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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

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

OMB No 1545-0047

2012

Open to Public Inspection

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

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
MOTHER FRANCES HOSPITAL - WINNSBORO

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1315 DOCTORS DRIVE
Suite

City or town, state or country, and ZIP + 4
TYLER, TX 75701

D Employer identification number
75-2771569

E Telephone number
(903) 531-5764

G Gross receipts $ 19,552,553

F Name and address of principal officer
JANET COATES
719 W COKE RD
WINNSBORO, TX 75494

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

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

J Website: ▶ WWW TMFHS ORG/WINNSBORO

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1985

M State of legal domicile TX

Part I Summary

1 Briefly describe the organization's mission or most significant activities
A FAITH-BASED ORGANIZATION WHOSE MISSION IS TO IMPROVE THE HEALTH OF THE PEOPLE IN THE COMMUNITIES IT SERVES REGARDLESS OF THEIR ABILITY TO PAY

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	9
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	4
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	161
6	Total number of volunteers (estimate if necessary)	**6**	25
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	0	0
9	Program service revenue (Part VIII, line 2g)	20,914,709	19,540,788
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	0	0
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	17,060	11,765
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	20,931,769	19,552,553
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	137,879	16,260
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	7,253,771	6,222,218
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	14,420,972	12,930,959
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	21,812,622	19,169,437
19	Revenue less expenses Subtract line 18 from line 12	-880,853	383,116

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	9,795,894	10,427,702
21	Total liabilities (Part X, line 26)	8,116,418	8,365,110
22	Net assets or fund balances Subtract line 21 from line 20	1,679,476	2,062,592

Part II Signature Block

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

Sign Here

****** | 2014-05-15
Signature of officer | Date

JANET COATES ceo/president
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Amanda Maya				
Firm's name ▶ BKD LLP			Firm's EIN ▶	
Firm's address ▶ 2800 Post Oak Blvd Ste 3200 HOUSTON, TX 77056			Phone no (713) 499-4600	

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

A FAITH-BASED ORGANIZATION WHOSE MISSION IS TO IMPROVE THE HEALTH OF THE PEOPLE IN THE COMMUNITIES IT SERVES REGARDLESS OF THEIR ABILITY TO PAY

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 16,393,425 including grants of $ 16,260) (Revenue $ 19,540,788)

MOTHER FRANCES HOSPITAL - WINNSBORO IS A HOSPITAL WITH 25 AVAILABLE BEDS LOCATED IN WINNSBORO, TEXAS THE HOSPITAL SERVES THE NORTHEAST TEXAS AREA OF WOOD, FRANKLIN, HOPKINS, RAINS, AND CAMP COUNTIES AND OFFERS A WIDE RANGE OF SERVICES INCLUDING GENERAL SURGERY, CARDIAC REHABILITATION, AND A 24-HOUR EMERGENCY DEPARTMENT THE HOSPITAL HAD 2,324 PATIENT DAYS, 698 DISCHARGES, AND 7,232 EMERGENCY ROOM VISITS DURING THE YEAR MFH - WINNSBORO PROVIDES QUALITY MEDICAL HEALTHCARE REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE OR ABILITY TO PAY THE HOSPITAL PROVIDES CARE TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS INCLUDING MEDICARE AND MEDICAID FOR REIMBURSEMENT THAT DOES NOT ALWAYS COVER THE COST OF PROVIDING THE CARE RECOGNIZING ITS MISSION TO THE COMMUNITY, SERVICES ARE PROVIDED TO BOTH FINANCIALLY INDIGENT AND MEDICALLY INDIGENT PATIENTS TO THE EXTENT REIMBURSEMENT FOR SERVICES IS BELOW COST, MFH - WINNSBORO RECOGNIZES DIFFERENCES AS CHARITY CARE

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)
(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ 16,393,425

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	51		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	161		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a** 9		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	**1b** 4		
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**	Yes	
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			
a	The governing body?	**8a**	Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**		No

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

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

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶MOTHER FRANCES HOSP ACCT DEP 1315 DOCTORS DRIVE TYLER, TX (903) 531-5764

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) LILLIA ELENA BIRDSONG DIRECTOR	1 0 0 0	X						0	0	0
(2) ALBERTO DELA CRUZ MD DIRECTOR, PRES OF MED STAFF	1 0 0 0	X		X				19,800		
(3) SUE HORCHEM DIRECTOR	1 0 0 0	X								
(4) REV HENRY SUCHE DIRECTOR/ VICE CHAIR	1 0 0 0	X		X				400		
(5) CLARA ZIEGLER DIRECTOR	1 0 0 0	X								
(6) RAY THOMPSON CHAIRMAN OF THE BOARD	6 0 37 0	X		X				221,425	1,360,188	21,049
(7) JANET COATES CEO/PRESIDENT	40 0 0 0	X		X				0	0	0
(8) JARED PETTY DO PRESIDENT-ELECT OF MED STAFF	40 0 0 0	X		X				0	442,451	8,125
(9) J LINDSEY BRADLEY JR SYSTEM PRESIDENT/DIRECTOR	1 0 42 0	X		X				34,500	1,690,480	21,049
(10) JOYCE HESTER SR VICE PRESIDENT/ CFO	5 0 37 0			X				54,214	397,573	14,147

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** ▶										
c **Total from continuation sheets to Part VII, Section A** ▶										
d **Total (add lines 1b and 1c)** ▶								330,339	3,890,692	64,370

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 1

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
COMMUNITY HOSPITAL CONSULTING LP , 5801 TENNYSON PKWY PLANO TX 75024	CONSULTING	657,136
COMPLETE RX LTD , 3100 S GEENER RD HOUSTON TX 77063	PHARMACY SERVICES	310,009
TEXAS HEALTH RESOURCES , 612 E LAMAR BLVD 6TH FLOOR ARLINGTON TX 76011	MANAGEMENT SERVICES	2,541,330
ULTRASOUND ASSOCIATES INC , 401 EAST FRONT TYLER TX 75702	ULTRASOUND SERVICES	203,008

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 ▶ 4

Part VIII Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . 1a				
	b	Membership dues 1b				
	c	Fundraising events 1c				
	d	Related organizations . . . 1d				
	e	Government grants (contributions) 1e				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f				
	g	Noncash contributions included in lines 1a-1f $				
	h	**Total.** Add lines 1a-1f . . . . . ▶	0			
Program Service Revenue		Business Code				
	2a	NET PATIENT SERVICE REVENUE	621110	17,376,307	17,376,307	
	b	EHR INCENTIVE REVENUE	900099	1,372,144	1,372,144	
	c	PHARMACY REVENUE	446110	595,322	595,322	
	d	RELATED RENTAL REVENUE	532000	161,470	161,470	
	e	OTHER OPERATING REVENUE	900099	35,545	35,545	
	f	All other program service revenue				
	g	**Total.** Add lines 2a–2f . . . . . ▶	19,540,788			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶	0			
	4	Income from investment of tax-exempt bond proceeds . . ▶	0			
	5	Royalties . . . . . ▶	0			
		(i) Real / (ii) Personal				
	6a	Gross rents				
	b	Less rental expenses				
	c	Rental income or (loss) 0 / 0				
	d	Net rental income or (loss) . . . . . ▶	0			
		(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory				
	b	Less cost or other basis and sales expenses				
	c	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 . . a				
	b	Less direct expenses . . . b				
	c	Net income or (loss) from fundraising events . . ▶	0			
	9a	Gross income from gaming activities See Part IV, line 19 . . . a				
	b	Less direct expenses . . . b				
	c	Net income or (loss) from gaming activities . . ▶	0			
	10a	Gross sales of inventory, less returns and allowances . a				
	b	Less cost of goods sold . . b				
	c	Net income or (loss) from sales of inventory . . ▶	0			
		Miscellaneous Revenue / Business Code				
	11a	VENDING INCOME 722515	557			557
	b	CAFETERIA INCOME 722514	4,767			4,767
	c	REBATE INCOME 900099	6,441			6,441
	d	All other revenue				
	e	**Total.** Add lines 11a–11d . . . . . ▶	11,765			
	12	**Total revenue.** See Instructions . . . . . ▶	19,552,553	19,540,788		11,765

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	16,260	16,260		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0	0		
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0	0		
4 Benefits paid to or for members	0	0		
5 Compensation of current officers, directors, trustees, and key employees	626,256	513,530	112,726	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0	0	0	0
7 Other salaries and wages	4,399,201	3,607,344	791,857	0
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	138,432	113,514	24,918	0
9 Other employee benefits	712,492	584,243	128,249	0
10 Payroll taxes	345,837	283,586	62,251	0
11 Fees for services (non-employees)				
a Management	360,000	295,200	64,800	0
b Legal	1,419	1,164	255	0
c Accounting	0	0	0	0
d Lobbying	0	0	0	0
e Professional fundraising services See Part IV, line 17	0			0
f Investment management fees	0	0	0	0
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	7,291,977	5,979,421	1,312,556	0
12 Advertising and promotion	7,239	5,936	1,303	0
13 Office expenses	123,785	101,504	22,281	0
14 Information technology	6,007	4,926	1,081	0
15 Royalties . .	0	0	0	0
16 Occupancy	351,030	287,845	63,185	0
17 Travel	26,873	22,036	4,837	0
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
19 Conferences, conventions, and meetings	6,452	5,291	1,161	0
20 Interest	0	0	0	0
21 Payments to affiliates	0	0	0	0
22 Depreciation, depletion, and amortization	749,275	749,275	0	0
23 Insurance	286,473	234,908	51,565	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)				
a MEDICAL SUPPLIES	1,270,283	1,270,283	0	0
b BAD DEBT EXPENSE	1,711,327	1,711,327	0	0
c REPAIRS AND MAINTENANCE	399,610	327,680	71,930	0
d FOOD	50,118	41,097	9,021	0
e All other expenses	289,091	237,055	52,036	
25 **Total functional expenses.** Add lines 1 through 24e	19,169,437	16,393,425	2,776,012	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		544,785	1	160,236
	2	Savings and temporary cash investments		0	2	0
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		1,753,665	4	2,533,642
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		301,204	8	284,538
	9	Prepaid expenses and deferred charges		536,796	9	168,980
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 8,922,653			
	b	Less accumulated depreciation	10b 3,012,484	6,659,444	10c	5,910,169
	11	Investments—publicly traded securities		0	11	0
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		0	15	1,370,137
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		9,795,894	16	10,427,702
Liabilities	17	Accounts payable and accrued expenses		494,802	17	2,364,845
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		0	20	0
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		7,621,616	25	6,000,265
	26	**Total liabilities.** Add lines 17 through 25		8,116,418	26	8,365,110
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		1,679,476	27	2,062,592
	28	Temporarily restricted net assets		0	28	0
	29	Permanently restricted net assets		0	29	0
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		1,679,476	33	2,062,592
	34	Total liabilities and net assets/fund balances		9,795,894	34	10,427,702

