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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 SAINT FRANCIS MEMORIAL HOSPITAL	D Employer identification number 94-1156295
	Doing Business As	
	Number and street (or P O box if mail is not delivered to street address) Room/suite 900 Hyde Street	E Telephone number (415) 353-6600
	City or town, state or country, and ZIP + 4 San Francisco, CA 94109	G Gross receipts \$ 234,199,559
	F Name and address of principal officer ALAN FOX 900 HYDE STREET SAN FRANCISCO, CA 94109	
I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) () ◀(Insert no) ☐ 4947(a)(1) or ☐ 527		H(a) Is this a group return for affiliates? ☐ Yes ☒ No
J Website: ▶ WWW.SAINTFRANCISMEMORIAL.ORG		H(b) Are all affiliates included? ☐ Yes ☐ No If "No," attach a list (see instructions)
		H(c) Group exemption number ▶
K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶		L Year of formation 1938
		M State of legal domicile CA

Part I	Summary
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Activities & Governance	1 Briefly describe the organization's mission or most significant activities TO PROVIDE COMPASSIONATE, QUALITY, COST EFFECTIVE MEDICAL AND HEALTHCARE RELATED SERVICES TO MEET THE NEEDS OF THE COMMUNITIES WE SERVE
	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)
	4 Number of independent voting members of the governing body (Part VI, line 1b)
5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	
6 Total number of volunteers (estimate if necessary)	
7a Total unrelated business revenue from Part VIII, column (C), line 12	
b Net unrelated business taxable income from Form 990-T, line 34	
Revenue	8 Contributions and grants (Part VIII, line 1h)
	9 Program service revenue (Part VIII, line 2g)
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)
	Prior Year 2,036,475
Current Year 3,878,315	
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)
	14 Benefits paid to or for members (Part IX, column (A), line 4)
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)
	16a Professional fundraising fees (Part IX, column (A), line 11e)
	b Total fundraising expenses (Part IX, column (D), line 25) ▶996,012
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)
	19 Revenue less expenses Subtract line 18 from line 12
	Beginning of Current Year 1,277,514
Net Assets or Fund Balances	20 Total assets (Part X, line 16)
	21 Total liabilities (Part X, line 26)
	22 Net assets or fund balances Subtract line 21 from line 20
	End of Year 1,517,258

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

Sign Here	Signature of officer		2014-04-29			
	Date					
Paid Preparer Use Only	Prnt/Type preparer's name VALERIE J BALL		Preparer's signature	Date	Check ☐ if self-employed	PTIN P00178114
	Firm's name ▶ KPMG LLP				Firm's EIN ▶ 13-5565207	
	Firm's address ▶ 55 SECOND STREET SUITE 1400 SAN FRANCISCO, CA 94105				Phone no (415) 963-5100	

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

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization’s mission

TO PROVIDE COMPASSIONATE, HIGH-QUALITY, AFFORDABLE HEALTH SERVICES FOR OUR SISTERS AND BROTHERS WHO ARE POOR AND DISENFRANCHISED, AND PARTNERING WITH OTHERS IN THE COMMUNITY TO IMPROVE THE QUALITY OF LIFE

2

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

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

3

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

If “Yes,” describe these changes on Schedule O

4

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

4a

(Code) (Expenses \$ 198,862,471 including grants of \$ 1,517,258) (Revenue \$ 210,094,569)

SAINT FRANCIS MEMORIAL HOSPITAL'S MISSION IS TO CONTRIBUTE TO THE HEALTH OF THE COMMUNITY THROUGH THE PROVISION OF QUALITY SERVICES DELIVERED IN A COMPASSIONATE AND COST EFFECTIVE MANNER THE HOSPITAL HAS 288 BEDS AND SERVICED PATIENTS AS FOLLOWS OUTPATIENT VISITS OF 127,590, EMERGENCY VISITS OF 32,612, AND INPATIENT AND OUTPATIENT OPERATING ROOM CASES OF 3,454 INPATIENT SERVICES ACUTE MEDICAL/SURGICAL CARE AND REHAB, INTENSIVE AND BURN CARE, ADULT PSYCH, PHARMACY, CARDIOPULMONARY, SURGERY AND TELEMETRY UNIT OUTPATIENT SERVICES EMERGENCY CARE, SPORTS MEDICINE AND OCCUPATIONAL HEALTH CLINICS, PULMONARY REHAB, OUTPATIENT BURN CARE, SPINE AND JOINT/PAIN/MS CLINIC, DIAGNOSTIC IMAGING, RADIATION ONCOLOGY, GASTROINTESTINAL SERVICES AND PHYSICAL THERAPY SERVICES, HYPERBARIC OXYGEN CLINIC SUPPORT SERVICES CHAPLAINCY PROGRAM, FAMILY SUPPORT SERVICES, PALLIATIVE CARE, PARKING SERVICES, NURSING EDUCATION SERVICES, HEALTH SCIENCES LIBRARY, AS WELL AS SUPPORT, TIME AND MONEY TO ORGANIZATIONS AND INDIVIDUALS THROUGHOUT THE COMMUNITY

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 198,862,471

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI. 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c Yes	
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	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? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	Yes	
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30	Yes	
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		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)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	211	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	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.	1,197	
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).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		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?		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
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?		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
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?		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		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	20	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	13	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

Section B. Policies

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	CA
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	LARA HARROW FINANCE DEPT 3400 DATA DRIVE FL 3 RANCHO CORDOVA, CA (916) 851-2000

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

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

[illegible]

Part VII

(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)							3,844,504	1,440,045	792,672

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 364

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
REHABCARE GRP INC 7733 FORSYTH BLVD ST LOUIS MO 631502096	THERAPIST	2,613,766
GALEN INPATIENT PHYSICIANS 2100 POWELL ST STE 900 EMERYVILLE CA 946081803	PHYSICIAN SERVICES	2,123,700
CITY PARK 1234 PINE ST SAN FRANCISCO CA 94109	PARKING SERVICES	763,018
PARADIGM MEDICAL MGMT INC 23332 HAWTHORNE BLVD TORRANCE CA 90505	MEDICAL SERVICES	681,399
ANESTHESIOLOGISTS MED GR OF SF 8755 AERO DR SAN DIEGO CA 92123	MEDICAL SERVICES	622,675

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 ►49

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	331,216		
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	3,547,099		
	g	Noncash contributions included in lines 1a-1f \$		189,650		
	h	Total. Add lines 1a-1f		3,878,315		
Program Service Revenue	2a	PATIENT NET OF CHARITY AND BAD DEBT	Business Code 900099	206,126,588	206,126,588	
	b	MEDICAL OFFICE BLDG	532000	2,353,475	2,353,475	
	c	MEANINGFUL USE INCENTIVES (EHR)	900099	971,125	971,125	
	d	PHYSICIAN PROFESSIONAL FEES	900099	634,591	634,591	
	e	EDUCATION	900099	7,800	7,800	
	f	All other program service revenue		990	990	0
	g	Total. Add lines 2a-2f		210,094,569		
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	3,052,339		
4		Income from investment of tax-exempt bond proceeds	0			
5		Royalties	0			
6a		Gross rents	(i) Real 118,885	(ii) Personal		
b		Less rental expenses				
c		Rental income or (loss)	118,885	0		
d		Net rental income or (loss)	118,885			118,885
7a		Gross amount from sales of assets other than inventory	(i) Securities 14,809,899	(ii) Other 120,265		
b		Less cost or other basis and sales expenses	11,771,633	5,567		
c		Gain or (loss)	3,038,266	114,698		
d		Net gain or (loss)	3,152,964			3,152,964
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	PARKING LOT FEES	812930	920,162			920,162
b	SPORTS MEDICINE RETAIL OPERATION	446199	465,475		465,475	
c	GIFT SHOP	453220	489,974			489,974
d	All other revenue		249,676	0	0	249,676
e	Total. Add lines 11a-11d		2,125,287			
12	Total revenue. See Instructions		222,422,359	210,094,569	465,475	7,984,000

