$	2-112- \$	2305 3 \$	§ მხიიი	1-2115 \$	151250 \$	\$ £_00	205000 \$	121 210
Liabilities and net assets (deficit)													
Current Insbilities													
<u>al</u> c	0_328 \$	(31) \$	22 504 \$	8 500 \$	14 528 \$	\$ 2520	20 000 \$	3015	142 \$	132 \$	330	\$ 1088	2.481
thon and						1					1		
	140 083 (2 \$	(2 500)	2º 80-	208	20 205	11 582	50.380	2 182	725	1	1 303	5-0-	2 0 2 2
		(4.128)	15 028	12 018	22 003	8 200	54 100	5_0_	81	-51	433	24 485	[
Th payofs		1	508	0.503	18 001	מלממן	300	1	1	1	1	1 408	1
m debt		(000)	0 145	3.0-5	3.070	770	15-0-51	1 533	1	1	ı	000	50-J
		(7.024)	-00 O-	52 080	-888-	0_0 oF	205.840	14.405	118	580	5.0%	13.058	5.830
			ı	1		· II	3-328		. 1	. '	,	i 1	. '
		(2050)	0.3-0	1 500	3 504	v	55.487	3 220	2.137	ı	30	101_	2 105
nd interest due (from)													
	101 805	1	(3.213)	(1 300)	0-0+8	000 -	(22 033)	140	1 830	ı	8 854	1301	20 002
Long-term debt less current maturities 1 348 1 53	3 153 (2o 720)		158 851	354150	180 050	3-13-5	₹-8 10€	٤ -10	I	ı	ı	45 302	803
Total habilities 2174088	1 088 (30 403)		132 700	410 000	348 089	98 -40	761 501	23.481	1 424	580	10 aa8	100 185	20 -30
ć.	9		108 101	012 308	302 338	182 381	1 544 272	-0 +05	10, 001	150 0-0	(500)	105 784	08+ Io
Noncontrolling interests in subsidiaries			ı	I	I	I	ı	1	ı	ı	I	1	I
3 505 208	5.208 (278.547)		10£ 10t	012308	302 338	182 381	1544272	-0.405	100_01	1500-0	(500)	165 784	08† To
Total habities and net assets	J.	3 (3/14 050) \$	1 \$ 100 \$ 1	\$ 1022 428 \$	050.427 \$	2-112- \$	2305-73 \$	\$ 970.00	1-2115 \$	151250 \$	00-3	205 909 \$	121 210

A St Joseph Health Ministry Corporation St Joseph Health System and Affiliates

Consolidating Balance Sheet of Northern California Region

(In Thousands)

June 30, 2013

	Northern							Heritage Foundation	St Joseph Home	Redwood	Advanced	Oneen of the	흌
	California Region	Eliminations	Queen of the \alley	Santa Rosa Memorial	Petaluma Valley	St Joseph Eureka	Redwood Memorial	Northern California	Health North	Memorial Foundation	Surgery Institute	\ alley Foundation	
Assets													
Current assets													
Cash and equivalents	\$ 41 382	-	\$ 18308	\$ 3310	\$ 0127	- -		\$ 1270 \$	1	\$ 05	\$ 1+1	<i>ج</i>	3.2-4
Short-term marketable securities	154 023	ı	-0 010	03 004	I	150	18 020	ı	I	2 530	1		ı
Patient accounts receivable less	ı												
allow ance for doubtful accounts	110301	I	30 042	45 300	- 00 o	23 050	5 345	3.358	0_0	1	T T		1
Other assets	50 120	I	10001	10 410	3 100	14 323	2 500	1.452	30	1	120	-	1 401
Total current assets	3-1 828	1	130 530	128 048	21 384	38 432	31 800	ە 080	1 000	2 505	084	7	1075
Long-term marketable securities	105 023	1	80 124	58 430	131	523	23 545	1	I	1	1	C.1	2.870
Assets limited as to use													
Board designated	1100	1	I	3 050	1 705	1 196	I	ı	I	I	I		ı
Held in trust	28 5-2	ı	22 07o	ı	ı	I	I	ı	ı	ı	ı	0	0-100
Total assets limited as to use	35 513	1	22.07e	3 050	1 705	1 190	ı					٥	0 100
Property and equipment net	150 150	1	204317	-888-	1- 985	212 513	10.300	4 105	1001	- 6.6	_10 0		<u></u>
Investments and other	5 144	(00)		1081	. "	F (. 1	: "	. 1	. × -	55		. '
Notes receivable	. 1	: I	. 1	. 1	ı	· 1	1	1	ı	. 1	"		1
Deterred financing costs net	11115	1	1 103	010 د	1 0n1	500	ډر	1	1	1	1		ı
Coode II and other rot analyse, not	Gar	1				769	i				1		
	105.01	.0C)	טרר ר	3 100	1.001	36.18	- ۲			8_1	23		l
	10.01	(57)	0.55	0015	1001	0+0 6	- 1			o T	67	ļ	
Total assets	\$ 1215130	\$ (20)	445.207	\$ 3-3015	\$ 42,350	\$ 250,312	\$ 050-4	\$ 10,245 \$	2,001	\$ 3,300	\$ 2-54	\$	14154
Labilities and net assets (deficit)													
(mrent habitus													
Account no bla	טרס בנ ז	3 (1)	1098	0.530	1001	19 5 19 s	050	3 1-0	٥٢	J	150	y	Ξ
Accused common, then and				3		200	!			5			_
related habilities	01,778		(o	18116	11115	-15 11	3 508	-12	III		Ûε		
Accepted highlither	37 116	1	100.4	13.850	ייי י	.0e -	9	353		1	2 2		8
Do the short manner	008.00		,505,	5 25	021	201	2 5.2	300					;
rayatile to tilita-party payors	500	1	(602)	205.0	Q (60/6	05.	I	ı	1 6		ı
Current maturities of Iong-term debt	150+		1.505	(4.5)	DO .	1 6	200	1 3	1 0	1	con .		· ;
I of all current flabilities	(7+ (+1	0	37.78	07.1 100	77.0	181	×	H = 1	800	I	100		Ś
Other habilities	ინი I	ı	I	ı	ı	355	I	180	I	I	I	-	1 404
Notes payable and interest due (from)													
to affillate.	38 103	I	(5.738)	(34 302)	228 22	3+0-8	322	010 01	2 o00	7	I		(olo)
Long-term debt 1ess current maturities	334 508	1	152 404	118 0-4	342	00 823	1 838	_	1	_	1 027		1
Total habilities	520 455	(1)	180 143	130 878	31 001	132 740	8100	_£0 o1	o 408	7	200-		580
Net assets (deficit)													
Controlling interest	040 +00	(95)	205 124	230 137	10 305	123 572	55 - 50	(8 702)	(43)	3 200	5	13	13 5-4
Noncontrolling interests in subsidiaries	28	28	1	-	-	1	1	_	1	=	_		1
	180 100	(28)	205 124	23o 137	10.305	123 572	55.70	(50_8)	(4322)	3 500	-5	13	13.574
F. 1. Links.	05131613	.00	Tac 311	372.015	13.355	C 15, 21,	- 1 4 3 4	31001	100.0	3 300	131 (-	121
Lotal Habilites and Het assets	SC 1 17 1 9	677	07.4+	1000	2 5 7	210012 6	+ 010	6 - + 101	150	۵۵۰ د ه	±	÷	<u>-</u>

Consolidating Balance Sheet of Texas Region (In Thousands)