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	19,552,553
2	Total expenses (must equal Part IX, column (A), line 25)	2	19,169,437
3	Revenue less expenses Subtract line 2 from line 1	3	383,116
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	1,679,476
5	Net unrealized gains (losses) on investments	5	
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	
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	2,062,592

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

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.**

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MOTHER FRANCES HOSPITAL - WINNSBORO

Employer identification number
75-2771569

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

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

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

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

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

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

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

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

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

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

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

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

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Non-functionally integrated

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

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

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

		Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	**11g(i)**		
(ii) A family member of a person described in (i) above?	**11g(ii)**		
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	**11g(iii)**		

h Provide the following information about the supported organization(s)

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (see instructions) **12**

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** . . . . . ▶☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2011 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2012.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2011.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶☐

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2012** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2011** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2012.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2011.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

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

Facts And Circumstances Test

Explanation

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
MOTHER FRANCES HOSPITAL - WINNSBORO	75-2771569

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

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

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

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

A Check ▶ ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ▶ ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

	For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		828
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total Add lines 1c through 1i			828
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
GRANTS FOR LOBBYING PURPOSES	SCHEDULE C, PART II-B, LINE 1F	23 98% OF AHA DUES WERE EXPENDED FOR SPECIFIC LOBBYING PURPOSES BASED ON THE MEDICARE DEFINITION OF UNALLOWABLE EXPENSES

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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.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MOTHER FRANCES HOSPITAL - WINNSBORO

Employer identification number
75-2771569

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

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

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

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

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

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

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

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

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

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

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

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

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

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

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

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

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

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

(ii) Assets included in Form 990, Part X ▶ $ _____

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

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

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

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

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

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

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

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

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

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

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

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

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

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

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Temporarily restricted endowment ▶

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

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

		Yes	No
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		265,577		265,577
b Buildings		3,950,517	611,055	3,339,462
c Leasehold improvements		364,272	192,803	171,469
d Equipment		4,342,287	2,208,626	2,133,661
e Other				
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				5,910,169

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-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. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) must equal Form 990, Part X, col (B) line 13)* ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) DUE FROM THIRD PARTY PAYORS	1,370,137
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	1,370,137

Part X Other Liabilities. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	0
DUE TO AFFILIATES	3,785,959
EST SELF-INSURANCE COSTS	380,500
DUE TO THIRD-PARTY PAYORS	1,833,806
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	6,000,265

2. Fin 48 (ASC 740) Footnote In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☐

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

1	Total revenue, gains, and other support per audited financial statements			1	17,834,785
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d	-1,711,327		
e	Add lines **2a** through **2d**			2e	-1,711,327
3	Subtract line **2e** from line **1**			3	19,546,112
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b	6,441		
c	Add lines **4a** and **4b**			4c	6,441
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	19,552,553

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

1	Total expenses and losses per audited financial statements			1	17,451,669
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII)	2d	-6,441		
e	Add lines **2a** through **2d**			2e	-6,441
3	Subtract line **2e** from line **1**			3	17,458,110
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b	1,711,327		
c	Add lines **4a** and **4b**			4c	1,711,327
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	19,169,437

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
RECONCILIATION OF AUDITED FINANCIAL STATEMENTS TO FORM 990	SCHEDULE D, PART XI, LINE 2D	BAD DEBT EXPENSE NETTED WITH AUDIT REVENUE $ (1,711,327)
RECONCILIATION OF AUDITED FINANCIAL STATEMENTS TO FORM 990	SCHEDULE D, PART XI, LINE 4B	REBATE INCOME RECLASSED FROM EXPENSES $ 6,441
RECONCILIATION OF AUDITED FINANCIAL STATEMENTS TO FORM 990	SCHEDULE D, PART XII, LINE 2D	REBATE INCOME RECLASSED FROM EXPENSES $ (6,441)
RECONCILIATION OF AUDITED FINANCIAL STATEMENTS TO FORM 990	SCHEDULE D, PART XII, LINE 4B	BAD DEBT EXPENSE NETTED WITH AUDIT REVENUE $ 1,711,327

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MOTHER FRANCES HOSPITAL - WINNSBORO

Employer identification number
75-2771569

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			750,881		750,881	4 300 %
b Medicaid (from Worksheet 3, column a)			660,518	739,947	-79,429	0 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			373,591	94,516	279,075	1 600 %
d **Total** Financial Assistance and Means-Tested Government Programs			1,784,990	834,463	950,527	5 900 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)			7,684		7,684	0 040 %
g Subsidized health services (from Worksheet 6)			1,349,053		1,349,053	7 730 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			16,260		16,260	0 090 %
j **Total.** Other Benefits			1,372,997		1,372,997	7 860 %
k **Total.** Add lines 7d and 7j			3,157,987	834,463	2,323,524	13 760 %

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

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

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	1,711,327		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	9,517,429		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	10,550,724		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-1,033,295		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?		9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI		9b	Yes	

Part IV **Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
1

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	MOTHER FRANCES HOSPITAL-WINNSBORO 719 WEST COKE ROAD WINNSBORO,TX 75494 WWW TMFHS ORG/WINNSBORO	X	X			X		X			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group MOTHER FRANCES HOSPITAL - WINNSBORO

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 1

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

Part V Facility Information *(continued)*

			Yes	No
Financial Assistance Policy				
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 200 % If "No," explain in Part VI the criteria the hospital facility used			
11	Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 200 % 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)			
a	☐ Income level			
b	☐ Asset level			
c	☐ Medical indigency			
d	☐ Insurance status			
e	☑ 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)			
a	☑ The policy was posted on the hospital facility's website			
b	☐ The policy was attached to billing invoices			
c	☐ 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			
e	☐ 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)			
Billing and Collections				
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a	☐ Reporting to credit agency			
b	☐ Lawsuits			
c	☐ Liens on residences			
d	☐ Body attachments			
e	☐ Other similar actions (describe in Part VI)			
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**17**		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
a	☐ Reporting to credit agency			
b	☐ Lawsuits			
c	☐ Liens on residences			
d	☐ Body attachments			
e	☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

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

- **a** ☑ Notified individuals of the financial assistance policy on admission
- **b** ☐ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- **d** ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**19**	Yes	
If "No," indicate why			
a ☐ 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)			

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

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☑ 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			

Part V Facility Information *(continued)*

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

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

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

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

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

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE	SCHEDULE H, PART III, SECTION A, LINE 2	THE AMOUNT REPORTED ON LINE 2 IS BAD DEBT EXPENSE PER THE AUDITED FINANCIAL STATEMENTS
MEDICARE SHORTFALL AND COSTING METHODOLOGY	SCHEDULE H, PART III, SECTION B, LINE 8	THE ORGANIZATION HAD A MEDICARE SHORTFALL IN THE AMOUNT OF $1,033,295 THE STATE OF TEXAS TREATS MEDICARE SHORTFALL AS COMMUNITY BENEFIT FOR MEETING STATUTORY REQUIREMENTS FOR CHARITY CARE AND COMMUNITY BENEFIT THE HOSPITAL USES MEDICARE COST REPORT METHODOLOGY, WHICH APPORTIONS ROUTINE COSTS (ROOM AND BOARD) BASED ON MEDICARE OR MEDICAID DAYS TO TOTAL DAYS AND APPORTIONS ANCILLARY COSTS BASED ON PROGRAM CHARGES TO TOTAL CHARGES

Identifier	ReturnReference	Explanation
COLLECTION POLICY	SCHEDULE H, PART III, SECTION C, LINE 9B	THE ORGANIZATION HAS A WRITTEN POLICY COVERING PROCEDURES FOR COLLECTING AND WRITING OFF BAD DEBTS ACCORDING TO THE POLICY, IF A PATIENT APPEARS TO BE INDIGENT, ACCOUNTS SHOULD BE REVIEWED, AT ANY TIME DURING THE COLLECTION PROCESS, FOR POSSIBLE CONSIDERATION AS A CHARITY CASE IN ACCORDANCE WITH THE ORGANIZATION'S CHARITY CARE POLICY
NEEDS ASSESSMENT	SCHEDULE H, PART VI, LINE 2	THE HOSPITAL'S COMMUNITY HEALTH PROFILES PROVIDE A SNAPSHOT OF 13 SUBURBAN, URBAN, AND RURAL SERVICE AREAS WITHIN NORTH TEXAS USING KEY HEALTH INDICATORS, WHICH FACILITATE COMPARISONS LOCALLY, REGIONALLY, AND OVER TIME COMMUNITY HEALTH PROFILES ARE INTENDED TO ASSIST INTERNAL STAKEHOLDERS, COMMUNITY HEALTH COUNCIL MEMBERS, AND THE COMMUNITY HEALTH IMPROVEMENT DEPARTMENT IN DECIDING WHERE TO ALLOCATE RESOURCES AND ADDRESS HEALTH INEQUALITIES ALL ENTITY ADVOCATES USE NATIONAL, STATE, AND LOCAL SECONDARY AND PRIMARY DATA SOURCES TO PROVIDE A CURRENT OVERVIEW OF LOCAL HEALTH NEEDS, FACTORS IMPACTING DISEASE AND INJURY BURDEN, SOCIOECONOMIC STATUS, ACCESS TO HEALTH CARE, AGE DISTRIBUTION, INDICATORS AND LIFESTYLE BEHAVIORS THIS DATA IS USED TO GALVANIZE JOINT COMMUNITY HEALTH EFFORTS TO IMPROVE HEALTH AND REDUCE HEALTH INEQUALITIES AND TO EMPOWER THE GREATER COMMUNITY