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.	1,502,056	1,502,056		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	15,202	15,202		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	0			
4	Benefits paid to or for members.	0			
5	Compensation of current officers, directors, trustees, and key employees.	2,888,625	2,718,633	169,992	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	539,621	539,621		
7	Other salaries and wages.	91,970,421	85,452,351	5,766,488	751,582
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	7,562,540	7,022,874	477,865	61,801
9	Other employee benefits.	13,664,311	12,689,255	863,391	111,665
10	Payroll taxes.	6,505,690	6,041,501	411,025	53,164
11	Fees for services (non-employees):				
a	Management.	0	0		
b	Legal.	184,038		184,038	
c	Accounting.	72,587		72,587	
d	Lobbying.	31,755		31,755	
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	119,080		119,080	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	25,557,391	19,223,476	6,333,915	0
12	Advertising and promotion.	464,662	13,712	450,950	
13	Office expenses.	4,949,783	4,613,143	318,840	17,800
14	Information technology.	9,517,071	9,414,177	102,894	
15	Royalties.	0			
16	Occupancy.	3,436,513	3,137,336	299,177	
17	Travel.	98,029	54,325	43,704	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	67,551	37,914	29,637	
20	Interest.	1,619,485	1,619,485		
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	9,500,730	9,189,242	311,488	
23	Insurance.	1,639,004	1,639,004		
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	20,924,779	20,924,779		
b	MEDI-CAL PROVIDER FEE	10,576,320	10,576,320		
c	ABANDONMENT/LOSS ON DISPOSAL	1,065,861	1,065,861		
d	FOOD EXPENSE	832,793	760,283	72,510	
e	All other expenses	1,139,404	611,921	527,483	0
25	Total functional expenses. Add lines 1 through 24e.	216,445,302	198,862,471	16,586,819	996,012
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).	0			

Part X

Balance Sheet

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

				(A)		(B)	
				Beginning of year		End of year	
Assets	1	Cash—non-interest-bearing		7,798	1	6,607	
	2	Savings and temporary cash investments		2,664,902	2	1,364,736	
	3	Pledges and grants receivable, net		94,371	3	166,078	
	4	Accounts receivable, net		30,275,681	4	39,416,071	
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		286,370	5	165,701	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	0	
	7	Notes and loans receivable, net		3,057,251	7	2,932,776	
	8	Inventories for sale or use		2,888,173	8	3,107,975	
	9	Prepaid expenses and deferred charges		17,740,443	9	12,560,954	
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	204,044,630			
	b	Less accumulated depreciation	10b	109,295,499	96,831,477	10c	94,749,131
	11	Investments—publicly traded securities		102,143,676	11	115,865,242	
	12	Investments—other securities See Part IV, line 11		0	12	0	
	13	Investments—program-related See Part IV, line 11		72,889,220	13	77,921,894	
	14	Intangible assets			14		
	15	Other assets See Part IV, line 11		13,875,000	15	9,229,000	
16	Total assets. Add lines 1 through 15 (must equal line 34)		342,754,362	16	357,486,165		
Liabilities	17	Accounts payable and accrued expenses		28,025,741	17	28,479,225	
	18	Grants payable			18		
	19	Deferred revenue		78,847	19	24,521	
	20	Tax-exempt bond liabilities		10,000,000	20	10,000,000	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21		
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	0	
	23	Secured mortgages and notes payable to unrelated third parties			23		
	24	Unsecured notes and loans payable to unrelated third parties			24		
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		44,579,302	25	40,323,019	
	26	Total liabilities. Add lines 17 through 25		82,683,890	26	78,826,765	
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		187,181,251	27	200,867,506	
	28	Temporarily restricted net assets		42,517,983	28	47,472,261	
	29	Permanently restricted net assets		30,371,238	29	30,319,633	
	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		260,070,472	33	278,659,400	
34	Total liabilities and net assets/fund balances		342,754,362	34	357,486,165		

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	222,422,359
2	Total expenses (must equal Part IX, column (A), line 25)	2	216,445,302
3	Revenue less expenses Subtract line 2 from line 1	3	5,977,057
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	260,070,472
5	Net unrealized gains (losses) on investments	5	7,603,376
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	5,008,497
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	278,659,400

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? 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		No
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separate basis	Yes	
2c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	Yes	
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	Yes	

Additional Data

Software ID: 12000266

Software Version: v2012.1.0

EIN: 94-1156295

Name: SAINT FRANCIS MEMORIAL HOSPITAL

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

(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			
CLEMENT JONES MD SECRETARY	3 00 0	X		X				0	0	0
DAVID J MALONE MD BOARD CHAIR	3 00 0	X		X				9,920	0	0
FRANK MALIN MD VICE-CHAIR	3 00 0	X		X				0	0	0
AMY BOSSEN MD BOARD MEMBER	3 00 0	X						5,000	0	0
ANNA CHEUNG BOARD MEMBER	3 00 40 00	X						0	438,665	68,299
CARRIE BYLES BOARD MEMBER	3 00 0	X						0	0	0
CHARLES MCGETTIGAN BOARD MEMBER	3 00 0	X						0	0	0
CYNTHIA KILROY BOARD MEMBER	3 00 0	X						0	0	0
DAVID DUONG MD BOARD MEMBER	3 00 0	X						18,400	0	0
GARY CHAN MD BOARD MEMBER	3 00 0	X						1,406	0	0
GLENNA L VASKELIS BOARD MEMBER	3 00 40 00	X						0	538,710	90,878
ISSA ESHIMA MD BOARD MEMBER	3 00 0	X						0	0	0
JULIE SOO JD BOARD MEMBER	3 00 0	X						0	0	0
KIMBERLY MACPHERSON BOARD MEMBER	3 00 0	X						0	0	0
MICHAELA CASSIDY BOARD MEMBER	3 00 0	X						0	0	0
PETER TENG MD BOARD MEMBER	3 00 0	X						0	0	0
RICHARD SPALDING BOARD MEMBER	3 00 0	X						0	0	0
ROBERT EVES BOARD MEMBER	3 00 0	X						0	0	0
ROBERT HARVEY MD BOARD MEMBER	3 00 0	X						63,064	0	0
VICTOR PRIETO MD BOARD MEMBER	3 00 0	X						154,704	0	0
ALAN FOX CFO/TREASURER	40 00 0			X				311,548	0	52,304
TOM HENNESSY PRESIDENT AND CEO	40 00 0 00			X				0	462,670	87,025
ABBIE YANT SENIOR DIRECTOR ADVOCACY	40 00 0				X			197,275	0	43,707
ANDREW SMITH VP MEDICAL AFFAIRS	40 00 0				X			340,551	0	50,223
BARBARA MORRISSETTE VP HR	40 00 0				X			223,325	0	45,400

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors										
(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			
DALLAS RYAN DIRECTOR MATERIALS MANAGEMENT	40 00 0				X			205,674	0	36,981
DENNIS KNEEPEL CNE & COO	40 00 0				X			285,458	0	38,085
HELEN KAROW SR DIRECTOR OR	40 00 0				X			202,183	0	36,869
JILL WELTON SR DIRECTOR QUALITY & PERFORM IMPROVE	40 00 0				X			232,939	0	40,608
RAYMOND MILLER DIRECTOR - PHARMACY	40 00 0				X			224,254	0	38,911
ALBINA GUERRERO REGISTERED NURSE	40 00 0					X		242,982	0	39,073
BRADFORD K MOY MEDICAL DIRECTOR	40 00 0					X		308,003	0	29,770
DORIS Y YAU STAFF NURSE III	20 00 0					X		300,579	0	51,794
FRANCES T L CHEE REGISTERED NURSE	40 00 0					X		269,383	0	39,640
ROBERT A DUREAULT PRESIDENT - FOUNDATION	40 00 0					X		247,856	0	3,104