June 30, 2013

Methodist

							C ovenant	Methodist		C ovenant		C ovenant		Service	
	Tevas		C ovenant	C ovenant	C ovenant	C ovenant	Medical	Medical	Covenant	Diagnostic	Hospice of	Health	First	Provider	C ovenant
	Region	Elimination,	Lubbock	Levelland	Plainview	LT4C	Group	Group	Surgreenter	Imaging	Lubbock	Partners	Care	Organization	Foundation
4.sets															
Current assets															
(ash and equivalents	\$ 00 702	s	- \$ 25 503 \$	\$ 1700	\$ 12083 \$	\$ 2320 \$	\$ 1530	S - S	50_ 4	\$ 200 \$	800 € \$	\$ 2047	\$ 10 500	\$ 105 \$	1501
Short-term marketable securities	0_8_8	1	02 813	3710	15	ı	ço	ı	1 002	ı	1		20 142	1	ı
Patient accounts receivable less															
allow ance for doubtful accounts	1100	1	\$00 00\$	1 001	1 021	2 812	- 331	ı	1 890	-52	000	ı	17 410	1	1
Other assets	30 131	ı	28 034	333	270	ζ.	2.318	ı	023	140	184	280	1 1	2 000	1 080
Total current assets	311 403		19-045	- 10	10e _1	5313	11 2		4310	1158	1-0-1	2 02-	†£0 0†	0ი0 €	5.07
Long-term marketable secunities	1118_11	ı	125 530	I	ı	ı	ı	ı	ı	ı	ı	1	45 of 1	1	100 0
Assets limited as to use															
Board designated	14048	1	3-1	æ.	ı	ı	ı	ı	ı	ı	ı	ı	ı	1	14 238
Held in trist	13 188	1	10.150	ı	ı	I	ı	I	ı	ı	ı	ı	ı	I	3 032
Total assets limited as to use	27 830		10 52-	æ.	1	ı	ı	ı		1	1		1	1	17 270
Property, and equipment net	28-035	1	200 551	1 800	- 050	500	032	I	1 920	038	330	1	10 08	2 040	∞
Investments and other	£0_ £2	(34093)	1 000	ı	(0)	ı	20 502	4_4	103	ı	110	ı	ı	2- 530	ı
Notes receivable	21	ı	I	21	ı	ı	ı	ı	ı	ı	I	ı	ı	ı	ı
Deterred financing costs net	1 180	1	1 186	ı	1	I	1	ı	1	1	ı	1	1	1	1
Goodwill and other intangibles net	I	1	1	ı	1	ı	1	ı	1	1	I	1	ı	1	1
	00056	1500 FE)	10 790	اد	(0)		C05 OC	7.1	103		0110		1	055 _ 4	

2 001	35	181	I	ı	2 010	I	5+-	ı	3055	20.201	ı	20 201	32 010
vs I	ı	ı	ı	ı	t	ı	38 18-	ı	Fol 8£	(5.510)	ı	(5.510)	320-8 8
414 \$	_t_ l	58 152	ı	140	60 453	ı	T	2.240	05 000	40 833	ı	40 833	103 532 \$
\$ 01	2 800	ı	ı	ı	2.825	ı	(3.450)	ı	(1634)	3 501	ı	3 501	\$
284 \$	123	ı	ı	ı	-01	ı	60	ı	7.7	1-1-	ı	1_1_	5210 \$
30 8	o_1	굕	ı	ı	252	ı	ı	ı	252	1 544	1	1 544	\$ º0- I
200 \$	180	ı	ı	ı	380	ı	30_	1	٤٥٥	٤ -00	1	۶ ۲۰۵۰	0 303 \$
-	ı	ı	ı	ı	1	1_2	I	1	1_2	ı	ı	ı	\$ 5.7
123 \$	00 0	1 -05	ı	ı	8 585	20 592	-8 450	ı	10- 033	(-4 832)	ı	(74832)	32 801 \$
142 \$	190	-11	ı	ı	-55	ı	218	ı	€_0	5 335	ı	5335	o 308 \$
-52 \$	3 085	ı	1 055	ı	5 00 0	1	808 8	ı	14 aa0	0 001	1	ე მტ [\$ 150 FC
308 \$	032	ı	-42	ı	1 052	ı	(511)	ı	1111	8 480	ı	o8t-8	0 630 S
- \$ 15415 \$	20 553	8 535	- 245	13 442	-1 lo0	10 704	(141 509)	145 237	85 082	2180	ı	2180	004452 \$
-	1	ı	ı	ı	1	ı	ı	1	1	(150.62)	18 358	(34 093)	(34003) \$
20300 \$	43 103	-18.80	0.052	13 582	155 514	31 831	(18 003)	147-483	310 225	708 tot	18 3 58	513 100	8 254 400 \$ (54 663) \$ 585 628

Controlling interest Noncontrolling interests in subsidiaries

Net assets (deficit)

Total liabilities and net assets

Payable to third-party payors Current maturities of long-term debt Total current habilities Other habilities

Liabilities and net assets (deficit) Current habilities

Total assets

Accounts pay able
Accrued compensation and
related habilities
Accrued habilities

Notes pay able and interest due (from) to affiliates
Long-term debt less current maturities
Total habilities

Consolidating Statements of Operations (In Thousands)

For the Year Ended June 30, 2013

St Joseph

				Total Regional	American Units	Professional Services	Heritage Investment	Revenue Cycle	Innovation	Health	Obligated	Non- Obligated
	Consolidated	lated	Eliminations	Entities	Group	Enterprises	Group I	Services	Institute	Foundation	Group	Group
Rev enues												
Patient service net of contractual allowances												
and discounts	÷ + +	4088718		\$ 4088 718	99	\$		99	95		8 3 494 088	\$ 594 630
Provision for doubtful accounts	CI	236 897	ı	236 897	ı	ı	ı	ı	I	ı	±1 = 15	25 753
Net patient service net of provision for	3.8	3 851 821	1	3 851 821	1	ı	1	1	1	1	3 282 944	568 877
doubtful accounts												
Premium	6	943 634	ı	943 634	ı	ı	ı	ı	I	ı	14247	789 393
()ther	1	160 245	(956 69)	83 497	15 741	3.348	3 360	926 82	45 279	ı	88 325	71 920
Total rev enues	6+	00/ 556+	(956 69)	4878952	15 741	3 348	3 360	916 81	45 279	1	3 525 510	1 430 190
Fynensek												
Compensation and benefits	2.1	2 1 79 898	(16 906)	2 131 904	I	ı	I	48 617	16 283	ı	1 694 796	485 102
Supplies and other	10	1 048 765	(19.216)	1 048 433	604	357	1 092	2 704	5 791	I	827 593	221 172
Professional fees and purchased services	1 3	1 369 459	(32.057)	1340 191	151	ı	38	33 347	27 789	I	620 547	748 912
Depreciation and amortization	CI	235 496	(1185)	235 211	ı	849	340	278	204	ı	193 018	42 478
Interest		72.346	(6.304)	75 144	ı	2.753	753	ı	ı	I	65 781	6 565
Total expenses	6+	1965064	(75 668)	4 830 883	557.6	3 758	2 223	946 48	50.067	1	3.401.735	1 504 229
() xxl / semential vital view (357 01	C17.5	090 81	980 5	, 1103	1 137	, 5 070 s	1884		377 501	,710301
Cyclating income (1955)		057 54	11/	60n e †	0005	(a1+)	1 (2)	(n/A r)	[c c / t]	I	5.5	(500±/)
Nonoperating gains (losses) net		159 584	(20 299)	171 426	ı	570	œ	21	7	7 816	158 824	760
Contribution from affiliation	1 7	1 712 981	1	1 712 981	1	I	I	ı	I	1	1 712 981	I
Excess (deficiency) of revenues over expenses	61	1 922 301	(14587)	1 932 476	986 5	160	1 145	(6465)	(4746)	7 816	085 566 1	(73.279)
Less Excess of revenues over expenses												
attributable to noncontrolling interests		41314	170	40 744	1	1	1	1	1	1	43 128	(1814)
Excess (deficiency) of revenues over expenses attributable to controlling interests		1 880 987 \$	(15151)	\$ 1891732 \$	\$ 986 \$	160 \$	1 145 \$	\$ (6465) \$	\$ (9424) \$		7 816 \$ 1952 452	\$ (71.465)