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	SCHEDULE H, PART VI, LINE 3	THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY AND CONTACT INFORMATION IS POSTED IN VARIOUS AREAS OF THE HOSPITAL INCLUDING ADMISSIONS & REGISTRATION, EMERGENCY, AND OUTPATIENT DEPARTMENTS ADDITIONALLY, FINANCIAL ASSISTANCE INFORMATION IS PROVIDED, VERBALLY AND IN WRITTEN BROCHURES, TO ALL SELF PAY PATIENTS BY FINANCIAL COUNSELORS FINANCIAL ASSISTANCE INFORMATION IS ALSO INCLUDED IN EVERY PATIENT BILL PATIENTS WHO DISCHARGE PRIOR TO MEETING WITH A FINANCIAL COUNSELOR ARE ADVISED OF FINANCIAL ASSISTANCE THROUGH PHONE CALLS AND LETTERS IN BOTH ENGLISH AND SPANISH THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY IS COMMUNICATED TO THE PATIENT BY FINANCIAL COUNSELORS WHO ALSO SCREEN SELF PAY PATIENTS FOR POTENTIAL ELIGIBILITY FOR OTHER GOVERNMENTAL ASSISTANCE PROGRAMS IF IT IS DETERMINED THAT THE PATIENT IS POTENTIALLY ELIGIBLE FOR GOVERNMENTAL ASSISTANCE, THE FINANCIAL COUNSELOR WILL ASSIST THE PATIENT IN COMPLETING ANY FORMS NECESSARY TO APPLY FOR THE ASSISTANCE AT THE SAME TIME, THE PATIENTS ARE PROVIDED WITH A CHARITY CARE APPLICATION AND INFORMATIONAL FLYER THE PATIENT IS INFORMED THAT MOTHER FRANCES HOSPITAL-WINNSBORO IS A NON-PROFIT CHARITABLE ORGANIZATION OFFERING FINANCIAL ASSISTANCE TO PATIENTS WHO ARE DEEMED MEDICALLY OR FINANCIALLY INDIGENT THE FINANCIAL COUNSELORS WILL THEN ASSIST THE PATIENT IN COMPLETING THE CHARITY CARE APPLICATION AND OBTAIN ANY AVAILABLE VERIFICATIONS ONCE THE PATIENT IS DISCHARGED, THE FINANCIAL COUNSELORS WILL CONTINUE TO CONTACT THE PATIENT TO ENSURE ALL NEEDED FORMS AND VERIFICATIONS NEEDED TO FILE AN APPLICATION FOR GOVERNMENTAL ASSISTANCE AND CHARITY CARE HAVE BEEN PROVIDED
COMMUNITY INFORMATION	SCHEDULE H, PART VI, LINE 4	THE HOSPITAL IS LOCATED IN A RURAL AREA WITH A POPULATION OF JUST OVER 59,000 WITH AN AVERAGE HOUSEHOLD INCOME FOR THE SERVICE AREA OF $52,925 OVER 12% OF THE HOSPITAL'S PATIENTS ARE UNINSURED AND 12 8% ARE MEDICAID RECIPIENTS THE HOSPITAL'S SERVICE AREA HAS AN UNINSURED RATE OF 19 3% OF THE POPULATION THERE ARE FIVE OTHER NOT-FOR-PROFIT HOSPITALS, ONE COMMUNITY HOSPITAL, AND ONE FOR-PROFIT COMPANY IN THE SAME SERVICE AREA

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH	SCHEDULE H, PART VI, LINE 5	MOTHER FRANCES HOSPITAL-WINNSBORO PROMOTES HEALTHCARE AND WELLNESS EDUCATION BY OFFERING OUTREACH PROGRAMS AND SPECIAL INITIATIVES THAT IMPROVE THE QUALITY OF LIFE AND HEALTH IN THE COMMUNITIES SERVED COMMUNITY BENEFIT IS PROVIDED THROUGH MANY REDUCED PRICE SERVICES AND FREE PROGRAMS TO THE COMMUNITY THESE SERVICES ARE ESSENTIAL TO PROVIDE COMPLETE HEALTHCARE TO THE COMMUNITIES SERVED SOME OF THESE PROGRAMS INCLUDE DIABETES SUPPORT GROUP AND COMMUNITY EDUCATION - The hospital hosts a Diabetes Support Group monthly meeting on topics that are geared to help the individuals cope with the disease elements The meetings are open to any individual and/ family members The primary objective is to reduce the number of people suffering from diabetes, to reduce the number of ER visits for symptoms, to provide coping mechanisms to control the disease, and to improve general wellness in the communities served BLOOD DRIVES - TMF-Winnsboro hosted a blood drive targeted at the employees of the hospital and clinics multiple times a year The event was generally two (2) hours in length The major blood bank serving the area is always low on blood and this helped to increase the supply from a rural area This is another way of supporting the emergency room at the hospital CHAMBER BUSINESS EXPO/CHILDREN SAFETY PROGRAMS - The Chamber of Commerce sponsored a Business Expo to offer the opportunity to share information about issues and programs to other employers and the community at large MFH-Winnsboro also presented information on bicycle safety in a rural area and gave away helmets THE PURPOSE IS TO educate the entire family, parents and children, on the importance of bicycle safety and to provide service line and provider information to improve access for patients and information on preventative care TELECARE PLUS - YOUR HEALTH INFORMATION RESOURCE - TeleCare Plus is a medical call center available for FREE to the public 24 hours a day Registered nurses provide callers with answers to health questions over the telephone, can send health information via the mail, provide physician referrals, give information on community and hospital resources and do symptom based triage Examples of the types of calls in 2012 would be Bethesda Clinic information, FamilyCARE Center - Pediatrics/ Obstetrics, cardiac, neuro, endocrinology, geriatric, education calls, and general information and health care questions or nurse triaging These calls averaged 5,498 for the year TeleCare Plus is designed to provide a central, confidential resource for the community to turn to for health information and assist callers in seeking out the appropriate level of medical resources at the appropriate time SHARE THE SPIRIT - This is an annual fund raising campaign within the health system for employees It is organized and implemented by employees with all proceeds going to help with health related programs Over $ 100,000 was raised in 2013 THE PURPOSE IS To assist with the funding for the following projects Heart care, Cancer care, Children's Miracle Network, diabetes education and services, and the employee CrisisCare Fund (Anyone who is an employee of the health system is eligible to receive assistance based on need or program needs) PREVENTATIVE HEALTH CARE - Health screenings were provided at the Quitman Senior Citizen's Center and flu shot clinics were held in Winnsboro Low costs shots were provided and free screenings for glucose and blood pressure were done The goal is to provide individuals with health risk assessment information and to encourage them to discuss the test results with their health care provider Both of these activities should help divert patients from the emergency departments of the hospitals in the region
AFFILIATED HEALTH CARE SYSTEM ROLES	SCHEDULE H, PART VI, LINE 6	MOTHER FRANCES HOSPITAL-WINNSBORO IS PART OF AN AFFILIATED HEALTH CARE SYSTEM CALLED TRINITY MOTHER FRANCES HEALTH SYSTEM TRINITY MOTHER FRANCES IS A FAITH-BASED ORGANIZATION DEDICATED TO CREATING HEALTHY LIVES FOR PEOPLE AND COMMUNITIES MFH-WINNSBORO AND ITS AFFILIATES PROMOTE THE HEALTH OF THE COMMUNITIES SERVED BY PROVIDING ACUTE CARE FACILITIES AND CRITICAL ACCESS FACILITIES, WHOSE OPERATIONS CONSIST PRIMARILY OF PROVIDING INPATIENT AND OUTPATIENT ACUTE CARE AND MEDICAL SERVICES TO PATIENTS RESIDING IN EAST TEXAS

Identifier	ReturnReference	Explanation
STATE FILING OF COMMUNITY BENEFIT REPORT	SCHEDULE H, PART VI, LINE 7	TEXAS
PERCENT OF TOTAL EXPENSE	SCHEDULE H, PART I, LINE 7, COLUMN F	TO ARRIVE AT THE PERCENT OF TOTAL EXPENSES, THE DENOMINATOR WHICH EQUALS TOTAL OPERATING EXPENSES PER PART IX, LINE 25, OF THE FORM 990 WAS REDUCED BY BAD DEBT EXPENSE, TOTALING $1,711,327