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2012

Open to Public Inspection

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

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

Department of the Treasury
Internal Revenue Service

Name of the organization
SAINT FRANCIS MEMORIAL HOSPITAL

Employer identification number
94-1156295

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 33¹/₃% 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 33¹/₃% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☐

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

☐

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

☐

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

(i)

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

(ii)

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

(iii)

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

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

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

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

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

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

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

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

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

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

Facts And Circumstances Test

Explanation

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization SAINT FRANCIS MEMORIAL HOSPITAL	Employer identification number 94-1156295
---	--

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															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		☐ 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)		(b)	
		Yes	No	Amount	
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of	a Volunteers?		No		
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No		
	c Media advertisements?		No		
	d Mailings to members, legislators, or the public?		No		
	e Publications, or published or broadcast statements?		No		
	f Grants to other organizations for lobbying purposes?		No		
	g Direct contact with legislators, their staffs, government officials, or a legislative body?		No		
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No		
	i Other activities?	Yes			31,755
	j Total Add lines 1c through 1i				31,755
	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
Description of the activities reported on Lines 1a through 1i.	Schedule C, Part II-B, Line 1.	LOBBYING EXPENDITURES PAID BY THE PARENT ORGANIZATION FOR ANNUAL MEMBERSHIP DUES WHERE EXPENSES ARE ALLOCATED TO THE HOSPITAL CATHOLIC HEALTH ASSOCIATION \$14,169 AMERICAN HOSPITAL ASSOCIATION \$1,392 SAFETY NET HOSPITALS FOR PHARMACEUTICAL ACCESS \$870 LOBBYING EXPENDITURES PAID DIRECTLY BY THE FILING ORGANIZATION FOR LOBBYING CONTRIBUTIONS AND/OR ANNUAL MEMBERSHIP DUES. SAVE HETCH HETCHY \$15,000 APTA NATIONAL DUES \$52 APTA CA CHAPTER \$231 ASIS INTERNATIONAL \$8 AMERICAN ASSOC FOR RESPIRATORY \$22 AMERICAN SPEECH, LANGUAGE, HEARING ASSOC \$11 TOTAL \$31,755

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
SAINT FRANCIS MEMORIAL HOSPITAL

Employer identification number
94-1156295

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

3

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

4

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

5

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

☐ Yes☐ No

6

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

7

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

8

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

☐ Yes☐ No

9

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

Part III

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

1a

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

b

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

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

▶\$ _____

(ii) Assets included in Form 990, Part X

▶\$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶\$ _____

b

Assets included in Form 990, Part X

▶\$ _____

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

Cat No 52283D

Schedule D (Form 990) 2012

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes

☐ No

Part IV

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

1a

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

☐ Yes

☐ No

b

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

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

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

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a	Beginning of year balance	34,688,666	36,338,723	36,206,485	33,349,590
b	Contributions	27,052	100	3,654	6,794
c	Net investment earnings, gains, and losses	3,479,952	-742,651	5,190,056	3,252,188
d	Grants or scholarships				
e	Other expenditures for facilities and programs	1,428,005	907,506	5,061,472	402,087
f	Administrative expenses				
g	End of year balance	36,767,665	34,688,666	36,338,723	36,206,485
33,349,590					

2

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

a

Board designated or quasi-endowment

17 000 %

b

Permanent endowment

83 000 %

c

Temporarily restricted endowment

0 %

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

3a

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

(i) unrelated organizations

(ii) related organizations

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

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		2,094,567		2,094,567
b Buildings		131,553,125	62,179,970	69,373,155
c Leasehold improvements		224,687	183,887	40,800
d Equipment		66,070,343	46,931,642	19,138,701
e Other		4,101,908		4,101,908
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				94,749,131

Schedule D (Form 990) 2012

Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIII

Supplemental Information

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

Identifier	Return Reference	Explanation
Intended uses of endowment funds	Schedule D, Part V, Line 4	THE ENDOWMENT FUNDS ARE INTENDED TO BE USED TO SUPPORT THE HOSPITAL'S HEALTHCARE NEEDS AND OTHER HOSPITAL PROGRAM NEEDS
FIN 48 (ASC 740) footnote	Schedule D, Part X, Line 2	DIGNITY HEALTH REVIEWS ITS TAX POSITIONS ANNUALLY AND HAS DETERMINED THAT THERE ARE NO MATERIAL UNCERTAIN TAX POSITIONS THAT REQUIRE RECOGNITION IN THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS

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
SAINT FRANCIS MEMORIAL HOSPITAL

Employer identification number
94-1156295

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 <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care ☐ 100% ☐ 150% ☒ 200% ☐ Other _____ % b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☒ Other _____ 500 % 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	3a	Yes	
		3b	Yes	
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 eligible 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)		1,860	4,338,209	0	4,338,209	2 000 %
b Medicaid (from Worksheet 3, column a)		8,129	40,327,808	24,815,037	15,512,771	7 170 %
c Costs of other means-tested government programs (from Worksheet 3, column b)		3,302	5,731,758	0	5,731,758	2 650 %
d Total Financial Assistance and Means-Tested Government Programs	0	13,291	50,397,775	24,815,037	25,582,738	11 820 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)		3,577	979,221	400	978,821	0 450 %
f Health professions education (from Worksheet 5)		688	375,483	274,781	100,702	0 050 %
g Subsidized health services (from Worksheet 6)		3,435	824,761	114,576	710,185	0 320 %
h Research (from Worksheet 7)					0	0 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)		10,001	502,344	23,351	478,993	0 220 %
j Total. Other Benefits	0	17,701	2,681,809	413,108	2,268,701	1 040 %
k Total. Add lines 7d and 7j	0	30,992	53,079,584	25,228,145	27,851,439	12 860 %

Part II

Community Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing					0	0 %
2Economic development					0	0 %
3Community support					0	0 %
4Environmental improvements					0	0 %
5Leadership development and training for community members					0	0 %
6Coalition building					0	0 %
7Community health improvement advocacy					0	0 %
8Workforce development	2	30	14,704	0	14,704	0 %
9Other					0	0 %
10Total	2	30	14,704	0	14,704	0 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

2

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

2

4,987,387

3

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

3

0

4

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

Section B. Medicare

5

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

5

44,235,173

6

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

6

55,886,351

7

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

7

-11,651,178

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	SAINT FRANCIS MEMORIAL HOSPITAL 900 HYDE ST SAN FRANCISCO, CA 94109	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)

SAINT FRANCIS MEMORIAL HOSPITAL

Name of hospital facility or facility reporting group

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

1

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes	
a ☒ 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 <u>12</u>			
3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	Yes	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	Yes	
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes	
a ☒ 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)

Financial Assistance Policy		Yes	No		
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes		
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes		
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>500</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes		
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes		
a ☒ 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? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes		
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? If "No," indicate why	Yes	
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? If "Yes," explain in Part VI		No
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Part VI		No

Part V

Facility Information (continued)