A St Joseph Health Ministry Corporation St Joseph Health System and Affiliates

Consolidating Statements of Operations of Regional Entities (In Thousands)

For the Year Ended June 30, 2013

Total Regional Eliminations (Southern California Region	Northern California Region	Texas Region	System Office
	ū	C	c	
4.088.718 S – S	2.298.585 \$	1.026.997 \$	763.136	
236.897	97.942	61.534	77,421	I
3.851.821	2.200.643	965.463	685.715	I
943,634	451,717	9,452	482,465	I
83,497 (255,874)	9.532	28.865	39.518	261,456
4.878.952 (255.874)	2.661.892	1,003,780	1.207.698	261,456
2.131.904 (29.325)	1.101.022	483.227	426.565	150,415
1.048,433 (17.219)	601,660	213,904	212.228	37.860
1.340.191 (209.330)	690.870	221.335	540.629	96.687
235.211 2.445	134,658	55.179	34.619	8.310
75.144	49,120	12.815	8.611	4.598
4.830.883 (253.429)	2.577.330	094*986	1.222.652	297.870
48.069 (2.445)	84.562	17.320	(14.954)	(36.414)
171.426	83.372	25.181	20.620	42.253
1.712.981 1.712.981	I	I	I	
1.932.476 1.710.536	167.934	42.501	999"5	5.839
40.744 43.128	716	(34)	(3.066)	I
\$ 1 667 408			8 732	6885
1.891.732 \$ 1.667.408 \$		167,218 \$	\$ 42,535	s

Consolidating Statements of Operations of Southern California Region (In Thousands)

For the Year Ended June 30, 2013

	Southern		St Joseph	St Jude Medical	Mission	St Mary Medical	Ноле	Hoag Orthopedic	Ноле	New port Healthcare	St Joseph Home Health	Heritage Foundation Southern	
	Region	Elminations	Orange	Center	Hospital	C enter	Hospital		Foundation	C enter	South	California	Other
Revenues													
Patient service net of contractual allowances													
and discounts		S					\$ 238.815	\$ 26.562 \$	I		\$ 40.952	\$ 160306 \$	20.289
Provision for doubtful accounts	97 942	_	21 243	18 194	12 244	32 290	9 213	1	-	-	1 413	3 007	338
Net patient service net of provision for doubtful accounts	2 200 643	15 398	579 816	404 392	472 047	256 037	209 622	26 762	I	I	39 539	157 299	15661
Prennum	451717	1	60 004	64 628	3 143	17 535	31 158	1	1	İ	ı	275 249	I
Other	9 532	(83 684)	12 657	7 444	10 780	5 344	19 188	777	4 008	3 789	1	10 106	19 063
Total revenues	2 661 892	(98 586)	652 477	176 464	185 970	278916	279 948	27 339	89() †	3 789	39 539	142 654	39 014
Expenses													
Compensation and benefits	1 101 022	(1.038)	280 708	208 919	196 482	134 482	125 502	6 912	I	ı	26 326	104 344	18 385
Supplies and other	601 660	(1.234)	154 843	955 66	115 788	966 95	68 932	13 329	8 292	1 109	8898	63 742	11 619
Professional fees and purchased services	028 069	(63 112)	141 939	102 577	88 947	62 061	45 161	۶۲۱۶	1	H+9	4 721	297 924	4 853
Depreciation and amortization	134 658	(1621)	38 181	25 718	22 507	10 401	24 882	357	ı	916	759	9 725	2 833
Interest	49 120	(986)	15 331	13 480	9 401	1 778	6 170	69	I	ı	112	3 806	65
Total expenses	2 577 330	(67 991)	631 002	450.250	433 125	265 718	270 647	25852	8 292	5 669	905 0F	479 541	37 749
Operating income (loss)	84 562	(295)	21 475	26 214	52.845	13 198	9 301	1517	(4 224)	1 120	(967)	(36 887)	1 265
Nonoperating gains (losses) net	83 372	(7 692)	21 839	36 562	680 9	4 643	20 139	652	\$28	÷	33	061	7.
Excess (deficiency) of revenues over expenses	167 934	(7 987)	43 314	62 776	५ ८ १३४	17 841	59 440	2 169	(3 696)	1 165	(146)	(36 397)	1319
Less Excess of revenues over expenses attributable to noncontrolling interests	716	716	1	I	1	I	I	1	I	I	1	1	1
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 167,218 \$	\$ (8,703) \$	\$ 43,314 \$	62,776	\$ 58,934 \$	17.841 \$	\$ 29,440 \$	3 2 169 \$	(3,696) \$	1,165	\$ (944) \$	\$ (36397) \$	1 319

Consolidating Statements of Operations of Northern California Region (In Thousands)

.

For the Year Ended June 30, 2013

	Northern							Heritage Foundation	St Joseph Home	Redwood	Advanced	Queen of the
	California Region	Eliminations	Queen of the Valley	Santa Rosa Memorial	Petaluma Valley	St Joseph Eureka	Redwood Memorial	Northern California	Health North	Memorial Foundation	Surgery Institute	Valley Foundation
Rev enues												
Patient service net of contractual allowances												
and discounts	\$ 1026997	(857)	~	\$ 379041	\$ 87.307	SOS 202		\$ 31341	\$ 9968	- ~	\$ 2.436	- \$
Provision for doubtful accounts	61 534	I	11 997	22.26	8055	12.222	5 641	596	386	I	ı	ı
Net patient service met of provision for	965 463	(858)	248.857	3-7 3-8	252.67	196 480	42.265	30376	6-5-6	1	2.436	1
doubtful accounts												
Premium	9452	ı	- 993	886	I	ı	I	125	I	ı	ı	ı
Other	28 865	504	8 218	3181	2.443	2.205	856	6813	ı	ı	1	1
Total revenues	1 003 780	4 489	265 068	360.895	81 695	198 685	43 223	37.70	6-5-6	1	2 436	1
A Section A												
Compensation and benefits	-rr \$XF	, 663	136159	17-1-1	0-5-F	, x	19740	10.95x	X 031	1	(6)	ı
Sucolar and other	13001	6 133	55 201	0_2 1_	11550	24. 25	- 27	5.17	1 531		1361	
outlines and outer	T K C I I	000	T	T :	F .	001	03.00		10.1		1	I
Professional fees and purchased services	335	(1459)	44 531	72 699	16 921	# JEJ	9630	36 520	1 131	I	761	I
Depreciation and amortization	6-155	85	17 502	19 145	4085	11 308	1615	_98	795	1	304	ı
Interest	12815	33	3 901	6091	95	2.398	%	1	209	1	19	ı
Total expenses	986 460	85	257.397	34" 0"5	83 161	185 789	3_ 088	54.520	11 197	1	505 5	1
Operating income (loss)	17.320	(3 239)	1-9-	13.820	(1 466)	12.896	6135	(16810)	(1 618)	I	(69)	I
Nonoperating gains (losses) met	25 181	2 949	10712	8 904	143	(281)	2.739	ग	ı	140	I	(129)
Excess (deficiency) of revenues over expenses	42 501	(067)	18 383	든	(1.323)	713.615	* × ×	(16806)	(1618)	140	(69)	(129)
Less Deficiency of revenues over expenses attributable to noncontrolling interests	(34)	(34)	1	1	ı	1	1	1	1	ı	I	ı
Excess (deficiency) of revenues over expenses												
attributable to controlling interests	\$ 42535	\$ (375) \$	18 383	\$ #C_CC	\$ (1.323) \$	12615	\$ \psi_88	(16806) \$	(1618) \$	5 140 \$	\$ (69)	\$ (129)