Identifier	ReturnReference	Explanation
BILLING AND COLLECTIONS	SCHEDULE H, PART V, LINES 16, 17, & 18	NEITHER MOTHER FRANCES HOSPITAL - WINNSBORO, NOR THIRD PARTIES AUTHORIZED BY MFH-W, TAKE ANY ACTIONS UPON NON-PAYMENT FROM A PATIENT BEFORE MAKING A REASONABLE EFFORT TO DETERMINE IF THE PATIENT IS ELIGIBLE FOR THE FACILITY'S FINANCIAL ASSISTANCE POLICY
BAD DEBT AS COMMUNITY BENEFIT	SCHEDULE H, PART III, SECTION A, LINE 3	THE ORGANIZATION IS UNABLE TO ESTIMATE THE AMOUNT FOR LINE 3 AND HAS ELECTED TO LEAVE IT BLANK Bad debt expense should be considered community benefit because this is uncompensated healthcare provided to residents of the community

Identifier	ReturnReference	Explanation
FOOTNOTE TO THE FINANCIAL STATEMENTS DESCRIBING BAD DEBT EXPENSE	SCHEDULE H, PART III, SECTION A, LINE 4	Accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectability of accounts receivable, the Health System analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and the provision for uncollectible accounts Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts For receivables associated with services provided to patients who have third-party coverage, the Health System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely)
NEEDS IDENTIFIED IN CHNA NOT ADDRESSED	SCHEDULE H, PART V, SECTION B, LINE 7	MOTHER FRANCES HOSPITAL - WINNSBORO DECIDED NOT TO SPECIFICALLY ADDRESS THE NEED FOR "ACCESS TO MENTAL HEALTH SERVICES AND PROVIDERS" AND "ACCESS TO TRANSPORTATION," LARGELY DUE TO THEIR POSITIONS (SECOND TO LAST AND LAST) ON THE PRIORITIZED LIST AND THE HOSPITAL'S lack of CAPACITY TO ADDRESS THOSE NEEDS FURTHERMORE, MOTHER FRANCES HOSPITAL - WINNSBORO HAS PREVIOUSLY OFFERED MENTAL HEALTH SERVICES, BUT IT WAS FORCED TO CLOSE THE UNIT DUE TO LACK OF PATIENT VOLUME TRANSPORTATION IS NOT A CORE BUSINESS FUNCTION OF THE HOSPITAL AND HOSPITAL LEADERSHIP VIEWS THIS AS A LARGER INFRASTRUCTURE ISSUE MOTHER FRANCES HOSPITAL - WINNSBORO LEADERSHIP FELT THAT RESOURCES AND EFFORTS WOULD BE BETTER SPENT ADDRESSING THE FIRST FOUR PRIORITIZED NEEDS

Identifier	ReturnReference	Explanation
REPRESENTATIVES FROM THE COMMUNITY	SCHEDULE H, PART V, SECTION B, LINE 3	MOTHER FRANCES HOSPITAL - WINNSBORO CONDUCTED 7 INTERVIEWS WITH THE THREE GROUPS OUTLINED IN IRS NOTICE 2011-52 DURING THESE INTERVIEWS THE HOSPITAL DISCUSSED THE HEALTH NEEDS OF THE COMMUNITY, ACCESS ISSUES, BARRIERS AND ISSUES RELATED TO SPECIFIC POPULATIONS THE INTERVIEWEES WERE INDIVIDUALS FROM THE FOLLOWING GROUPS WINNSBORO INDEPENDENT SCHOOL DISTRICT, WHISPERING PINES NURSING AND REHABILITATION FACILITY, WOOD COUNTY HEALTH DEPARTMENT, MEALS ON WHEELS MINISTRY, INC , FIRST BAPTIST CHURCH OF WINNSBORO, AND NORTHEAST TEXAS CHILD ADVOCACY CENTER (NETCAC)

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MOTHER FRANCES HOSPITAL - WINNSBORO

Employer identification number
75-2771569

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☑ Yes ☐ No

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

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) SERVICE ORGANIZATION OF PINEY WOODS 2950 50TH STREET LUBBOCK,TX 79314	30-0630886	501(C)(3)	16,260				COMMUNITY HEALTHCARE

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

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

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

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

Part IV **Supplemental Information.**

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

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

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MOTHER FRANCES HOSPITAL - WINNSBORO

Employer identification number
75-2771569

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	☑ Compensation committee	☑ Written employment contract		
	☑ Independent compensation consultant	☑ Compensation survey or study		
	☐ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or 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)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)RAY THOMPSON CHAIRMAN OF THE BOARD	(i)	101,011	46,462	73,952	1,487	1,459	224,371	73,952
	(ii)	620,498	285,410	454,280	9,138	8,965	1,378,291	454,280
(2)JARED PETTY DO PRESIDENT-ELECT OF MED STAFF	(i)	0	0	0	0	0	0	0
	(ii)	363,857	73,446	5,148	8,125	0	450,576	0
(3)J LINDSEY BRADLEY JR SYSTEM PRESIDENT/DIRECTOR	(i)	17,075	17,425		212	208	34,920	0
	(ii)	836,657	853,823		10,413	10,216	1,711,109	0
(4)JOYCE HESTER SR VICE PRESIDENT/ CFO	(i)	36,574	17,640	0	1,301	397	55,912	0
	(ii)	268,214	129,359	0	9,537	2,912	410,022	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
PARTICIPATION IN OR PAYMENT FROM SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN	SCHEDULE J, PART I, LINE 4B	PARTICIPANTS IN SERP REPORTED IN W-2 DEFERRED COMPENSATION ---------- ---------- ---------- RAY THOMPSON $528,232 NONE LINDSEY BRADLEY NONE NONE

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SCHEDULE O (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MOTHER FRANCES HOSPITAL - WINNSBORO

Employer identification number
75-2771569

Identifier	Return Reference	Explanation
DESCRIBE PROCESS TO REVIEW FORM 990	FORM 990, PART VI, SECTION B, LINE 11B	
DOES THE ORGANIZATION MONITOR AND ENFORCE COMPLIANCE WITH POLICY	FORM 990, PART VI, SECTION B, LINE 12C	THE BOARD REVIEWS AND RESOLVES, IF NECESSARY, ANY TRANSACTIONS AS THEY ARISE THROUGHOUT THE YEAR IN ACCORDANCE WITH PRESCRIBED STANDARDS
PROCESS FOR DETERMINING COMPENSATION OF CEO, OFFICERS, OR KEY EMPLOYEES	FORM 990, PART VI, SECTION B, LINE 15A & 15B	THE ORGANIZATION USES COMPENSATION CONSULTANTS AND NATIONAL COMPENSATION SURVEYS TO DETERM INE COMPENSATION OF EMPLOYEES COMPENSATION IS APPROVED BY THE ORGANIZATION'S GOVERNING BO DY
DESCRIBE WHETHER THE ORGANIZATION MAKES IT DOCUMENTS AVAILABLE TO PUBLIC	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST
DESCRIBE THE ORGANIZATION'S MEMBERS OR STOCKHOLDERS	FORM 990, PART VI, SECTION A, LINE 6	TRINITY MOTHER FRANCES HEALTH SYSTEM IS THE SOLE MEMBER OF MOTHER FRANCES HOSPITAL-WINNSBORO
1099S REPORTED BY ORGANIZATION	FORM 990, PART V, SECTION A, LINE 1A	THE ORGANIZATION'S 1099S ARE ISSUED BY A RELATED ORGANIZATION, MOTHER FRANCES HOSPITAL REG IONAL HEALTH CARE CENTER, WHO REPORTS ALL 1099S FOR THE ENTIRE SYSTEM AND ALLOCATES EXPENS ES TO THE APPROPRIATE RELATED ORGANIZATION
MEMBERS OR STOCKHOLDERS WHO MAY ELECT MEMBERS OF THE GOVERNING BOARD	FORM 990, PART VI, SECTION A, LINE 7A	THE SOLE MEMBER, TRINITY MOTHER FRANCES HEALTH SYSTEM, HAS THE POWER TO APPOINT ALL DIRECTORS AND THEIR SUCCESSORS TO THE GOVERNING BOARD
DECISIONS OF GOVERNING BODY SUBJECT TO APPROVAL BY MEMBER	FORM 990, PART VI, SECTION A, LINE 7B	THE MEMBER HAS THE RIGHT TO APPROVE OR DISAPPROVE CERTAIN ACTIONS THAT HAVE BEEN PREVIOUSLY APPROVED BY THE BOARD OF DIRECTORS
DELEGATION OF MANAGEMENT DUTIES	FORM 990, PART VI, SECTION A, LINE 3	THE ORGANIZATION HAS HIRED A MANAGEMENT COMPANY TO PERFORM THE DUTIES OF THE CEO UNDER EM PLOYMENT FOR THE UNRELATED MANAGEMENT COMPANY, THE FOLLOWING INDIVIDUAL SERVES AS AN OFFIC ER FOR THE HOSPITAL AND IS PAID COMPENSATION BY THE MANAGEMENT COMPANY FOR SERVICES TO THE HOSPITAL PER IRS GUIDANCE, NO COMPENSATION IS SHOWN ON FORM 990, PART VII, FOR THIS INDI VIDUAL JANET COATES $ 207,385
COMPENSATION FROM RELATED ORGANIZATIONS	FORM 990, PART VII, SECTION A, LINE 1A	THE GOVERNING BOARD OF TRINITY MOTHER FRANCES HEALTH SYSTEM UPON ADVICE FROM NATIONALLY RE COGNIZED COMPENSATION CONSULTANTS, WHO PERIODICALLY REVIEW ALL EXECUTIVE COMPENSATION, APP ROVED A DEFERRED COMPENSATION PLAN THAT PROVIDES A 65% TOTAL RETIREMENT BENEFIT FOR SENIOR EXECUTIVES THAT SERVE 20 YEARS OR MORE THIS PROGRAM HAS BOTH RETENTION AND NON-COMPETITI ON CLAUSES THAT CREATE A RISK OF FORFEITURE DEFERRED COMPENSATION IS SUBJECT TO A RISK OF FORFEITURE BASED ON RETENTION, NON-COMPETITION AND OTHER CONTRACTUAL FACTORS ACCRUALS OF DEFERRED COMPENSATION ARE NOT INCLUDIBLE IN W-2 COMPENSATION UNTIL PAID OTHER EMPLOYEE B ENEFITS INCLUDE QUALIFIED PENSION PLANS, HEALTH, DENTAL AND LIFE INSURANCE PLANS, DISABILI TY INSURANCE, ETC TAXABLE EXPENSES ARE INCLUDED IN THE W-2 PAID COMPENSATION SALARY AMOUN T
other fees for services	form 990, part ix, line 11g	Purchased Services $3,486,393 Professional Fees $2,929,201 Contract Labor $159,340 Consult ing $25,509 Corporate Expense $691,534 ---------- Total $7,291,977