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

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

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

2

Name and address	Type of Facility (describe)
1 SMI IMAGING LLC 6740 E CAMELBACK ROAD SUITE 101 SCOTTSDALE,CA 85251	IMAGING
2 SAN FRANCISCO CYBERKNIFE LLC 40 BURTON HILLS BLVD SUITE 220 NASHVILLE,TN 37215	RADIOTHERAPY
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
Costing Methodology used to calculate financial assistance	Schedule H, Part I, Line 7	FOR PURPOSES OF CALCULATING THE AMOUNTS PROVIDED IN THE TABLE, SFMH USES A COST ACCOUNTING SYSTEM THAT COMBINES RELATIVE VALUE UNITS (RVU) AND COST TO CHARGE RATIOS (CCR) TO ALLOCATE COSTS TO THE PATIENT LEVEL THE COST ACCOUNTING SYSTEM ALGORITHM ALLOCATES TOTAL OPERATING EXPENSES TO THE PROCEDURE CHARGE CODE LEVEL BASED UPON AN RVU FOR PROCEDURES THAT HAVE BEEN STUDIED AND ASSIGNED AN RVU, OR BASED UPON A CCR FOR UNSTUDIED PROCEDURES THAT DO NOT HAVE AN RVU ASSIGNED WHEN A CCR IS USED, THE SYSTEM CALCULATES THAT CCR ON A DEPARTMENTAL SPECIFIC BASIS AT WHERE THE SERVICES WERE PROVIDED THE CALCULATION IS SIMILAR TO THE WORKSHEET 2 OF SCHEDULE H, RATIO OF PATIENT CARE COST TO CHARGES, EXCEPT IT IS CALCULATED ON A DEPARTMENTAL SPECIFIC BASIS, NOT IN THE AGGREGATE THE ALLOCATED PROCEDURE CHARGE CODE LEVEL COSTS ARE THEN ROLLED UP TO THE PATIENT LEVEL BASED UPON THE BILLED PROCEDURE CHARGE CODES ASSOCIATED WITH THOSE SERVICES PROVIDED TO EACH SPECIFIC PATIENT THIS IS DONE FOR ALL PATIENT SEGMENTS INCLUDING INPATIENT, OUTPATIENT, EMERGENCY DEPARTMENT, PRIVATE INSURANCE, MEDICAID, MEDICARE, UNINSURED AND SELF PAY THE COST ACCOUNTING SYSTEM IS UTILIZED TO DETERMINE THE UNREIMBURSED COST OF MEDICAID AND OTHER MEANS-TESTED GOVERNMENT PROGRAMS THE COST OF CHARITY CARE IS CALCULATED BY APPLYING THE CCR DERIVED FROM THE COST ACCOUNTING SYSTEM ON A PER FACILITY BASIS, TO THE CHARGES INCURRED ON PATIENTS THAT QUALIFY FOR CHARITY CARE AT THE RESPECTIVE FACILITY THE ACTUAL COST IS REPORTED FOR OTHER COMMUNITY BENEFIT ACTIVITIES SUCH AS COMMUNITY HEALTH IMPROVEMENT SERVICES, COMMUNITY BENEFIT OPERATIONS, HEALTH PROFESSIONS EDUCATION, SUBSIDIZED HEALTH SERVICES, RESEARCH AND CASH AND IN-KIND DONATIONS
Bad Debt Expense excluded from financial assistance calculation	Schedule H, Part I, Line 7, column(f)	0

Identifier	ReturnReference	Explanation
Community Building Activities	Schedule H, Part II	WORKFORCE DEVELOPMENT - UNDER WORK FORCE DEVELOPMENT, WE HAVE CRISTO REY/IMMACULATE CONCEPTION ACADEMY AS PART OF OUR MENTORING PROGRAMS IMMACULATE CONCEPTION ACADEMY (ICA) IS AN ALL-GIRLS CATHOLIC HIGH SCHOOL, WHICH OFFERS A COLLEGE PREPARATORY EDUCATION IN THE DOMINICAN TRADITION AS PART OF THE CRISTO REY NETWORK, ICA OPERATES WITH A UNIQUE PROGRAM OF STRONG COLLEGE PREP CURRICULUM PARTNERED WITH A CORPORATE WORK STUDY COMPONENT MEMBERSHIP IN THE CRISTO REY NETWORK ALLOWS ICA TO OPEN ITS DOORS TO CAPABLE STUDENTS DESIRING A FAITH BASED HIGH SCHOOL EDUCATION BUT WITHOUT ADEQUATE MEANS TO AFFORD IT SAINT FRANCIS PROVIDES MENTORING OPPORTUNITIES FOR UP TO 4 ICA STUDENTS THROUGHOUT THE ACADEMIC YEAR
Bad debt expense - methodology used to estimate amount	Schedule H, Part III, Line 2	THE AMOUNT OF THE ORGANIZATION'S BAD DEBT AT COST IS DETERMINED BY APPLYING THE CCR (SEE SCHEDULE H, PART I, LINE 7) TO PATIENT CHARGES THAT ARE DEEMED TO BE UNCOLLECTIBLE THIS AMOUNT REPRESENTS THE COST OF SERVICES PROVIDED TO PATIENTS WHO ARE UNABLE OR REFUSE TO PAY THEIR BILLS AND DO NOT QUALIFY FOR FREE OR DISCOUNTED CARE, GOVERNMENT SPONSORED PROGRAMS OR OTHER FINANCIAL ASSISTANCE, AND ARE OTHERWISE UNINSURED ANY PORTION OF A PATIENT BILL REMAINING AFTER APPLYING FINANCIAL, UNINSURED OR OTHER DISCOUNTS OR PAYMENTS RECEIVED ON THE ACCOUNT THAT ARE ULTIMATELY DETERMINED TO BE UNCOLLECTIBLE ARE WRITTEN OFF TO BAD DEBT AS NOTED IN PART I, LINE 3, SFMH PROVIDES FREE OR DISCOUNTED CARE TO UNINSURED OR UNDER-INSURED INDIVIDUALS AT OR BELOW 500% OF THE FEDERAL POVERTY LEVEL SFMH ALSO PROVIDES PATIENTS OPTIONS FOR PROMPT PAY DISCOUNTS, DISCOUNTS FOR THE MEDICALLY INDIGENT, AND INTEREST-FREE EXTENDED PAYMENT PLANS FOR PATIENTS WHO HAVE DEMONSTRATED GOOD FAITH AND ARE COOPERATING IN RESOLVING THEIR HOSPITAL BILLS ALL ACCOUNTS FOR ELIGIBLE UNINSURED PATIENTS RECEIVE AN AUTOMATIC UNINSURED DISCOUNT OF 25% FOR PATIENTS SEEN THE EXPECTED PATIENT PAYMENT AMOUNT ON THE PATIENT'S BILL REFLECTS THIS DISCOUNT