Consolidating Statements of Operations of Texas Region (In Thousands)

For the Year Ended June 30, 2013

Methodist Service

C ovenant

C ovenant

C ovenant

	Tevas Region	Elminations	Covenant Lubbock	Covenant Levelland	Covenant Plainview	Covenant LTAC	Medical Group	Covenant Surgicenter	Diagnostic Imaging	Hospice of Lubbock	Health Partners	First Care	Provider Organization	C ovenant Foundation
Revenue														
Patient service net of contractual allowances														
and discounts	\$ 703 130 \$	\$ (5-983) \$ 020 07	020 020	\$ 20278	30050 \$	\$ 18851	88 3-8	\$ 12.430	\$ 1105 \$	\$ -143 \$	1	-	ا عد	-
Provision for doubtful accounts	121 -1	ı	5-02-	2 100	- do-	(203)	800 o	0++	-15	90				
Net patient service net of provision for	512 580	(57-083)	5-2 045	18 100	31 580	19 0 t	-8 380	11 990	to£ 5	0-	1	1	1	ı
doubtful accounts														
Prennum	482 405	(184_)								ı	1	484 312	1	1
Other	315 05	(30.375)	24.337	340	3 550	-	20 810	ı	2	184	4 522	10 004		
Total revenues	1 20- 098	(90.205)	500 382	18 500	35 145	19 055	105 190	11 990	5,443	7.201	4 522	90t tot	ı	ı
Expenses														
Compensation and benefits	420 505	600	240 828	11 50-	10 052	8 002	100 3-0	3050	227	2.830	1 330	31 442		
Supplies and other	212 228	I მმც	150 284	3013	o 40e	4 8 2 8	10 801	4015	800	1 384	210	1- o-1	8-7	1
Professional fees and purchased services	540 629	(050 06)	130 224	5 001	-01-	2 915	11 785	1 940	>	2.153	3 108	402 020	ı	ı
Depreciation and amortization	34010	1	_£0 0 .	43-	1 00	240	하는	524	<u>-</u>	181	1	1 720	٤,	1
Interest	8 011	1	8 408	3	1	1	1	1	1			140		
Total expenses	1 222 052	(108 301)	1+_+-5	20 081	34052	10 501	12021	10 120	38_0	0.557	1_50	513 881	t†o	1
Operating (loss) meome	(14 054)	3150	21 041	(2.172)	£ot	2.401	(24 024)	1 801	1.573	-01	(228)	(191-2)	(Hto)	ı
Nonoperating gains (losses) net	20 020	3 004	19 028	1-5	81	9	20	480		۲.	15	3 203	(10 902)	430
Excess (deficiency) of revenues over expenses	5 000	0 820	40 000	(1001)	† <u>-</u> \$	-01-5	(23 995)	2347	1.573	-31	(1)	(10.272)	(11846)	4370
Less Deficiency of revenues over expenses attributable to noncontrolling interests	(3 000)	(3 000)								I	I	ı	I	ı
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 8_32 \$		0000t \$ 0880	\$ (100T) \$	\$ 1.5	2.40_ \$	\$ (23,005) \$	2,347 \$	\$ 1.5-3 \$	\$ 731 \$		(17) \$ (10272) \$	\$ (11846) \$	\$ 43.0

A St Joseph Health Ministry Corporation St Joseph Health System and Affiliates

Consolidating Balance Sheet

(In Thousands)

June 30, 2012

			Total	American	Professional	Heritage	Revenue		St Joseph Health		Non
	Consolidated	f Eliminations	Regional Entities	Units Group	Services Enterprises	Investment Group I	Cycle Services	Innovation Institute	System Foundation	Obligated Group	Obligated Group
Assets											
Current assets	Oto bot	3 18 6 10 10	. 6	0.00 \$	•	00000	2 7.2 1	00515	2 3 1 1	9 050 00	005 001
י יואון יחות בלווואיתיבוווא		4		4			10/1		116.	0.676	
Short-term marketable securities Datent commer reservable less	/84 811	118	125.522		1	ı	ı	ı	08† nc	o _n , oso	((8n
Handling accounts technology	001 201		001 201							110 201	0000
allowalice for deublin accounts	171 030			=		1 -	I	1 2	ı -	112.75+	40.00
Cilici 455ci5	1					In S		<u>+</u>	-	07/ 0, 1	OLCAL
Total current assets	l o44 280	280 (22,308)	_	7 080		3 050	1 707	21 054	108 +0	1 381 577	202 703
Long-term marketable securities	030 187	187	- 874 184	62 003	-	1	1	1	I	854 984	111 503
Assets limited as to use											
Board designated	188 207		- 161 038		1	1	1	1	27 220	147 100	41 161
Held in trust	100 000	000	- 1ºo 0eo		1	1	1	1	1	180 0o7	0000
Total assets limited as to use	384 333	333	357 104			1	1	1	022.72	337 073	47.200
Property and equipment net	2.388.782	782 (24 982)	(1	•	72521	12 014	00	' 0	1	2310 003	08810
Investments and other	55		1	555		7 344	: 11	. 1	1	FCE CO	(58, 78)
Call deril held for an example of	Į.						1	1		501.01	
Mate, assembly	OF -	1010	10+0+							10+0+	
Notes receivable	7 ;	/11	11/1		1	ı	ı	ı	I	11/ +	
Deferred financing costs net	30				1	1	1	1	I	20 781	
Goodwill and other intangibles net	42	42.280 (5.524)	4) 47 804		-	-	-	-	_	15 527	20 753
	163 216	210 (43.300)	188 133	322	2 10 5 13	7 344	1	1	_	517 571	(10 \$ 50)
Total assets	\$ 5.17.008	008 \$ (00) 140)	010/11/5 \$ (c	\$ 00,41	1 \$ 22,770	\$ 23,008 \$	1,827 \$	\$ 01710 \$	02 030	\$ 5,037,342 \$	470750
Liabilities and net assets (deficit)											
Current liabilities											
Accounts payable	\$ 121	121 428 \$ (19	(193) \$ 119950	\$ 801		S - S	S F	\$ 028	I	\$ 107.305 \$	14 033
Accrised compensation and											
related habilities	234 08o				1	1	0.334	tot	1	211 370	22 710
Accried habilities	202 230	230 (1.502)	2) 273 540	18 107		101	101	_	ı	194 000	08 104
Payable to third-party payors	10	o4 045	- 04 045		1	1	1	1	ı	02 00₹	2 040
Current maturities of long-term debt	30	30 238	30 238		1	ı	ı	ı	I	800 ox	140
Total current habilities	751 027	(1007)	5) 724 040	800 8I	~	f lo I	0.435	1 305	1	013 o10	137 087
Interest rate swaps	72	72 020			1	1	1	1	1	72 020	
Other lubilities	178 507	507	- 107 050	11 535	9	1	1	1	ı	144 710	33 887
Notes pay able and interest due (from)											
to affiliates		- (22 503)	3) 14 707	113	3 (2.228)	14 725	(344)	333	(4803)	(110 000)	110 000
Long-term debt less current maturities	1 033 784	784 (37.873)	10			1	ı	1	ı		3 557
Total habilities	2 030 037		C.1	30 010		080 ol	1000	1 008	(4803)	2 344 537	201 500
Net assets (deficit)											
Controlling interest	2.845.141	[31 846)	5) 2.714.303	38 705	4 870	0.300	(4.204)	20 021	508 Op	2 092 805	152330
Noncontrolling interests in subsidiaries	35	35 020 3 171	1 32.749		1	1	1	1	1	1	35 020
	2 881 001	(28 o75)	5) 2747052	38 705	4 870	0 300	(4.204)	20 021	£08 º0	2 092 805	188 250
Total habilities and net assets	800 215 5 \$	s	v	s.	- S	\$ 23 008 \$	1827 \$	21710 \$	05 030	\$ 5 037 342 \$	170750
					,	27.22	0.000				