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MOTHER FRANCES HOSPITAL - WINNSBORO

Employer identification number
75-2771569

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) Section 512(b)(13) controlled entity? No
(1) MOTHER FRANCES HOSPITAL - JACKSONVILLE 1315 DOCTORS DRIVE TYLER, TX 75701 75-1976930	HOSPITAL	TX	501(C)(3)	3	TMFHS		No
(2) TRINITY MOTHER FRANCES HEALTH SYSTEM FDN 1315 DOCTORS DRIVE TYLER, TX 75701 75-2028241	SUPPORT	TX	501(C)(3)	11, Type I	TMFHS		No
(3) REGIONAL MEDICAL SERVICES ASSOCIATION 1315 DOCTORS DRIVE TYLER, TX 75701 75-2511459	HEALTHCARE	TX	501(C)(3)	3	MFH REG		No
(4) TRINITY MOTHER FRANCES HEALTH SYSTEM 1315 DOCTORS DRIVE TYLER, TX 75701 75-2616975	SUPPORT	TX	501(C)(3)	11, Type I	NA		No
(5) TRINITY CLINIC 1315 DOCTORS DRIVE TYLER, TX 75701 75-2616977	HEALTHCARE	TX	501(C)(3)	3	TMFHS		No
(6) MOTHER FRANCES HOSPITAL REGIONAL HC CTR 1315 DOCTORS DRIVE TYLER, TX 75701 75-0818167	HOSPITAL	TX	501(C)(3)	3	TMFHS		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

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

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

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

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

		Yes	No
1	During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a	Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity	**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**	**No**
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)	**1i**	**No**
j	Lease of facilities, equipment, or other assets to related organization(s)	**1j**	**No**
k	Lease of facilities, equipment, or other assets from related organization(s)	**1k**	**No**
l	Performance of services or membership or fundraising solicitations for related organization(s)	**1l**	**No**
m	Performance of services or membership or fundraising solicitations by related organization(s)	**1m**	**Yes**
n	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	**1n**	**Yes**
o	Sharing of paid employees with related organization(s)	**1o**	**Yes**
p	Reimbursement paid to related organization(s) for expenses	**1p**	**Yes**
q	Reimbursement paid by related organization(s) for expenses	**1q**	**Yes**
r	Other transfer of cash or property to related organization(s)	**1r**	**No**
s	Other transfer of cash or property from related organization(s)	**1s**	**No**

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

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

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 regarding exclusion for certain investment 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)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Software ID:
Software Version:
EIN: 75-2771569
Name: MOTHER FRANCES HOSPITAL - WINNSBORO

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation
DIRECT CONTROLLING ENTITY	SCHEDULE R, PART II, COLUMN F	THE FOLLOWING RELATED ORGANIZATIONS REPORTABLE IN PART II ARE DIRECTLY CONTROLLED BY TRINITY MOTHER FRANCES HEALTH SYSTEM ("TMFHS") MOTHER FRANCES HOSPITAL - JACKSONVILLE TRINITY MOTHER FRANCES HEALTH SYSTEM FOUNDATION TRINITY CLINIC MOTHER FRANCES HOSPITAL REGIONAL HEALTH CARE CENTER REGIONAL MEDICAL SERVICES ASSOCIATION IS DIRECTLY CONTROLLED BY MOTHER FRANCES HOSPITAL REGIONAL HEALTH CARE CENTER ("MFH REG")

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Trinity Mother Frances Health System and Subsidiaries

Auditor's Report and Consolidated Financial Statements

June 30, 2013 and 2012

BKD LLP

CPAs & Advisors

Trinity Mother Frances Health System and Subsidiaries

June 30, 2013 and 2012

Contents

Independent Auditor's Report

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matter

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole The consolidating information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it

BKD, LLP

Dallas, Texas
November 21, 2013

Trinity Mother Frances Health System and Subsidiaries

Consolidated Balance Sheets

June 30, 2013 and 2012

Assets

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

See Notes to Consolidated Financial Statements

Liabilities and Net Assets

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

Trinity Mother Frances Health System and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets

Years Ended June 30, 2013 and 2012

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

Trinity Mother Frances Health System and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets (Continued)

Years Ended June 30, 2013 and 2012

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

Trinity Mother Frances Health System and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended June 30, 2013 and 2012

	2013	2012
Operating Activities		
Change in net assets	$ 21.547.656	$ (19.986.022)
Items not requiring (providing) cash		
Loss on debt restructuring	904.513	-
Gain on sale of property and equipment	(1.368.000)	(1.185.273)
Depreciation and amortization	30.912.342	27.698.063
Impairment loss	-	1.382.781
Amortization of net bond premium	40.547	(31.530)
Contributions for property and equipment	(5.649.930)	(910.561)
Net gain on investments	(3.215.323)	(855.189)
Gain (loss) on investment in equity investee	(237.479)	736.161
Change in fair value of interest rate swap agreements	267.708	(932.022)
Change in interest in net assets of Foundation	3.664.341	(2.069.478)
Change in pension liability	(18.833.004)	51.269.763
Provision for uncollectible accounts	51.438.215	50.677.972
Accrued self-insurance costs	(96.759)	856.051
Changes in		
Patient accounts receivable, net	(66.658.348)	(54.189.180)
Estimated amounts due from and to third-party payers	(8.921.722)	(2.285.246)
Accounts payable and accrued expenses	7.977.873	3.246.047
Other assets and liabilities	1.838.073	707.357
Net cash provided by operating activities	13.610.703	54.129.694
Investing Activities		
Purchase of property and equipment	(57.800.545)	(68.175.696)
Proceeds from sale of property and equipment	3.074.152	1.649.107
Purchase of investments	(106.198.811)	(162.933.460)
Proceeds from disposition of investments	155.978.324	112.076.137
Contributions to equity investees	(2.762.000)	(4.782.000)
Distributions from equity investees	4.461.105	3.190.916
Net cash used in investing activities	(3.247.775)	(118.974.996)
Financing Activities		
Payment of deferred financing costs	(757.213)	(873.700)
Contributions for property and equipment	5.649.930	910.561
Proceeds from issuance of long-term debt	57.429.494	51.307.291
Principal payments on long-term debt	(72.095.319)	(13.840.036)
Swap termination payment	-	(1.137.000)
Net cash provided by (used in) financing activities	(9.773.108)	36.367.116
Increase (Decrease) in Cash and Cash Equivalents	589.820	(28.478.186)
Cash and Cash Equivalents, Beginning of Year	46.470.196	74.948.382
Cash and Cash Equivalents, End of Year	$ 47.060.016	$ 46.470.196
Supplemental Cash Flows Information		
Interest paid (net of amount capitalized)	$ 9.235.904	$ 4.809.337
Notes payable obligations with vendors	$ 7.979.209	$ -
Capital lease obligations incurred for property and equipment	$ 121.833	$ -
Property and equipment contribution to joint venture	$ -	$ 815.951
Property and equipment in accounts payable	$ 460.968	$ 2.753.978

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

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

Nature of Operations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Principles of Consolidation

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

Use of Estimates

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

Cash Equivalents

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

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

Investments and Investment Return

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

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

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

Assets Limited As To Use

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

Patient Accounts Receivable

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

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

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

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

Inventories

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

Property and Equipment

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

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

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

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

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

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

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

Long-lived Asset Impairment

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

Interest in Net Assets of the Foundation

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

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

Deferred Financing Costs

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

Temporarily and Permanently Restricted Net Assets

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

Net Patient Service Revenue

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

Charity Care

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

Contributions

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

Estimated Malpractice Costs

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

Income from Operations

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

Income Taxes

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

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

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

Excess of Revenues Over Expenses

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

Self-Insurance

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

Transfers Between Fair Value Hierarchy Levels

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

Electronic Health Record Incentive Program

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

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

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

Reclassifications

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

Note 2: Net Patient Service Revenue

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 3: Concentration of Credit Risk

Accounts Receivable

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

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

Note 4: Investments

Assets limited as to use include

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

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

Other Investments

Other investments include

	2013	2012
U S Treasury obligations	$ 8.002.226	$ 11.749.592
U S Agency obligations	10.603.178	13.186.604
Corporate bonds		
Financials	15.250.696	5.067.126
Technology	949.193	1.091.570
Industrial and materials	-	596.030
Consumer	4.044.157	3.174.607
Energy and utilities	2.370.538	1.040.540
Telecommunications	1.364.598	1.734.804
Other sectors	497.685	554.380
Equity securities		
Financials	316.762	452.518
Health care	227.812	406.178
Technology	346.557	509.564
Industrial and materials	364.746	716.096
Consumer	461.662	805.725
Energy and utilities	361.219	537.728
Other sectors	19.081	137.877
International equity mutual funds	-	1.087.181
Alternative investments	10.513.502	12.085.931
Interest receivable	197.287	253.245
	55.890.899	55.187.296
Less current portion	4.216.869	4.028.901
	$ 51.674.030	$ 51.158.395