Identifier	ReturnReference	Explanation
Bad debt expense - methodology used to estimate amount as community benefit	Schedule H, Part III, Line 3	SFMH MAKES EVERY EFFORT IN DETERMINING IF A PATIENT QUALIFIES FOR FINANCIAL ASSISTANCE UPON ADMISSION SFMH FOLLOWS DIGNITY HEALTH'S FINANCIAL ASSISTANCE POLICY DIGNITY HEALTH'S FINANCIAL ASSISTANCE POLICY IS COMMUNICATED TO PATIENTS UPON ADMISSION AND IS AVAILABLE IN THE LANGUAGES PRIMARILY SPOKEN IN THE COMMUNITY IT IS ALSO POSTED IN VARIOUS COMMON AREAS OF THE HOSPITAL AND IS PROVIDED UPON BILLING IF ELIGIBILITY IS NOT PREVIOUSLY DETERMINED ELIGIBILITY IS REEVALUATED AS NEEDED AND AMOUNTS ARE CLASSIFIED AS CHARITY AS SOON AS ELIGIBILITY IS KNOWN DIGNITY HEALTH ALSO UTILIZES A PAYMENT ASSISTANCE RANK ORDERING (PARO) SCORING SYSTEM TO ASSIST IN DETERMINING IF A PATIENT MAY QUALIFY FOR CHARITY CARE EVEN THOUGH THEY HAVE NOT APPLIED FOR IT PARO IS A METHODOLOGY THAT APPLIES CONSISTENT SCREENING AND APPLICATION STANDARDS TO ALL PATIENTS UTILIZING HISTORICAL DATA TO DEVELOP A PREDICTIVE MODEL FOR HEALTHCARE FINANCIAL ASSISTANCE IN ITS DEVELOPMENT, SPECIAL ATTENTION WAS PAID TO THOSE SOCIO-ECONOMIC FACTORS THAT MIGHT ADVERSELY AFFECT THOSE PATIENTS DESERVING THE MOST ATTENTION OTHER CRITERIA ARE ALSO UTILIZED TO ENSURE THAT NO SERVICES THAT HAVE QUALIFIED AS CHARITY ARE REPORTED AS BAD DEBT AS SUCH, SFMH DOES NOT BELIEVE THAT ANY AMOUNTS INCLUDED IN PART III, LINE 2, ARE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY
Bad debt expense - financial statement footnote	Schedule H, Part III, Line 4	THE FOLLOWING IS AN EXCERPT FROM DIGNITY HEALTH AND ITS SUBORDINATE CORPORATIONS' CONSOLIDATED ANNUAL AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013, PAGE 12, RELATED TO ACCOUNTS RECEIVABLE AND ALLOWANCES FOR CHARITY AND DOUBTFUL ACCOUNTS PATIENT ACCOUNTS RECEIVABLE AND NET PATIENT SERVICE REVENUE ARE REPORTED AT THE NET REALIZABLE AMOUNT FROM PATIENTS, THIRD-PARTY PAYORS, AND OTHERS FOR SERVICES RENDERED SFMH MANAGES ITS COLLECTION RISK BY REGULARLY REVIEWING ITS ACCOUNTS AND CONTRACTS AND BY PROVIDING APPROPRIATE ALLOWANCES RESERVES FOR CHARITY AND UNCOLLECTIBLE AMOUNTS HAVE BEEN ESTABLISHED AND ARE NETTED AGAINST PATIENT ACCOUNTS RECEIVABLE IN THE CONSOLIDATED BALANCE SHEET

Identifier	ReturnReference	Explanation
Community benefit & methodology for determining medicare costs	Schedule H, Part III, Line 8	SFMH PREPARES MEDICARE COST REPORTS IN A MANNER THAT COMPORTS WITH PROVIDER REIMBURSEMENT MANUAL (PRM) 15-1, Â§2150FF AND PRM 15-2, Â§1000FF AS SUCH, THE FOLLOWING LANGUAGE PER THE PRM 15-1 DESCRIBES THE COMPUTATION OF COSTS PER THE MEDICARE COST REPORT TOTAL ALLOWABLE COSTS OF A PROVIDER ARE APPORTIONED BETWEEN PROGRAM BENEFICIARIES AND OTHER PATIENTS SO THAT THE SHARE BORNE BY THE PROGRAM IS BASED UPON ACTUAL SERVICES RECEIVED BY PROGRAM BENEFICIARIES THE RATIO OF COVERED BENEFICIARY CHARGES TO TOTAL PATIENT CHARGES FOR THE SERVICES OF EACH ANCILLARY DEPARTMENT IS APPLIED TO THE COST OF THE DEPARTMENT ADDED TO THIS AMOUNT IS THE COST OF ROUTINE SERVICES FOR PROGRAM BENEFICIARIES, DETERMINED ON THE BASIS OF A SEPARATE AVERAGE COST PER DIEM FOR ALL PATIENTS FOR GENERAL ROUTINE PATIENT CARE AREAS ANOTHER FACTOR TO BE CONSIDERED IS A SEPARATE AVERAGE COST PER DIEM FOR INTENSIVE CARE UNIT, CORONARY CARE UNIT, AND OTHER SPECIAL CARE INPATIENT HOSPITAL UNITS DIGNITY HEALTH BELIEVES THAT THE ENTIRE MEDICARE SHORTFALL OF \$603.9 MILLION, AS REPORTED BELOW IN PART VI, LINE 6, CONSTITUTES COMMUNITY BENEFIT THE IRS COMMUNITY BENEFIT STANDARD INCLUDES THE PROVISION OF CARE TO THE ELDERLY AND MEDICARE PATIENTS MEDICARE SHORTFALLS MUST BE ABSORBED BY DIGNITY HEALTH HOSPITALS IN ORDER TO CONTINUE TREATING THE ELDERLY IN OUR COMMUNITIES THE HOSPITALS PROVIDE CARE REGARDLESS OF THIS SHORTFALL AND THEREBY RELIEVE THE FEDERAL GOVERNMENT OF THE BURDEN OF PAYING THE FULL COST FOR MEDICARE BENEFICIARIES THIS SHORTFALL INCLUDES \$11.7 MILLION REPORTED ON PART III, SECTION B, LINE 7, PRIMARILY FOR FEE FOR SERVICE MEDICARE PATIENTS, AS WELL AS THE UNREIMBURSED PORTION OF MEDICARE MANAGED CARE AND MEDICARE CAPITATED PROGRAMS FOR SFMH
Collection practices for patients eligible for financial assistance	Schedule H, Part III, Line 9b	SFMH ENSURES THAT PATIENT ACCOUNTS ARE PROCESSED FAIRLY AND CONSISTENTLY SFMH FOLLOWS DIGNITY HEALTH'S COLLECTION POLICY DIGNITY HEALTH'S COLLECTION POLICY CONTAINS PROVISIONS THAT PROHIBIT THE COLLECTION OF AMOUNTS DUE FROM PATIENTS WHO THE ORGANIZATION KNOWS QUALIFY FOR CHARITY CARE ACCOUNTS WITH INCORRECT OR INCOMPLETE DEMOGRAPHIC INFORMATION ARE ASSIGNED TO A COLLECTION AGENCY IF SFMH OR THE BILLING COMPANY RETAINED BY DIGNITY HEALTH IS UNABLE TO OBTAIN AN UPDATED ADDRESS THROUGH SKIP TRACING OR OTHER MEANS FOR PATIENTS WHO HAVE AN APPLICATION PENDING FOR EITHER GOVERNMENT-SPONSORED FINANCIAL ASSISTANCE OR FOR ASSISTANCE UNDER DIGNITY HEALTH'S PATIENT PAYMENT ASSISTANCE POLICY, OR WHERE THE PATIENT IS ATTEMPTING IN GOOD FAITH TO SETTLE AN OUTSTANDING BILL WITH THE FACILITY VIA PAYMENT PLANS, SFMH WILL NOT KNOWINGLY SEND THAT PATIENT'S BILL TO AN OUTSIDE COLLECTION AGENCY LEGAL ACTION WILL NOT BE PURSUED TO COLLECT DEBTS FROM PATIENTS WHO HAVE QUALIFIED FOR CHARITY OR ARE COOPERATING IN GOOD FAITH TO RESOLVE THEIR DEBT SFMH DOES NOT IMPOSE WAGE GARNISHMENTS OR LIENS ON PRIMARY RESIDENCES ON SELF-PAY ACCOUNTS THAT DO NOT MEET THE CRITERIA NOTED ABOVE, THE INITIAL DETERMINATION OF ASSIGNMENT TO A COLLECTION AGENCY WILL VARY DEPENDING ON THE NATURE OF THE ACCOUNT WITH THE FINAL DECISION BEING AT THE DISCRETION OF EACH HOSPITAL PATIENT FINANCIAL ASSISTANCE DEPARTMENT UPON ASSIGNMENT OF SUCH A PATIENT ACCOUNT TO A COLLECTION AGENCY, SFMH REQUIRES THE AGENCY TO COMPLY WITH THE FAIR DEBT COLLECTION PRACTICES ACT