9

Consolidating Balance Sheet of Regional Entities

(In Thousands)

June 30, 2012

	Reg	Regional Entities	Eliminations	California Region	California Region	Tevas	System Office
Assets				c.	G	c.	
Current assets							
Cash and equivalents	64	184 772 \$	(31344) \$	58 785 \$	29 274 \$	102 225 \$	25 832
Short-term marketable securities		725 322	1	350.725	189 617	104 601	80 379
Patient accounts receivable less							
allowance for doubtful accounts		66t 58 t	ı	249 976	128 041	107 482	ı
(ither assets		172 697	ı	868 98	57 918	20.154	7277
Total current assets		1 568 290	(31 344)	746 384	104 820	334 462	113 938
Long-term marketable securities		874 484	2 365	154 459	108 900	177 296	131 464
Assets limited as to use							
Board designated		161 038	1	142 081	985 9	12 371	ı
Held in trist		196 066	ı	65 023	54 716	13 584	62 743
Total assets limited as to use		357 104	1	207 104	61302	25.955	62 743
Property and equipment net		2 388 768	ı	1 441 863	578 097	258 027	110 781
Investments and other		74 735	ı	24 639	2.872	20 115	27 109
Collateral held for swap counterparts		40 402	ı	ı	1	ı	40 402
Notes receivable		4 7111	ı	4 485	77	149	ı
Deferred financing costs net		20 781	1	12 938	5 581	1 368	894
Goodwill and other intangibles net		47 804	1	966 91	8()8	1	1
		188 433	1	850 68	9 338	21 632	501 89
Total assets	ss	\$ 377,079 \$	\$ (979,85)	2,938,868	1,162,487 \$	817,372 \$	487,331
Labilities and net assets (deficit)							
Current habilities							
Accounts pay able	64	11995() \$	(2) \$	69 022 \$	24.858 \$	18 127 \$	7 945
Acciued compensation and							
related habilities		227 258	ı	90 644	65455	34 530	46 625
Accrued habilities		273 549	ı	76 635	29 076	70 695	97 143
Payable to third-party payors		94 045	ı	34 094	20395	9556	I
Current maturities of long-term debt		39 238	(29.865)	13 849	3 604	13 070	38 580
Total current habilities		724 040	(29 867)	284 244	133 392	145 978	190 293
Interest rate swaps		72 629	ı	1	1	1	72 629
Other habilities		167 056	ı	14 661	1 787	29 788	120 820
Notes payable and interest due (from) to affiliates		14 767	1 364 566	56 719	44 282	(13 948)	(1 436 852)
Long-term debt less current maturities		1 651 535	(1 366 043)	961 454	337 412	161 130	1 557 582
Total liabilities		2 630 027	(31344)	1 317 078	516873	322 948	504 472
Net assets (deficit)							
Controlling interest		2 714 303	2.365	1 609 340	645 614	474 125	(17 141)
Noncontrolling interests in subsidiaries		32 749	1	12.450	1	20 299	1
		2 747 052	2 365	1 621 790	645 614	194 121	(17 141)

ĵ.

:65

4 499

32.856

3 ⁷93 (1 492)

76 899 37 207

85.617 202.556

355 506

8-1655

453 675 457 516

> (35 006) 12 450 (22 556)

10 042

(216) -(106) 5-2-5

165

6510

28 198

(1 682) 45 450

12809 3536⁻

364 787

(27 262)

St Joseph Health System and Affiliates A St Joseph Health Ministry Corporation

Consolidating Balance Sheet of Southern California Region

(In Thousands)

June 30, 2012

Southern			St Jude		St Mary	Foundation		St Joseph	Mission	V iejo	Education	Home
California Region	Eliminations	St Joseph Orange	Medical Center	Mission Hospital	Medical Center	Southern California	St. Joseph Imaging	Physician Ventures	Ambulatory Services	Medical Ventures	Conference Center	Health South
\$ 58 85	-9	-	\$ 13916	\$ 16634	\$ -624	\$ 11106	×.	\$ 6805	\$ 2.264	5.51	\$ 180	->-
350.25	I	23.55	131 793	101 614	29 501	14.265	I	I	I	1	I	ı
249 976	ı	53 648	48 50	347	52.304	12 546	1	_	2 183	ı	I	690 _
86898	ı	26 900	9 190	16 422	2, 760	5 663	243	I	80°	1	શ	183
-46 384	ı	154 100	203 649	208 145	-	43 580	\$. C	6 806	4955	17.2	209	252 -
454 459	ı	184 31 5	922 222	ı	4-915	ı	ı	I	I	1	I	ı
142 081	ı	53 194	16 991	068 69	059	1856	ı	I	1	ı	ı	ı
65 023	ı	2.873	62.150	ı	ı	ı	ı	ı	ı	1	1	1
207 104	ı	_90.9 <u>5</u>	79141	068 69	059	1856	1	1	1		1	1
1 441 863	(49 341)	492.064	458 821	319993	120318	67 222	1 295	20456	Ū 8 8	ı	5 960	4195
24 639	(30 693)		6.409	788 62	1 659	1 448	85.	I	1	15	ı	ı
4 485	ı	4 485	I	I	I	ı	ı	ı	1	1	1	I
12 938	I	5 038	4 598	2,860	#	ı	ı	ı	1	1	1	ı
46 996	29 969	1	1 002	13 -1-	1	1	1	2.308		-	1	I
850 68	(_24)	24.645	12 009	16.462	2.101	1 448	85_	2.308	_	ls	1	-
\$ 2 938 868	\$ (50.065)	\$ 911191	\$ 975 849	\$ 643 990	\$ 288173	\$ 114106	\$ 2301	\$ 29570	\$ 5835	\$ 302	\$ 6169	\$ 11.44
\$ 69 022	\$ (4) \$	26 423	\$ 9288	\$ 13899	\$ 9865	\$ 8415	\$ 644	- *	\$ 492	-9	≫	≫
90 644	I	31 268	20.838	20 634	10 659	6.048	1	I	232	ı	I	596
76 635	I	18976	13 483	21 640	6 265	15.231	ı	<u>%</u>	7	ı	110	415
34 094	1	635	12.187	10 093	9-38	14-1	1	1	1	1	ı	ı
13849	(244)	6 168	3 801	2 969	911	244	1	1	_	_	1	_
284 244	(348)	83.470	-65 65	562 69	3-438	31 379	644	89	1.1.1	-	110	1 380
11661		2 1 41	1531	0000	•	-	1000	\c.				

Deferred financing costs net Goodwill and other intangibles net Liabilities and net assets (deficit)

Total assets

Current habilities

allowance for doubtful accounts

Long-term marketable securities

Total current assets

Assets limited as to use

Board designated

Held in trust

Total assets limited as to use Property and equipment net

Investments and other

Notes receivable

Short-term marketable securities Patient accounts receivable less

Cash and equivalents

Assets Current assets

Accounts pay able Accrued compensation and related habilities. Accrued habilities. Pay able to third-party payors. Current maturities of long-term debt Total current habilities. Notes pay able and interest due (from) to affiliates. Long-term debt less current maturities. Total habilities.	Net assets (deficit) Controlling interest Noncontrolling interests in subsidiaries Total liabilities and net assets
---	---

Consolidating Balance Sheet of Northern California Region (In Thousands)