Alternative Investments

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

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

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

Investments in Affiliates

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

Investment Return

Total investment return is comprised of the following

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

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

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

Note 5: Risk Management

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

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

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

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

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

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

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

Note 6: Long-term Debt

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

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

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

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

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

(C) Series 2011 Tyler Health Facilities Development Corporation Hospital Revenue Bonds (the 2011 Bonds) in the original amount of $51,735,000 with a discount of $427,709 dated October 12, 2011, interest ranging from 5 00% to 5 50% The 2011 Bonds are payable in annual installments through July 1, 2027 All of the 2011 Bonds still outstanding may be redeemed at the Hospital's option on or after July 1, 2021, at face value Proceeds of the 2011 Bonds are being used primarily to fund the construction of the Owen Heart Hospital, as well as funding certain other projects and to refinance existing bank debt

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

(D) Series 2007A Tyler Health Facilities Development Corporation Hospital Revenue Refunding Bonds (the 2007A Bonds) in the original amount of $65,550,000 with a premium of $1,239,990 dated May 16, 2007, interest ranging from 4 25% to 5 25% The 2007A Bonds are payable in annual installments through July 1, 2033 All of the 2007A Bonds still outstanding may be redeemed at the Hospital's option on or after July 1, 2017, at face value

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

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

(E) Series 2007B Tyler Health Facilities Development Corporation Hospital Revenue Refunding Bonds (the 2007B Bonds) in the original amount of $23,000,000 with a premium of $53,130 dated May 16, 2007, bearing interest at 5 00% The 2007B Bonds are payable in annual installments from 2034 – 2037 All of the 2007B Bonds still outstanding may be redeemed at the Hospital's option on or after July 1, 2017, at face value

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

(F) Series 2003 Tyler Health Facilities Development Corporation Hospital Revenue Bonds (the 2003 Bonds) in the original amount of $59,550,000 with a premium of $1,203,954 dated May 8, 2003, interest ranging from 2 00% – 5 75% The 2003 Bonds are payable in annual installments through July 1, 2033 All of the 2003 Bonds still outstanding may be redeemed at the Hospital's option on or after July 1, 2013, at face value

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

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

(H) Series 1992 Tyler Health Facilities Development Corporation Hospital Revenue Bonds (the 1992 Bonds) in the original amount of $45,000,000 dated April 15, 1992, bore interest at 5 00% The 1992 Bonds were due in varying amounts including mandatory sinking fund payments through July 1, 2022 As previously mentioned, the Series 1992 Bonds were refunded through the issuance of the 2012A Bonds The Health System recognized a loss on the refunding of approximately $810,000

(I) Note payable to bank for the System, due in equal monthly installments of $67,855 including interest at 5 25% from April 1, 2011 through April 1, 2029 Any outstanding principal balance and accrued interest is due in full on April 1, 2029 The note is secured by certain property and equipment

(J) Note payable to bank for the Clinic, due in equal monthly installments of $100,000 plus interest at varying rates of LIBOR plus 0 85% During 2013, the outstanding principal balance and unpaid interest were paid in full

(K) Note payable to bank for the Clinic, due in equal monthly installments of $100,000 plus interest at varying rates of LIBOR plus 0 85% During 2013, the outstanding principal balance and unpaid interest were paid in full

(L) Note payable to vendor for software, due in equal monthly installments of $160,434, including interest at a rate of 0%, through March 31, 2016

The indenture and loan agreements require that certain funds be established with a trustee Accordingly, these funds are included as assets limited as to use and held by trustee in the consolidated balance sheets The agreements also require the Hospital to comply with certain restrictive covenants, including minimum insurance coverage, maintaining a historical debt-service coverage ratio of at least 1 25, minimum days cash on hand, restrictions on transfers of assets out of the obligated group and restrictions on the incurrence of additional debt and disposition of assets

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

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

Note 7: Derivative Financial Instruments

In 2008, as a strategy to take advantage of the lower variable interest rates available in the market and to more closely correlate its fixed and variable rate debt to its fixed and variable rate investments, the Hospital entered into a total return swap agreement for its fixed rate debt related to the 1992 Bonds issue (the Total Return Swap) The Total Return Swap agreement included two components, the first of which provides for the Hospital to receive interest from the counterparty of between 6 0% and 6 1% on an amortizing notional amount of $26,450,000 and to pay interest to the counterparty at a floating rate tied to the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA) On April 15, 2011, an amendment to the agreement changed the amount paid by the Hospital to SIFMA, plus between 65 and 200 basis points depending on the Hospital`s bond rating on an amortizing notional amount of $25,095,000 The monthly settlements included in interest expense in the accompanying consolidated statements of operations and changes in net assets The Total Return Swap was terminated upon the refunding of the 1992 Bonds in 2013

As a strategy to lower the overall interest expense incurred on its existing long-term debt, the Hospital entered into a nonamortizing basis swap during 2007 (the Basis Swap) The Basis Swap agreement provides for the Hospital to receive interest from the counterparty of 67% of LIBOR, plus 0 274% on a notional amount of $75,000,000 and to pay interest to the counterparty at a floating rate tied to SIFMA Under the Basis Swap agreement, the Hospital pays or receives the net interest amount monthly, with the monthly settlements included in interest expense The Basis Swap agreement was amended on April 12, 2012, reducing the notional amount from $75,000,000 to $37,500,000 In conjunction with this reduction in the notional amount, the Hospital paid a termination fee of $1,137,000

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

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

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

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

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

Note 8: Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes

	2013	2012
Interest in the net assets of the Foundation	$ 6,349,910	$ 9,963,630

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

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

Note 9: Charity Care

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

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

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

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

Note 10: Functional Expenses

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

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

Note 11: Pension and Other Post-Retirement Benefit Obligations

Defined Contribution Pension Plans

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

The other defined contribution plan is organized under Section 401(a) of the IRC All employees are eligible and are automatically enrolled in the plan Employees become fully vested after three years of service Employer contributions vary by years of service The System contributes 1 25% for employees with less than five years of service, 1 75% for five to ten years of service and 2 25% for over ten years of service Service Based Employer Contributions (SBEC) varies by years of service The System also makes a matching contribution to this plan, equal to 50% of an employee's elective deferral into the 403(b) plan, up to a maximum of 2% of the employees' eligible compensation

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

Defined Benefit Pension Plans

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

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

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

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

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

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

A significant portion of the actuarial gain in 2013 was due to the increase of the discount rate used to measure the pension obligation to 4 71% at June 30, 2013 from 4 05% at June 30, 2012 A significant portion of the actuarial loss in 2012 was due to a decrease of the discount rate used to measure the June 30, 2012 pension obligation as compared to the rate used at June 30, 2011

Liabilities recognized in the System's consolidated balance sheets

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

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

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

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

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

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

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

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

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

Significant assumptions include

	Employee Plan		SERP	
	2013	2012	2013	2012
Weighted-average assumptions used to determine benefit obligations				
Discount rate	4 71%	4 05%	0 86 – 2 64%	1 01 – 2 37%
Rate of compensation increase	N/A	N/A	5 00%	5 00%
Weighted-average assumptions used to determine benefit costs				
Discount rate	4 05%	5 64%	1 63 – 1 35%	1 26 – 2 08%
Expected return on plan assets	7 00%	7 00%	N/A	N/A
Rate of compensation increase	N/A	N/A	5 00%	5 00%

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

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

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

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

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

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

Pension Plan Assets

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

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

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

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

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

Other Post-retirement Obligations

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

Deferred Compensation Plans

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

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

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

Note 12: Deferred Payments

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

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

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

Note 13: Related Party Transactions

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

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

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

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

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

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

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

Note 14: Significant Estimates and Concentrations

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

Allowance for Net Patient Service Revenue Adjustments

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

Malpractice Claims

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

Admitting Physicians

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

Litigation

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

Deferred Compensation Agreement

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

Self-insured Employee Health Care and Workers' Compensation

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

Defined Benefit Pension Plan

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

Investments

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

Healthcare Reform Legislation

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

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

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

Note 15: Fair Value of Assets and Liabilities

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

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Recurring Measurements

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

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2013				
Money market mutual funds	$ 11.979.618	$ 11.979.618	$ -	$ -
U S Treasury obligations	20.661.585	-	20.661.585	-
U S Agency obligations	17.914.157	-	17.914.157	-
Corporate bonds				
Financials	17.104.604	-	17.104.604	-
Technology	1.653.742	-	1.653.742	-
Industrial and material	343.109	-	343.109	-
Consumer	4.198.201	-	4.198.201	-
Energy and utilities	2.727.183	-	2.727.183	-
Telecommunications	2.035.512	-	2.035.512	-
Other sectors	497.685	-	497.685	-
Equity securities				
Financials	2.973.762	2.973.762	-	-
Health care	2.138.701	2.138.701	-	-
Technology	3.253.471	3.253.471	-	-
Industrial and materials	3.424.231	3.424.231	-	-
Consumer	4.334.080	4.334.080	-	-
Energy and utilities	3.391.122	3.391.122	-	-
Other sectors	179.131	179.131	-	-
Mutual funds	29.453.998	29.453.998	-	-
Alternative investment	10.513.502	-	10.513.502	-
Interest rate swap agreements	(1.214.027)	-	(1.214.027)	-