Identifier	ReturnReference	Explanation
Community Served by Needs Assessment	Schedule H, Part V Section B, Line 3	(1) SAINT FRANCIS MEMORIAL HOSPITAL - DURING 2012, A COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) WAS CONDUCTED BY SAINT FRANCIS MEMORIAL HOSPITAL, THE SAN FRANCISCO DEPARTMENT OF PUBLIC HEALTH (SFDPH), LOCAL NONPROFIT HOSPITALS AND ACADEMIC PARTNERS AND MORE THAN 500 COMMUNITY RESIDENTS FOR THE 805,235 RESIDENTS OF CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA SFDPH CONVENED A 42-MEMBER TASK FORCE TO SUPPORT SAN FRANCISCO'S CHA AND A PARALLEL EFFORT, THE HEALTH CARE SERVICES MASTER PLAN (HCSMP) TASK FORCE MEMBERS REPRESENTED A RANGE OF COMMUNITY STAKEHOLDERS SUCH AS HOSPITALS/CLINICS, K-12 EDUCATION, SMALL BUSINESS, URBAN PLANNING, CONSUMER GROUPS, NONPROFITS REPRESENTING DIFFERENT ETHNIC MINORITY GROUPS, AND MORE SAN FRANCISCO ENGAGED 224 COMMUNITY RESIDENTS IN FOCUS GROUPS AND INTERVIEWED 40 COMMUNITY STAKEHOLDERS A 10-MEMBER DATA ADVISORY COMMITTEE COMPRISED OF LOCAL PUBLIC HEALTH SYSTEM PARTNERS, RESIDENTS, AND SFDPH STAFF OVERSAW THE COLLECTION OF DATA INDICATORS FOR THE COMMUNITY HEALTH STATUS ASSESSMENT (CHSA) A NUMBER OF CONSULTING FIRMS WERE ALSO INVOLVED THROUGHOUT THE HEALTH ASSESSMENT PROCESS, INCLUDING 1) HEART BEETS FOR COMMUNITY ENGAGEMENT, 2) CIRCLE POINT FOR ONGOING COMMUNICATION WITH STAKEHOLDERS, 3) HARDER AND COMPANY FOR DATA COLLECTION AND ANALYSIS, 4) NANCY SHEMICK, MPA FOR MEETING FACILITATION AND REPORT WRITING ,
Other Hospital Facilities included in Needs Assessment	Schedule H, Part V Section B, Line 4	(1) SAINT FRANCIS MEMORIAL HOSPITAL - UCSF MEDICAL CENTER, KAISER PERMANENTE, CHINESE HOSPITAL, ST MARY'S MEDICAL CENTER, CALIFORNIA PACIFIC MEDICAL CENTER, SAN FRANCISCO GENERAL HOSPITAL,

Identifier	ReturnReference	Explanation
Availability of Needs Assessment	Schedule H, Part V Section B, Line 5c	(1) SAINT FRANCIS MEMORIAL HOSPITAL - IN ADDITION THE ASSESSMENT WAS POSTED AT DIGNITY HEALTH'S WEBSITE AT HTTP //WWW DIGNITYHEALTH ORG/WHO_WE_ARE/COMMUNITY_HEALTH/235026 ,
Needs not addressed in Needs Assessment	Schedule H, Part V Section B, Line 7	(1) SAINT FRANCIS MEMORIAL HOSPITAL - HEALTH PRIORITIES THAT WERE NOT RANKED HIGH AND THEREFORE NOT ADDRESSED IN THE CITY AND COUNTY'S COMMUNITY HEALTH NEEDS ASSESSMENT AND SAINT FRANCIS ARE IMPROVE BEHAVIORAL HEALTH, REDUCE THE SPREAD OF INFECTIOUS DISEASE, SUPPORT EARLY CHILDHOOD DEVELOPMENT AND SUPPORT SENIORS AND PERSONS WITH DISABILITIES ,

Identifier	ReturnReference	Explanation
Other ways hospital publicized Financial Assistance Policy	Schedule H, Part V Section B, Line 14g	(1) SAINT FRANCIS MEMORIAL HOSPITAL - ALL LANGUAGE REGARDING THE POLICY IS COMMUNICATED TO PATIENTS VIA THE METHODS OUTLINED BELOW 1 SIGNAGE IN ALL ADMITTING AREAS, 2 AT THE POINT OF REGISTRATION, ALL PATIENTS RECEIVE BROCHURES EXPLAINING THE FACILITY'S CHARITY CARE PROGRAM AND THE AVAILABILITY OF GOVERNMENT SPONSORED PROGRAMS, 3 ALL INITIAL STATEMENTS TO UNINSURED PATIENTS INCLUDES VERBIAGE INFORMING PATIENTS OF THE FACILITY'S CHARITY CARE PROGRAM AND A COPY OF THE CHARITY CARE APPLICATION A TELEPHONE NUMBER IS PROVIDED FOR PATIENTS TO REQUEST FURTHER INFORMATION ABOUT THE PROGRAM AND ASSISTANCE IS AVAILABLE IN LANGUAGES OTHER THAN ENGLISH, 4 INFORMATION ABOUT THE FACILITY'S CHARITY CARE PROGRAM, ACCESS TO THE APPLICATION, AND CONTACT INFORMATION IS AVAILABLE ON THE FACILITY'S WEBPAGE ,
Means used to determine amounts billed	Schedule H, Part V Section B, Line 20d	(1) SAINT FRANCIS MEMORIAL HOSPITAL - PATIENTS WHO ARE APPLYING FOR DISCOUNTS UNDER THE DISCOUNT PROVISION OF HOSPITAL FAIR PRICING ACT - CALIFORNIA HEALTH AND SAFETY CODE Â§127400 WHOSE HOUSEHOLD INCOME IS AT OR BELOW 350% OF THE FPL ARE ELIGIBLE TO RECEIVE SERVICES AT THE HIGHEST AVERAGE RATE THE HOSPITAL WOULD RECEIVE FOR PROVIDING SERVICES FROM MEDICARE, MEDICAID, OR ANY OTHER GOVERNMENT-SPONSORED HEALTH PROGRAM OF HEALTH BENEFIT IN WHICH THE HOSPITAL PARTICIPATES, WHICHEVER IS GREATER PATIENTS WHO ARE APPLYING FOR DISCOUNTS UNDER THE DISCOUNT PROVISION OF HOSPITAL FAIR PRICING ACT - CALIFORNIA HEALTH AND SAFETY CODE Â§127400 WHOSE HOUSEHOLD INCOME IS AT OR BELOW 350% OF THE FPL ARE ELIGIBLE TO RECEIVE SERVICES AT THE HIGHEST AVERAGE RATE THE HOSPITAL WOULD RECEIVE FOR PROVIDING SERVICES FROM MEDICARE, MEDICAID, OR ANY OTHER GOVERNMENT-SPONSORED HEALTH PROGRAM OF HEALTH BENEFIT IN WHICH THE HOSPITAL PARTICIPATES, WHICHEVER IS GREATER ,