June 30, 2012

S		Queen of	Santa Rosa	Petaluma	St Joseph	Redwood	Foundation Northern	Home Health	Redwood Memorial	Queen of the Valley
S 29274 S 14937 S 9109 S Instance of the less allowance for the less allo		he Valley	Memorial	V alley	Eureka	Memorial	C alifornia	North	Foundation	Foundation
S 29274 S 14937 S 919 S										
128 cut 128										
anketable securities The receivable less allowance for a second of the securities The second of the seco			606	2.642		\$ 3309	\$ -65 \$	I	\$ 161	\$ 6719
recounts counts	I	86 306	8 411	I	17	1317	1	1	2 091	190
recounts 128 041										
State Stat	ı	32.615	53.270	9127	21.978	6 636	3 592	823	ı	
eth eight securities	ı	-6-5	22.297	3 598	20.306	4034	608	69	ı	1 003
set to tree	1	139655	163 887	15.367	42 426	2-156	4 998	768	ころこ	×
ated \$4586	ı	62.187	26 446	ĭ	471	1- 446	ı	1	ı	2275
ted at ot use 4176										
ted as to use 54 16 -	ı	I	361	1 930	526	ı	ı	ı	1	114
ted as to use 51802	ı	50.503	I	1	ı	ı	ı	1	ı	4 213
regions that the total politics in the total politics in the transmitches net asks	1	50.503	361	1 930	526	1	1	1	1	432
rother 28°2	1	175 234	168 202	16175	205 123	5866	2.764	229	[2]	158
be intrangibles net	1	Co	145	1	2.025	ı	ı	1	ı	
be intangables net	1	1	1	1	1	1	1	1	1	
Strict S	1	1 46	2.101	1 360	829	۲,	1	1	1	
9.338	1	I	ı	1	808	1	1	1	1	
S 1162 487 S - S 429 748 S 364 398 S	1	2169	2.246	1 437	3.461	ćı	I	1	1	
able services and related habilities between and related habilities 29 or 6	\$		364 398	34 984	\$ 252.406	\$ 54612	\$ 59_ 5	1121	\$ 2479	. 149
S 24858 S C D S 6850 S 980 S										
she be she should be shaded that three shades and related that three shades are shaded that three shades are shaded that three shades are shaded three shades are shaded to shade are shaded are shade										
able 8 21838 8 (2) \$ 6850 8 980 8 8 980 8										
personton and related liabilities 55459 - 17908 1947 lines 29 076 - 1452 1230 14 2917 14 292 - 1309 1947 15 394 - 1329 8731 17 38 392 - 1361 2181 18 392 - 1361 2181 18 392 - 1361 2181 19 47 - 1230 19 47 - 1230 19 47 - 18 290 1	\$ (2) \$		-086						- \$	s
1230 1230	ı	1_ 886	19 447	4 382	10135	235 2	SF.C	-89	1	
td-party payors 20 395 - 1 329 8 "31 nties of long-term debt 36.04 - 1 261 2 181 billities 133 392 (2) 34 890 52 396 1 78" - - - - nd interest due (from) to affiliates 33 412 1 (58 0) (29 870) less current maturities 33 412 1 153 839 120 394 stri 516 8"3 - 182 929 142 940 ntit 645 614 - 246 819 221 458 ng interests in subsidiaries - - - - 645 614 - 246 819 221 458	1	5	12.230	2 166	6 443		435	43	ı	
133 392 2 34 890 52 396 1 1 2 181 2 181 2 181 2 181 2 181 2 181 2 181 2 181 2 2 2 2 2 2 2 2 2	ı	1 329	8 -31	(1_)	9 435	318	599	I	I	
bilities	1	1 361	2 181	56	I	-9	I	I	1	
1 -8	(2)	34 890	52 396	868 8	30 622	40_1	2.245	-30	ı	4
44.282 1 (5.800) (29.850) 33.412 1 153.839 120.394 516.873 - 182.929 142.940 645.614 - 246.819 221.458	ı	1	I	ı	366	ı	111	ı	ı	1.310
337-412 1 153.839 120.394 516.873 - 182.929 142.940 645.614 - 246.819 221.458 	-	(5800)	(05850)	14 572	39 436	(853)	24.253	3141	8	(129)
\$16873 - 182929 142940 645614 - 246819 221 488 	-	153839	120 394	446	68_ 09	1 909	ı	ı	ı	33
645 614 - 246 819 221 458	ı	182 929	142 940	23 416	131 213	512	26619	38-1	3	59_
645 614 - 246 819 221 458										
	I	246819	221 458	11 568	121 193	49 485	(1884_)	(05.70)	2476	14 21 2
645 614 - 246 819 221 458	1	1	I	I	ı	ı	1	1	1	
	1	246819	221 458	11 568	121 193	49 485	(1884_)	(05_50)	2476	14212
\$ 364398 \$	\$ - \$	429.48	364398 \$	34 984	5-2-406	\$ 54612	\$ -7-5 8	1121	\$ 2479	\$ 1497

Consolidating Balance Sheet of Texas Region (In Thousands)

June 30, 2012

		·	C ovenant	Covenant	C ovenant	Covenant	C ovenant Medical	Methodist Medical	Соленан	Covenant Diagnostic	Hospice of	Covenant Health	First	Service	Covenant
\$1355	Keglon	Ellminations	Lumnock	reveiland	Flamview	r14(croup	croup	Surgicemer	inaging g	Lubbock	rarmer	e la la	Organization	roundation
(urrent assets															
(ash and equivalents	\$ 102 225 \$	ı	\$ 32.844	\$ 300	\$ 8 381	\$ 1134	\$ 1881	- - -	\$ 553	000 \$	\$ 1788	\$ 1304	\$ 35873	\$ 0.803	\$ 427
Short-term marketable securities	104 601	ı	78 225	1181	15	I	8	I	1 08	I	T00	ı	20 01 5	I	1
Patient accounts receivable Tess															
allow ance for doubtful accounts	107 482	ı	10	1 053	4 910	31		I	2 020	483	-15	ı	8 72.8	I	1
Other assets	20 154	ı	13075	328	318	1_1	1 447	I	020	180	255	322	1 035	58	830
Total current assets	334 462	1	202 700	10 129	13 030	1 488	11 180	1	1 280	1 338	3-52	1 020	00 248	1500	5 101
Long-term marketable securities	1 200	1	130 071	I	1	ı	1	ı	ı	1	1	1	3-050	ı	0 200
Assets limited as to use															
Board designated	12.371	1	3-0	30	1	1	1	1	1	1	ı	1	1	1	11 %2
Held in trust	13 584	1	11 098	1	1	1	1	1	1	1	1	I	I	I	1 880
Total assets limited as to use	25055	1	12 008	30	1	1	1	1	1	1	1	1	1	1	13 848
Property and equipment net	25802	1	233870	174	- 415	1.241	833	1	2 304	234	524	ı	118	2 125	10
Investments and other	20115	(30 582)	885	I	=	I	17 143		180	I	118	ı	ı	32 554	ı
Notes receivable	0+1	I	ı	0+1	I	I	ı	1	I	I	ı	ı	1	ı	1
Deterred financing costs net	1308	ı	1.308	I	ı	I	ı	ı	ı	ı	ı	ı	ı	ı	ı
Goodwill and other intangibles net	. 1	1	. 1	1	ı	ı	1	1	ı	1	ı	ı	ı	1	1
	دلاماد	(30.582)	300	2	III	1	17 1.13	13.1	180	1	118		1	32 55.1	
	10000	120 000	22.01		111-		2.1.46				1301	1000	CCC-111	00.11	סרר סר
lotal assets	A 18 18 4	(786.087)	\$ 000.80	1007	0(+17	S	(0107 €	¥.	†0 0	~ I	+ No. +	0701	77 n 111 e	000 ++	877.87
Liabilities and net assets (deficit)															
Current liabilities															
Accounts pay able	\$ 18127 \$	ı	\$ 14307	\$ 527	\$ 125	\$ 02	\$ 303 \$	- 	\$ 10_	\$ 50	o+1 \$	۶.	\$ 104 \$	-	\$ I 000
Accrued compensation and															
related habilities	34 530	ı	24010	620	Fo8	153	1 701	I	161	100	120	835	1 863	I	
Accrued habilities	70 0A	1	- 05I	1	ı	100	1.050	1	ı	30	1	1	cot-00	-0-	280
Payable to third-party payors	0.550	ı	11°08	105	24	1	ı	1	I	I	1	1	1	I	1
Current maturities of long-term debt	13 0_0	1	12 930	1	1	1	1	1	1	1	1	1	140	1	1
Total current habilities	8_05F1	1	81_89	_t_1	2.1.2	_35	0000	ı	328	258	200	838	05 030	-0-	1 300
Other habilities	88_ o.c	I	12.211	I	ı	I	17 143	13.4	I	I	I	ı	1	ı	1
Notes payable and interest due (from)															
to affiliates	(13 948)	I	(116 437)	220	£08 o	7	50 T08	I	203	I	108	(2 940)	1	3-4-3	200
Long-term debt less current maturities	161 130	1	158910	1	1	1	1	1	1	1	ı	ı	2 220	I	ı
Total habilities	322 o48	ı	123 432	-00 l	12 008	1 200	80 001	131	531	258	3	(2.108)	04820	38.2-0	1 002
Net assets (deficit)															
Controlling interest	474125	(188 05)	40557	10 004	o 388	4 523	(50.830)	1	0 233	1314	4 017	3 -34	4-0-2	0.330	20 500
Noncontrolling interests in subsidiaries	20 200	20 200	1	1	1	I	1	1	1	1	1	1	1	1	1
	101 151	(30 582)	405 571	10 004	o 388	4 523	(50.830)	1	0 233	1 314	4 017	3 734	4-0-2	o 330	20 500
Total habilities and net assets	\$ 81-3-2 \$	(30 582)	\$ \$80,003	\$ 12.001	\$ 21.450	01-5	\$ 20105	13.1	10.0	ر_ا ا کے،	tost s	1020	CC0 111 3	1.1 nnn	86686 3