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

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

Investments

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

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

Interest Rate Swap Agreements

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

Nonrecurring Measurements

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

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

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

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

Fair Value of Financial Instruments

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

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

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

Cash and Cash Equivalents

The carrying amount approximates fair value

Interest in Net Assets of the Foundation

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

Repurchase Agreement

The carrying amount approximates fair value

Accrued Interest Receivable

The carrying amount approximates fair value

Long-term Debt

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

Note 16: Subsequent Events

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

Supplemental Information

Trinity Mother Frances Health System and Subsidiaries

Balance Sheet – Consolidating Information

June 30, 2013

	The System	Consolidated Hospital Group (Obligated Group)	Trinity Clinic	Jacksonville	Winnsboro	TRHA	Trincare, Inc	HOT	Eliminations	Consolidated
Assets										
Current Assets										
Cash and cash equivalents	$ 712	$ 46 427 499	$ 701 164	$ (302 033)	$ 160 236	$ -	$ (27 741)	$ 100 179	$ -	$ 47 060 016
Short-term investments	-	4 216 869	-	-	-	-	-	-	-	4 216 869
Assets limited as to use current	-	3 329 570	1 196 280	-	-	-	-	-	-	4 525 850
Patient accounts receivable net of allowance of $78 679 000	-	62 803 355	14 755 840	6 065 495	2 533 642	-	581 910	-	-	86 740 242
Estimated amounts due from third-party payers	-	5 628 755	-	742 756	1 370 137	-	-	-	-	7 741 648
Due from affiliates	10 876	2 406 039	-	-	-	-	-	-	-	2 416 915
Inventories	-	5 697 256	230 612	147 465	284 538	-	132 913	-	-	6 492 784
Prepaid expenses and other	2 294 454	3 198 310	540 026	362 619	168 980	-	51 036	1 051	-	6 616 476
Total current assets	2 306 042	133 707 653	17 423 922	7 016 302	4 517 533	-	738 118	101 230	-	165 810 800
Assets Limited As To Use										
Internally designated for capital acquisitions	-	76 339 014	1 614 054	-	-	-	-	-	-	77 953 068
Internally designated and held by trustee supplemental retirement plan	-	1 086 724	-	-	-	-	-	-	-	1 086 724
Internally designated and held by trustee self-insurance	-	3 586 610	8 588 160	-	-	-	-	-	-	12 174 770
Internally designated and held by trustee deferred compensation plan	-	761 548	15 743 711	-	-	-	-	-	-	16 505 259
Held by trustee under bond indenture agreement	-	20 308 647	-	-	-	-	-	-	-	20 308 647
	-	102 082 543	25 945 925	-	-	-	-	-	-	128 028 468
Less amount required to meet current obligations	-	3 329 570	1 196 280	-	-	-	-	-	-	4 525 850
Total assets limited as to use	-	98 752 973	24 749 645	-	-	-	-	-	-	123 502 618
Property and Equipment At Cost										
Land and land improvements	-	37 011 349	26 475	-	629 849	-	-	-	-	37 667 673
Buildings and improvements	-	350 694 222	1 152 130	-	3 950 517	-	-	-	-	355 796 869
Equipment	-	290 618 197	2 703 464	6 557 575	4 342 287	-	437 096	-	-	304 658 619
Construction in progress	-	10 700 036	13 411	-	-	-	-	-	-	10 713 447
	-	689 023 804	3 895 480	6 557 575	8 922 653	-	437 096	-	-	708 836 608
Less accumulated depreciation	-	352 598 001	2 275 826	5 087 612	3 012 484	-	170 107	-	-	363 144 030
Total property and equipment net	-	336 425 803	1 619 654	1 469 963	5 910 169	-	266 989	-	-	345 692 578
Intercompany Receivables	442 699	81 065 551	6 582 111	10 335 649	-	-	-	53	(98 426 063)	-
Other Assets										
Interest in net assets of Trinity Mother Frances Health System Foundation Center for Health Care Philanthropy (Foundation)	8 401 035	-	-	-	-	-	-	-	-	8 401 035
Other investments	-	51 674 030	-	-	-	-	-	-	-	51 674 030
Investment in affiliates	2 476 871	4 444 453	-	-	-	-	-		(99 295)	6 822 029
Interest rate swap agreement	-	-	-	-	-	-	-	-	-	-
Deferred financing costs and other	42 181	1 729 938	373 209	-	-	-	-	-	-	2 145 328
Total other assets	10 920 087	57 848 421	373 209	-	-	-	-	-	(99 295)	69 042 422
Total assets	$ 13 668 828	$ 707 800 401	$ 50 748 541	$ 18 821 914	$ 10 427 702	$ -	$ 1 005 107	$ 101 283	$ (98 525 358)	$ 704 048 418

Trinity Mother Frances Health System and Subsidiaries

Balance Sheet – Consolidating Information (Continued)

June 30, 2013

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

Trinity Mother Frances Health System and Subsidiaries

Statement of Operations – Consolidating Information

Year Ended June 30, 2013

	The System	Consolidated Hospital Group (Obligated Group)	Trinity Clinic	Jacksonville	Winnsboro	TRHA	Trincare, Inc	HOT	Eliminations	Consolidated
Unrestricted Revenues Gains and Other Support										
Net patient service revenue	$ -	$ 479 122 846	$ 114 276 457	$ 56 156 778	$ 17 376 307	$ -	$ 81 546	$ -	$ -	$ 650 725 754
Less provision for uncollectible accounts	-	34 302 824	7 091 050	7 557 744	1 711 527	-	759 290	-	-	51 458 215
Net patient service revenue less provision for uncollectible accounts	-	444 820 022	107 185 427	28 563 034	15 664 980	-	1 054 056	-	-	599 287 519
Other operating revenue	82 616 994	49 107 051	47 701 579	1 961 046	2 169 805	(885)	529 043	14 853	(152 786 641)	51 112 625
Equity in earnings of affiliate	(1 460 109)	1 697 588	-	-	-	-	-	-	-	237 479
Interest income	-	571 248	-	-	-	-	-	-	-	571 248
Total unrestricted revenues gains and other support	79 156 885	498 195 909	154 886 806	32 524 080	17 834 785	(885)	1 583 099	14 853	(152 786 641)	651 208 871
Expenses										
Salaries and wages	15 836 951	141 072 442	18 090 298	8 278 657	5 125 291	-	740 180	-	(1 710 490)	209 433 533
Physician compensation	1 826 615	34 169 901	135 790 976	6 985 172	2 929 201	-	-	-	(42 781 674)	139 120 211
Employee benefits	8 549 019	34 458 250	4 271 107	1 979 446	1 234 160	-	198 451	-	-	50 695 833
Purchased services and professional fees	15 178 124	104 582 202	21 334 695	6 326 707	5 205 264	160	2 166 945	(359 345)	(85 186 410)	69 448 138
Supplies and other	13 017 743	118 046 117	6 050 138	5 698 185	2 186 703	4 721	51 992	624	(2 158 920)	142 959 701
Depreciation and amortization	4 636 277	24 330 757	650 279	491 033	749 275	-	53 821	-	-	30 912 342
Interest	478 063	7 551 931	887 291	-	5 513	-	-	-	(749 151)	8 173 447
Equity in income of consolidated subsidiary	(372 927)	-	-	-	-	-	-	-	372 927	-
Total expenses	79 149 887	466 412 800	187 076 982	29 760 298	17 435 409	4 881	3 675 587	(358 721)	(132 413 718)	650 741 405
Operating Income (Loss)	6 998	31 783 109	(32 190 176)	2 763 782	399 376	(5 766)	(290 488)	373 574	(372 923)	2 467 466
Other Income (Expense)										
Investment return	(150)	7 191 778	3 141	-	-	-	-	-	-	7 194 769
Loss on debt restructuring	-	(904 513)	-	-	-	-	-	-	-	(904 513)
Change in fair value of interest rate swap agreements	-	(112 813)	-	-	-	-	-	-	-	(112 813)
Contributions	(284 027)	(13 806 541)	-	(1 133 785)	(16 260)	-	-	-	-	(15 240 613)
Total other income (expense)	(284 177)	(7 632 089)	3 141	(1 133 785)	(16 260)	-	-	-	-	(9 063 170)
Excess (Deficiency) of Revenues Over Expenses	$ (277 179)	$ 24 151 020	$ (32 187 035)	$ 1 629 997	$ 383 116	$ (5 766)	$ (290 488)	$ 373 574	$ (372 923)	$ (6 595 704)

Trinity Mother Frances Health System and Subsidiaries

Statement of Changes in Net Assets – Consolidating Information (Continued)

Year Ended June 30, 2013

	The System	Consolidated Hospital Group (Obligated Group)	Trinity Clinic	Jacksonville	Winnsboro	TRHA	Trincare, Inc	HOT	Eliminations	Consolidated
Unrestricted Net Assets										
Excess (deficiency) of revenues over expenses	$ (277 179)	$ 24 151 020	$ (32 187 035)	$ 1 629 997	$ 383 116	$ (5 766)	$ (290 488)	$ 373 554	$ (372 923)	$ (6 595 704)
Net assets released from restrictions	-	5 649 930	-	-	-	-	-	-	-	5 649 930
Contributions for purchase of property and equipment	-	-	-	-	-	-	-	-	-	-
Change in pension liability	-	26 157 771	-	-	-	-	-	-	-	26 157 771
Transfer (to) from affiliate	42 877 547	(67 091 505)	24 213 958	-	-	-	-	(322 242)	322 242	-
Increase (decrease) in unrestricted net assets	42 600 368	(11 132 784)	(7 973 077)	1 629 997	383 116	(5 766)	(290 488)	51 312	(50 681)	25 211 997
Temporarily Restricted Net Assets										
Contributions received	-	5 852 125	-	-	-	-	-	-	-	5 852 125
Change in interest in net assets of Foundation	(3 613 720)	-	-	-	-	-	-	-	-	(3 613 720)
Investment return	-	(202 195)	-	-	-	-	-	-	-	(202 195)
Net assets released from restrictions	-	(5 649 930)	-	-	-	-	-	-	-	(5 649 930)
Increase in temporarily restricted net assets	(3 613 720)	-	-	-	-	-	-	-	-	(3 613 720)
Permanently Restricted Net Assets										
Change in interest in net assets of Foundation	(50 621)	-	-	-	-	-	-	-	-	(50 621)
Increase in permanently restricted net assets	(50 621)	-	-	-	-	-	-	-	-	(50 621)
Change in Net Assets	38 936 027	(11 132 784)	(7 973 077)	1 629 997	383 116	(5 766)	(290 488)	51 312	(50 681)	21 547 656
Net Assets (Deficit) Beginning of Year	(93 416 447)	375 852 047	(21 782 273)	14 082 238	1 679 476	(94 386)	627 359	47 668	(48 614)	276 947 068
Net Assets (Deficit) End of Year	$ (54 480 420)	$ 364 719 263	$ (29 755 350)	$ 15 712 235	$ 2 062 592	$ (100 152)	$ 336 871	$ 98 980	$ (99 295)	$ 298 494 724