Identifier	ReturnReference	Explanation
Needs assessment	Schedule H, Part VI, Line 2	IN JANUARY 2012, SFMH BECAME AWARE OF A NUMBER OF OTHER COMMUNITY-BASED NEEDS ASSESSMENTS THAT WERE IN PROGRESS THROUGHOUT THE CITY IN ORDER TO REDUCE DUPLICATION OF EFFORT, LEVERAGE RESOURCES AND TO RESPECT COMMUNITY MEMBERS' TIME, THE HOSPITAL ALIGNED ITS COMMUNITY HEALTH NEEDS ASSESSMENT PROCESS WITH THE SAN FRANCISCO DEPARTMENT OF PUBLIC HEALTH'S (SFPDH) COMMUNITY HEALTH ASSESSMENT (CHA) AND IMPROVEMENT PROCESSES. THE ALIGNMENT BROUGHT TOGETHER REPRESENTATIVES FROM SAN FRANCISCO NEIGHBORHOODS, HEALTH CARE INSTITUTIONS, GOVERNMENT AGENCIES, COMMUNITY GROUPS AND SERVICE PROVIDERS. SPECIFICALLY, HOSPITAL AND ACADEMIC PARTNERS JOINED SFPDH TO FORM THE CHA/CHIP LEADERSHIP COUNCIL, WHICH SUPPORTED THE CHA AND GUIDED THE DEVELOPMENT AND IMPLEMENTATION OF SAN FRANCISCO'S COMMUNITY HEALTH IMPROVEMENT PLAN (CHIP). THE LEADERSHIP COUNCIL IS COMMITTED TO TRANSPARENCY AND COMMUNITY AND PARTNER ENGAGEMENT THROUGHOUT THE COMMUNITY HEALTH IMPROVEMENT PROCESS. COMMUNITY RESIDENTS FROM EACH OF SAN FRANCISCO'S 21 NEIGHBORHOOD AREAS CAME TOGETHER FOR A DAY-LONG EVENT TO DISCUSS THEIR VIEWS OF HEALTH AND THEIR HOPES FOR SAN FRANCISCO'S HEALTH FUTURE. THIS RESULTED IN ELEMENTS OF A COMMUNITY-GUIDED HEALTH VISION FOR THE CITY AND COUNTY OF SAN FRANCISCO. SFPDH CONVENED A 42-MEMBER TASK FORCE TO SUPPORT SAN FRANCISCO'S CHA AND A PARALLEL EFFORT, THE HEALTH CARE SERVICES MASTER PLAN (HCSMP). TASK FORCE MEMBERS REPRESENTED A RANGE OF COMMUNITY STAKEHOLDERS SUCH AS HOSPITALS/CLINICS, K-12 EDUCATION, SMALL BUSINESS, URBAN PLANNING, CONSUMER GROUPS, NONPROFITS REPRESENTING DIFFERENT ETHNIC MINORITY GROUPS, AND MORE. TO ENSURE COMMUNITY PARTICIPATION IN THE HCSMP AND CHA PROCESSES, THE TASK FORCE MET A TOTAL OF 10 TIMES BETWEEN JULY 2011 AND MAY 2012 - FOUR OF THOSE IN DIFFERENT SAN FRANCISCO NEIGHBORHOODS - AND ENGAGED MORE THAN 100 COMMUNITY RESIDENTS IN DIALOGUE TO BETTER DETERMINE HOW TO IMPROVE THE HEALTH OF ALL SAN FRANCISCANS WITH A PARTICULAR FOCUS ON THE CITY AND COUNTY'S MOST VULNERABLE POPULATIONS. TO ENCOURAGE COMMUNITY DIALOGUE, TASK FORCE NEIGHBORHOOD MEETINGS TOOK PLACE IN THE EVENING, AND SFPDH PROVIDED INTERPRETATION SERVICES IN SPANISH AND CANTONESE. SFPDH ENGAGED 224 COMMUNITY RESIDENTS IN FOCUS GROUPS AND INTERVIEWED 40 COMMUNITY STAKEHOLDERS TO LEARN MORE ABOUT SAN FRANCISCANS' DEFINITIONS OF HEALTH AND WELLNESS AS WELL AS PERCEPTIONS OF SAN FRANCISCO'S STRENGTHS VERSUS AREAS FOR HEALTH IMPROVEMENT. FOCUS GROUPS TARGETED SAN FRANCISCO SUBPOPULATIONS (SENIORS AND PERSONS WITH DISABILITIES, TRANSGENDERED PEOPLE, MONOLINGUAL SPANISH SPEAKERS, AND TEENS) AND SPECIFIC NEIGHBORHOODS (BAYVIEW-HUNTERS POINT, CHINATOWN, EXCELSIOR, MISSION, SUNSET/RICHMOND, AND TENDERLOIN). FOCUS GROUP PARTICIPANTS GREATLY INFORMED SAN FRANCISCO'S HEALTH VISION AS WELL AS THE COMMUNITY THEMES AND STRENGTHS ASSESSMENT. A 10-MEMBER DATA ADVISORY COMMITTEE COMPRISED OF LOCAL PUBLIC HEALTH SYSTEM PARTNERS, RESIDENTS, AND SFPDH STAFF OVERSAW THE COLLECTION OF DATA INDICATORS FOR THE COMMUNITY HEALTH STATUS ASSESSMENT (CHSA). THIS BODY ALSO ENSURED THE INTEGRITY OF THE CHSA'S METHODOLOGY AND QUALITATIVE DATA. A NUMBER OF CONSULTING FIRMS WERE ALSO INVOLVED THROUGHOUT THE HEALTH ASSESSMENT PROCESS, INCLUDING 1) HEART BEETS FOR COMMUNITY ENGAGEMENT, 2) CIRCLE POINT FOR ONGOING COMMUNICATION WITH STAKEHOLDERS, 3) HARDER AND COMPANY FOR DATA COLLECTION AND ANALYSIS, 4) NANCY SHEMICK, MPA, FOR MEETING FACILITATION AND REPORT WRITING. AT THE MARCH 2013 SFMH CAC RETREAT, THE CAC CONDUCTED AN ASSET AND OPPORTUNITY MAPPING ACTIVITY TO IDENTIFY EXISTING INSTITUTIONAL AND COMMUNITY PARTNER RESOURCES AND CATEGORIZED THEM UNDER EACH OF THE THREE HEALTH PRIORITIES FROM THE CITY AND COUNTY OF SAN FRANCISCO'S COMMUNITY HEALTH NEEDS ASSESSMENT. IN THE CENTER OF THIS PROCESS WAS A VISUAL REPRESENTATION CREATED FROM THE COMMUNITY HEALTH IMPROVEMENT PROCESS OF WHAT COMMUNITY STAKEHOLDERS VIEW AS THE FUTURE OF THE TENDERLOIN. IN MAY 2013, THE CAC EVALUATED CURRENT PROGRAMS AND THE ABILITY, AND OPPORTUNITIES TO MEET THE NEEDS OF THE COMMUNITY. THE CAC CONFIRMED THAT HEALTH PRIORITIES AND INDICATORS IDENTIFIED THROUGH THE CITY AND COUNTY'S COMMUNITY HEALTH ASSESSMENT ARE REFLECTIVE OF THE TENDERLOIN COMMUNITY SERVED BY THE HOSPITAL AND ALIGN WITH AND COMPLEMENT OTHER HEALTH IMPROVEMENT EFFORTS AT THE LOCAL, STATE AND NATIONAL LEVELS. SFMH CURRENT PRIORITIES ALIGN WITH THE GOALS IDENTIFIED IN COMMUNITY VITAL SIGNS, SAN FRANCISCO'S HEALTH ASSESSMENT AND IMPROVEMENT EFFORT CONDUCTED IN 2010. IN JUNE 2013, THE BOARD OF TRUSTEES AND HOSPITAL LEADERSHIP REVIEWED AND APPROVED THE PRIORITIES OF THE SFMH COMMUNITY BENEFIT PLAN. THIS PLAN WILL ENCOMPASS A 3-YEAR PERIOD AND RECOGNIZE THAT MANY OF