Consolidating Statements of Operations (In Thousands)

For the Year Ended June 30, 2012

	Loss of Loss of	14	Total Regional	American Units	Professional Services	Heritage Investment	Revenue Cycle	Innovation	St. Joseph Health System	Obligated	Non- Obligated
Revenues	Collegia	FIIIIIIIIII	Silinica	dnoio	Ellici pi ises	OI OUD I	3511165	Illstitute	roundation	dno	dnoin
Patient service net of contractual allow ances											
and discounts	\$ 3 729 930		\$ 3 729 930	· ·		· F	94	- I 9€		\$ 3 486 124	\$ 243 806
Provision for doubtful accounts	221 400	ı	221 400	I	ı	ı	ı	ı	ı	207 004	14 396
Net patient service net of provision for	3 508 530	1	3 508 530	1	I	ı	1	1	1	3 279 120	229 410
doubtful accounts											
Premium	240 468	ı	240 468	1	1	1	1	1	1	141 604	+98 865
()ther	133 809	(446 67)	129 548	96+6	9494	3 360	4124	12 579	ı	92 841	896 04
Total rev enues	4 382 807	(76 67)	4378546	96+6	9+9+	3 360	4134	12 579	1	3 513 565	869 242
Expenses											
Compensation and benefits	1 974 224	(5359)	1 964 908	ı	I	I	9316	5 3 5 9	ı	1.707.320	266 904
Supplies and other	897 381	(9.286)	899 219	3 985	1 762	1 097	309	795	ı	796 994	100 387
Professional fees and purchased services	1 087 812	(8 407)	1 089 201	184	13	32	375	4049	ı	556 487	531 325
Deprectation and amortization	189 468	(1.185)	189 633	I	8+9	336	36	I	ı	179 882	985 6
Interest	64 197	(6.150)	67 064	ı	2 431	852	I	ı	I	63 936	261
Total expenses	4 213 082	(30 887)	4210025	4169	1 864	2317	10.036	12 558	1	3304619	908 463
()perating income (loss)	169 725	943	168 521	5 327	(218)	1 043	(5912)	<u></u>	ı	9H6 8H2	(39 221)
Nonoperating (losses) gains net	(+7.995)	(19 523)	(55 178)	I	21 019	7	1	1	5 679	(21 757)	(26 238)
Excess (deficiency) of revenues over expenses	121 730	(18 580)	113 343	5 327	20 801	1 050	(5911)	21	\$ 679	681 281	(62 + 29)
Less Excess of revenues over expenses attributable to noncontrolling interests	+32+	523	3 801	1	1	ı	1	1	1	ı	+32+
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 117,406 \$	\$ (19,103) \$	109 542	\$ 5,327	\$ 20.801	\$ 1.050	\$ (1165) \$	se 21	\$ 5,679	\$ 187 189	\$ (69 783)

Consolidating Statements of Operations of Regional Entities (In Thousands)

For the Year Ended June 30, 2012

	Total		Southern	Northern		į	·
	Kegnonal Entities	Eliminations	Calitornia Region	California Region	_	l exas Region	System Office
Revenues			ū	ū		c c	
Patient service, net of contractual allowances and discounts	\$ 3.729.930	- s 0	\$ 1.970.680	\$ 995.927	\$ 72	763.323 \$	ı
Provision for doubtful accounts	221,400	- 0	101.996	5 49.970	020	69,434	ı
Net patient service, net of provision for doubtful accounts	3.508.530	- 0	1.868.684	1 945.957	157	683.869	1
Premium	740,468	8	382.894	1 8.050	50	349.524	ı
Other	129,548	8 (239.084)	48.223	19.320	20	57,492	243,597
Total revenues	4.378.546	6 (239.084)	2.299.80	973.327	127	1.100.905	243,597
Expenses							
Compensation and benefits	1.964.908	8 (30.774)	984.330	186.944	7	402.286	122,122
Supplies and other	899.219		487.979	194,931	31	205.175	27.505
Professional fees and purchased services	1.089.201	1 (191.939)	575.028	3 199.342	175	401.931	104.839
Depreciation and amortization	189,633	3	93.194	1 47.657	57	42,705	6.077
Interest	67.064	1	42.268	3 11.563	63	9.151	4.082
Total expenses	4.210.025	5 (239.084)	2.182.799	940.437	37	1.061.248	264,625
Operating income (loss)	168.521	1	117.002	32.890	069	39.657	(21.028)
Nonoperating (losses) gains, net	(55.178)	- (8	(25.663)		5.357	(8.746)	(26.126)
Excess (deficiency) of revenues over expenses	113,343	3	91.339	38.247	747	30,911	(47,154)
Less Excess of revenues over expenses attributable to noncontrolling interests	3.801	-	2.511		1	1.290	1
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 109.542		\$ 88.828	38.247	.47 \$	29.621 \$	(47.154)

Consolidating Statements of Operations of Southern California Region (In Thousands)