Mother Frances Hospital - Winnsboro

Community Health Needs Assessment & Implementation Plan

May 2013

TRINITY MOTHER FRANCES
HOSPITALS AND CLINICS

CHC

Section 2

Implementation Plan

Mother Frances Hospital - Winnsboro Implementation Plan

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

Hospital leadership prioritized those six needs and decided to address the top four. Mother Frances Hospital - Winnsboro decided not to specifically address the need for "access to mental health services and providers" and "access to transportation," largely due to their positions (second to last and last) on the prioritized list and the hospital's lack of capacity to address those needs.

Furthermore, Mother Frances Hospital – Winnsboro previously offered mental health services, but it was forced to close the unit due to lack of patient volume. Transportation is not a core business function of the hospital and hospital leadership views this as a larger infrastructure issue. Mother Frances Hospital - Winnsboro leadership feels that resources and efforts would be better spent addressing the first four prioritized needs. The final list of prioritized needs, in descending order, is listed below:

1. Access to Primary Care Services and Additional Primary Care Providers
2. Access to Additional Specialist Services and Providers
3. Access to Care for Specific Populations, such as the Elderly and Uninsured
4. Unhealthy Lifestyles and Related Conditions

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

PRIORITY 1: Access to Primary Care Services and Additional Primary Care Providers

Rationale: Findings indicate that more than 27% of residents in Wood County are uninsured and about one fourth of respondents (Behavioral Risk Factor Surveillance System) in Wood County face medical cost barriers. Interviewees consistently mentioned the need for more primary care physicians to meet the needs of the population. Interviewees recognized the difficulty of retaining primary care providers in a rural area and indicate that the limited number of physicians contributes to extended wait times.

Objective #1: Increase access to primary care services and providers in the community.

Implementation Activities

- Mother Frances Hospital – Winnsboro offers a Flu Clinic.
- Mother Frances Hospital – Winnsboro will coordinate efforts with Mother Frances Hospital – Tyler program to create consistency and branding efforts to increase the number of people served.
- Mother Frances Hospital – Winnsboro will work with Mother Frances Hospital to increase PCP rotation from Mother Frances Hospital physicians.
    - Recently Mother Frances Hospital - Winnsboro added an Internal Medicine physician to its clinic.
- The Mother Frances Hospital – Winnsboro clinic participates in offering sports physicals to school aged children.
- Mother Frances Hospital – Winnsboro will evaluate the need for additional mid-levels

Impact and Evaluation

- Mother Frances Hospital – Winnsboro will track participation in its Flu Clinic.
- Mother Frances Hospital – Winnsboro will track primary care services.

PRIORITY 2: Access to Additional Specialist Services and Providers

Rationale: In addition to the high uninsured rates and substantial medical cost barriers in Wood County, access to specialist services and providers are a concern. Interviewees referred to the difficulty in accessing specialty care in a rural area, and the need for increased access locally.

One interviewee stated that "when residents need to see a specialist, quite often they have to travel to Tyler" and "you have to wait a few weeks to get in to see the ones that come in town."

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

Implementation Activities

- Mother Frances Hospital – Winnsboro offers the Flight for Life program to provide critical care service within a 150-mile radius in a 23-county area.
    - Team includes a pilot, flight nurse and flight paramedic
    - Transport two patients plus crew and pilot
    - Equipped with trauma and medical resuscitation equipment, fetal monitor, emergency birthing equipment, a variety of drugs
- As mentioned under Priority 1, Mother Frances Hospital – Winnsboro will coordinate efforts with Mother Frances Hospital – Tyler program to create consistency and branding efforts to increase the number of people served.
- Mother Frances Hospital – Winnsboro will work with Mother Frances Hospital to increase rotation from Mother Frances Hospital physicians.
    - Currently, specialists who rotate through the hospital's campus include:
        - Cardiology
        - Pain Management
        - Gastroenterology
        - Oncology
- Mother Frances Hospital – Winnsboro hosts public education sessions regarding wound care.
- Mother Frances Hospital – Winnsboro is currently assessing the feasibility of an orthopedic clinic on its campus.
- Mother Frances Hospital – Winnsboro hosts a blood drive targeted at the employees of the hospital and clinics multiple times a year.
- Mother Frances Hospital – Winnsboro offers TeleCare Plus, which is a medical call center available for FREE to the public 24 hours a day. Registered nurses provide callers with answers to health questions over the telephone, can send health information via the mail, provide physician referrals, give information on community and hospital resources and do symptom based triage.

Impact and Evaluation

- Mother Frances Hospital – Winnsboro will track the number of people served by the Flight for Life program.
- Mother Frances Hospital – Winnsboro will track specialty care services.

PRIORITY 3: Access to Care for Specific Populations, such as the Elderly and Uninsured

Rationale: Findings suggest that persons from specific populations have a more difficult time getting the care they need. For example, there is a large elderly population in Wood County. About 22.5% of residents in Wood County are ages 65 and older compared to only 10.3% in Texas. The 55 – 64 year old population represents 14.5% of Wood County compared to only 9.9% of Texas. This population has a more difficult time accessing care due to limitations, such as use of special equipment. According to the Behavioral Risk Factor Surveillance System, 13.3% of respondents in Wood County compared to only 7.1% report having a health problem that requires them to use special equipment. Interviewees also noted that access to appropriate medication was a major concern for the elderly population, as well as access to specialty care. The uninsured (more than 27% in Wood County) and the low income populations are also at a greater risk with regard to accessing care due to lack of insurance and / or cost barriers.

Objective #1: Increase access to health care for specific populations, such as the elderly and uninsured.

Implementation Activities

- Mother Frances Hospital – Winnsboro continue to offer financial assistance through scholarship funds for the Diabetes Education Center for those without insurance coverage and unable to pay.

Impact and Evaluation

- Mother Frances Hospital – Winnsboro will track financial assistance provided.

PRIORITY 4: Unhealthy Lifestyles and Related Conditions

Rationale: Heart disease is the leading cause of death in Wood County, followed by cancer, accidents, chronic lower respiratory disease and cerebrovascular disease. Many of these conditions can be linked to unhealthy lifestyles. There are very high and increasing heart disease mortality rates in Wood County, while Texas' heart disease mortality rates are decreasing. There are also higher incidence rates of lung and bronchus cancer in Wood County compared to Texas. Additional lifestyle related conditions in Wood County include obesity, diabetes, physical inactivity and smoking. Interviews suggest that prevention and education regarding these conditions and diseases would be beneficial.

Objective #1: Implement a variety of awareness, education and screening programs focused on unhealthy lifestyles and related conditions.

Implementation Activities

- Mother Frances Hospital – Winnsboro offers periodic support groups to increase awareness about diseases and resources offered through the community and health system.
- As mentioned under Priority 3, Mother Frances Hospital – Winnsboro continue to offer financial assistance through scholarship funds for the Diabetes Education Center for those without insurance coverage and unable to pay.
- Mother Frances Hospital – Winnsboro will host periodic Diabetes Support Group meetings on topics that are geared to help the individuals cope with the disease elements. The meetings are open to any individual and/ family members.
- Mother Frances Hospital – Winnsboro will hold community education events with TC Cardiologist/Vascular physicians to educate the community on preventative measures for heart disease.
- Mother Frances Hospital – Winnsboro will coordinate a health fair with Winnsboro Independent School District (WISD) for all employees of the WISD. Mother Frances Hospital – Winnsboro to provide appropriate screenings for school district employees.
- Safety education programs are also held at Winnsboro ISD for the 1st grade students. The program is held to provide bicycle safety and to distribute bike helmets, the importance of hand hygiene, and head injury prevention. Free bicycle helmets are distributed as well as a program by the pilot club on mind benders.
- Mother Frances Hospital Winnsboro provides screenings during the Winnsboro Autumn Trails Festival, the largest annual community event.
- The employees of Mother Frances Hospital are dedicated to enhancing community wellness through Winnsboro Farm and Safety Day with a focus on treatment and prevention of head trauma.
- Mother Frances Hospital – Winnsboro reaches out to the community by offering numerous classes, speakers and other informative activities. Hospital personnel are made available as speakers for civic groups, industrial partners, and media appearances and health fairs to address health topics of particular concern to the public.
- Mother Frances Hospital – Winnsboro is available to participate in community health fairs.
- Mother Frances Hospital Leadership participates in Chamber of Commerce Business Expo, the Chamber of Commerce Banquet and a variety of service clubs and organizations.

- Mother Frances Hospital - Winnsboro leadership and staff volunteers work with WISD to discuss careers in healthcare.
- Mother Frances Hospital – Winnsboro participates in Share the Spirit. This is an annual fund raising campaign within the health system for employees. It is organized and implemented by employees with all proceeds going to help with health related programs.

Impact and Evaluation

- Mother Frances Hospital – Winnsboro will track participation in community events, programs and screenings.