For the Year Ended June 30, 2012

	Southern		St. Joseph	St Jude Medical	Mission	St Mary Medical	Heritage Foundation Southern	St. Joseph	St Joseph Physician	Mission	Mission Viejo Medical	Mission Education Conference	St Joseph Home Health	_
	Region	Eliminations	Orange	Center	Hospital	Center	California	Imaging	V entures	Services	Ventures	Center	South	
Revenues														1
Patient service net of confractual allowances	000000000000000000000000000000000000000	s	\$ 501 503	C10 VC1	2002 120	3 102 (12 3	118 616		s	130 CT	G	G	25 103	163
and discounts Provision for doubtful accounts	101 996			26 768	25 966	33 957		1 1				- I	5	647
Net patient service net of provision for doubtful accounts	1 868 684	ı	570 239	402 144	455 342	278 837	115 748	1	I	11 618	ı	ı	34.756	957
Premum	382 894	1	56 729	\$6.298	1 590	19 302	248 975	1	ı	I	ı	1		1
Other	48 223	(855.5)		6 212	14 708	4 033	8 394	4 079	301	I	ı	1 642		1
Total revenues	2 299 801	(855.5)	638 380	164 654	471 640	302 172	373 117	4 079	301	11618	I	1 642	34 756	95,
Expenses														
Compensation and benefits	984 330	5569	301 220	217 420	212 657	133 435	83 023	1112	ı	3 152	ı	1	253	25.356
Supplies and other	487 979	(5 ()26)	160 972	93 168	112 210	961 6۶	55 272	1 902	73	3 485	-	367	63	6359
Professional fees and purchased sensions	575 028	(1748)	107 916	86 1 ३9	77 287	68 9ر	242 726	80°	137	1 289	4	ξ.	3.7	3 764
Depreciation and amortization	93 194	(887)	30.757	55 896	21 391	6 0 0 4	5 836	324	59	319	I	183	רו	216
Interest	42 268	(663)	14 798	13 026	98 خ 6	1 958	3 808	89	I	I	1	1		17
Total expenses	2 182 799	(1 699)	615 663	435 669	433 131	260 573	390 665	3 914	275	\$ 245	9†	509	35.712	[[
(>>ol ating income (loss)	117 002	(858)	22 717	28 985	38 509	41 599	(17 548)	165	36	3 373	(46)	1 037	6)	(956)
Nonoperating (losses) gains net	(25 663)	(20.071)	(8316)	3 675	(711)	(406)	104	ı	ı	10	35	_		16
Excess (deficiency) of revenues over expenses	91 339	(20 930)	14 401	32 660	37 798	41 193	(17 444)	165	36	3 383	(11)	1 038	6)	(0+6)
Less Excess of revenues over expenses attributable to noncontrolling interests	155	2511	1	1	1	1	ı	ı	1	1	I	I		ı
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$27 \$2 \$3 \$4	\$ (23 441) \$	\$ 14401	\$ 32 660	\$ 37.798	\$ 41 193 \$	(17 444) \$	165	\$ 50	\$ 3383	\$ (11)	\$ 1.038	6) \$	(940)

Consolidating Statements of Operations of Northern California Region (In Thousands)

For the Year Ended June 30, 2012

	Northern Calıfornia Region	Eliminations	Queen of the Valley	Santa Rosa Memorial	Petaluma Valley	St Joseph Eureka	Redwood Memorial	Heritage Foundation Northern California	St Joseph Home Health North	Redwood Memorial Foundation	Queen of the Valley Foundation
Rev enues											
Patient service net of contractual allowances											
and discounts	\$ 995 927	\$ (653) \$	\$ 240 626	\$ 378 036	\$ 87.763	\$ 206 119	\$ 50.821	\$ 23 050 \$	\$ 10167		- -
Provision for doubtful accounts	02664	ı	10 590	18 936	6 345	0+8 6	3 742	539	478	ı	I
Net patient service net of provision for	756 546	(553)	230 036	359 100	81 +18	196 779	6207+	22 511	689 6	1	I
doubitul accounts											
Premium	8 050	1	7 686	ı	I	I	I	364	1	ı	ı
Other	19320	(1585)	5 889	6 982	1 538	1 626	742	4128	I	1	I
Total rev enues	973 327	(2.240)	243 611	366 082	82 956	198 405	47.821	27 003	689 6	ı	ı
Eypenses											
Compensation and benefits	11 6 98 1	1 432	137304	173 683	47 789	86 232	22 079	9355	020 6	I	I
Supplies and other	194931	243	51 827	70 528	14687	t6t st	5 576	5 133	1 ++3	ı	I
Professional fees and purchased services	199 342	(1527)	41 420	59 683	17.750	43 247	10 165	27 188	1 416	I	I
Depreciation and amortization	47 657	6	16359	18 094	3 651	7 405	1 533	\$ † \$	61	I	I
Interest	11 563	ı	407	6 288	5	1041	92	I	7.5	I	I
Total expenses	940 437	157	250934	328 276	026 88	183 419	39 445	42 221	12 065		1
Operating income (loss)	32 890	(2397)	(7.323)	37 806	(1964)	14 986	8 376	(15 218)	(2376)	-	ı
Nonoperating gains (losses) net	5 357	2 397	375	2 933	7	(800)	39	C1	16	70	584
Excess (deficiency) of revenues over expenses	38 247	1	(6.948)	40 739	(923)	14 186	8 +15	(15 216)	(2360)	70	284
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 38.247	-	\$ (6948) \$	40 739	\$ (923) \$	\$ 14186	\$ 8415	\$ (15216) \$. \$ (2360) \$	02 20	\$ 284

Consolidating Statements of Operations of Texas Region (In Thousands)

For the Year Ended June 30, 2012

C ovenant Foundation

	Tevas		Covenant	Covenant	C ovenant	C ovenant	Covenant Medical	Covenant	C ovenant Diagnostic	Ноѕрісе об	Covenant Health	First	Methodist Service Provider
	Region	Elminations	Lubbock	Levelland	Plannview	LTAC	Group	Surgrenter	Imaging	Lubbock	Partners	Care	Organization
Revenues Patient service net of confractual													
allow ances and discounts	\$ 703 323 \$	\$ (08 123) \$	053 133	\$ 21850 \$	•	10 880	\$ 80.350 \$		_8_ o _\$	\$ 0.213			s
Provision for doubtful accounts	00 131	1	52 508	2.170	4 8 4 2	420	8 500	10°C	519	100			
Net patient service net of provision	088 £00	(68 123)	o00 o25	1_0 o[28 815	10 454	٤٥_ ا_	12.273	0.208	0 113	1	1	
rot doubtril accounts Premium	340 524	(1 800)								I	ı	351 324	
Other	5- 402	(11 548)	28 184	800	0-8€	1	020 22	1	50	255	1 721	11 048	
Total revenues	1 100 905	(81.471)	028 800	20 039	32 004	lo 454	22_ to	12.273	0.324	905.0	1.21	302.372	
Expenses													
Compensation and benefits	402 280	(1.248)	240 543	11 305	15 021	6 003	05 00-	3-51	2 143	2 842	080	25 180	
Supplies and other	205 175	(888)	15- 024	3 024	- 553	5 1 93	154-5	307	-50	1 205	-1	-05 0	
Professional tees and purchased services	160 101	(84 835)	120 087	1870	100-	3-01	11 080	1 023	81-0	1 804	1 208	324 700	
Depreciation and amortization	42 705	ı	38 027	530	550	300	-01	-05	102	52	ı	1 740	
Interest	1510	ı	8 023	1	ı	102	1	ı	ı			120	
Total expenses	1 001 248	(80 o_l)	105 1-5	20 43-	31 2 18	18 305	110 038	9 5 5 5	3 8 50	6.053	2 028	301 430	
Operating income (loss)	30 05	5 500	\$4.305	202	1.476	(1 041)	(25.210)	2 -18	2 4-4	315	(30-)	650	
Nonoperating (losses) gains net	(8 -40)	(8-00)	(1 030)	181	닥	∞	0	433	1	CI	o	(2.151)	
Excess (deficiency) of revenues over expenses	30 011	(8_11)	53.275	380	1 518	(1 933)	(25.207)	3151	2.4.2	31_	(301)	(1.218)	
Less Excess of revenues over expenses aftributable to noncontrolling interests	0eč 1	062 1								ı	ı	ı	
Excess (deficiency) of revenues over expenses						6							
attributable to controlling interests	\$ 20021 \$	\$ (2,408) \$	1323	380 \$	814	8 (1033) \$	\$ (25.20) \$	3 171 \$	\$ 24.5	3.	\$ (301) \$	S (1.218) S	s

Assurance | Tax | Transactions | Advisory

About Ernst & Young