THE OUTSTREAM CONTRIBUTING FACTORS TO HEALTH OUTCOMES REQUIRE A LONG-TERM EFFORT AND COMMITMENT. IN ADDITION, THE PLAN WAS APPROVED USING THE FOLLOWING GUIDING PRINCIPLES: - THE STRATEGIES ARE TO BUILD UPON ASSETS AND RESOURCES AND ARE EVIDENCED-BASED OR BEST PRACTICE STRATEGIES, WHEREVER POSSIBLE. - WORK WITH OUR PARTNERS TO ALIGN OUR EFFORTS TO ENHANCE IMPACT AND TO AVOID UNNECESSARY DUPLICATION OF SERVICES. - THESE STRATEGIES WILL TAKE INTO ACCOUNT THE DIGNITY HEALTH GOALS AND METRICS AND THE SFMH STRATEGIC PLAN. - PRIMARY FOCUS ON GEOGRAPHICAL AREA OF THE TENDERLOIN (FROM THE ASSESSMENT, ACCESS TO FOOD AND ABILITY TO INCREASE PHYSICAL ACTIVITY ARE LIMITED IN THE TENDERLOIN NEIGHBORHOOD, AS REFLECTED BY PREVENTION QUALITY INDICATORS, ED UTILIZATION AND HOSPITALIZATION RATES FOR THESE RESIDENTS, WHICH ARE HIGH FOR ALMOST EVERY INDICATOR.) MANY OF THE SERVICES OR PROGRAMS DIRECTLY ADDRESS THE NEEDS OF VULNERABLE POPULATIONS IN OUR COMMUNITY WITH DISPROPORTIONATE UNMET HEALTH NEEDS (DUHN). COMMUNITIES WITH DUHN ARE DEFINED AS HAVING A HIGH PREVALENCE OR SEVERITY FOR A PARTICULAR HEALTH CONCERN TO BE ADDRESSED BY A PROGRAM ACTIVITY, OR COMMUNITY RESIDENTS WHO FACE MULTIPLE HEALTH PROBLEMS AND WHO HAVE LIMITED ACCESS TO TIMELY, HIGH-QUALITY HEALTH CARE. OUR COMMUNITY BENEFIT PLAN'S SERVICES THAT ADDRESS DUHNS INCLUDE: CHARITY CARE, COMMUNITY HEALTH FAIRS, EMERGENCY DEPARTMENT, GLIDE HEALTH SERVICES, HEP B FREE, ED TRANSITIONS COORDINATOR PROGRAM, RALLY VISITATION SERVICES. DATA USED TO VALIDATE THIS SELECTION INCLUDES DATA FROM THE SFHIP.ORG WEBSITE. COMMUNITY NEEDS INDEX: SFMH ALSO MAKES FULL USE OF THE COMMUNITY NEEDS INDEX (CNI), WHICH ANALYZES THE COMMUNITY NEEDS OF A SPECIFIC GEOGRAPHIC REGION BY MEASURING BARRIERS TO HEALTH CARE INCLUDING INCOME, EDUCATION, CULTURAL/LANGUAGE, INSURANCE, AND HOUSING. A NUMERICAL VALUE IS ASSIGNED TO THOSE AREAS OF HIGHEST TO LOWEST NEEDS. THESE CNI SCORES CORRELATE WITH DATA SHOWING THESE COMMUNITIES ALSO HAVE HIGHER RATES OF HOSPITALIZATION FOR AMBULATORY CARE-SENSITIVE CONDITIONS. RESIDENTS IN THE COMMUNITIES WITH SCORES OF "5" ARE MORE THAN TWICE LIKELY TO NEED INPATIENT CARE FOR PREVENTABLE CONDITIONS THAN COMMUNITIES WITH A SCORE OF "1". OF THE SIX IDENTIFIED ZIP CODES IN OUR CATCHMENT AREA, FIVE OF THEM RATE AS "HIGHEST-NEEDY." THESE ZIP CODES INCLUDE 94102 (TENDERLOIN), 94103 (SOMA), 94104 (DOWNTOWN), 94108 (CHINATOWN), AND 94133 (NORTH BEACH), WHICH ALLOW FURTHER FOCUS OR REFINEMENT OF OUR COMMUNITY BENEFIT INTERVENTION FOR MAXIMUM AND STRATEGIC IMPACT. THE DIGNITY HEALTH CNI FINDINGS ARE IN ALIGNMENT WITH THE OTHER HEALTH INDICATOR DATA FOUND ON THE SFHIP.ORG WEBSITE.
Patient education of eligibility for assistance	Schedule H, Part VI, Line 3	PATIENT EDUCATION OF ELIGIBILITY FOR COMMUNICATION OF THE FINANCIAL ASSISTANCE PROGRAM TO PATIENTS AND THE PUBLIC. SFMH FOLLOWS DIGNITY HEALTH'S FINANCIAL ASSISTANCE PROGRAM INFORMATION ABOUT PATIENT FINANCIAL ASSISTANCE IS AVAILABLE FROM SFMH, INCLUDING A CONTACT NUMBER FOR PATIENTS TO CALL FOR INFORMATION AND ASSISTANCE. THE INFORMATION IS PROVIDED TO PATIENTS AT EMERGENCY REGISTRATION, HOSPITAL ADMISSIONS REGISTRATION AND OUTPATIENT REGISTRATION POINTS ON THE MAIN CAMPUS AND AT OFFSITE SATELLITE CLINICS. NOTICES ARE POSTED IN EACH OF THESE AREAS AS WELL. WRITTEN INFORMATION IS PROVIDED IN THE PRIMARY LANGUAGES SPOKEN BY THE POPULATIONS SERVED BY THE FACILITY. PATIENT FINANCIAL ASSISTANCE NOTICES, AS REQUIRED BY LOCAL ORDINANCE, ARE POSTED IN FOUR LANGUAGES (SPANISH, ENGLISH, RUSSIAN AND CHINESE) IN ALL REGISTRATION AREAS. FINANCIAL COUNSELORS ARE TRAINED TO ENROLL ELIGIBLE PATIENTS INTO HEALTHY SAN FRANCISCO. HEALTHY SAN FRANCISCO PROVIDES A MEDICAL HOME AND PRIMARY PHYSICIAN TO UNINSURED RESIDENTS OF SAN FRANCISCO. ALTHOUGH THIS IS NOT AN INSURANCE PROGRAM, HEALTHY SAN FRANCISCO REINVENTS THE HEALTH CARE SAFETY NET, ENABLING THE UNINSURED TO ACCESS PRIMARY AND PREVENTATIVE CARE. AT THE POINT OF REGISTRATION, ALL PATIENTS RECEIVE BROCHURES EXPLAINING THE FACILITY'S CHARITY CARE PROGRAM AND THE AVAILABILITY OF GOVERNMENT-SPONSORED PROGRAMS. UNINSURED PATIENTS RECEIVE COPIES OF THE CHARITY CARE AND MEDICAID APPLICATIONS. IN ADDITION TO THE BROCHURE UPON ADMISSION TO THE FACILITY, IT IS SFMH'S POLICY THAT AT THE TIME OF PATIENT BILLING, FACILITIES PROVIDE TO ALL UNINSURED PATIENTS THE SAME BILLING INFORMATION CONCERNING SERVICES AND CHARGES PROVIDED TO ALL OTHER PATIENTS WHO RECEIVE CARE AT SFMH FACILITIES. IF FINANCIAL ASSISTANCE ELIGIBILITY IS NOT DETERMINED PRIOR TO BILLING, INITIAL BILLING STATEMENTS TO UNINSURED PATIENTS INCLUDE A REQUEST TO THE PATIENT TO PROVIDE ANY INSURANCE INFORMATION THAT WAS VALID FOR THE DATES OF SERVICE BILLED, A STATEMENT INFORMING PATIENTS WITHOUT INSURANCE COVERAGE THEY MAY BE ELIGIBLE FOR A GOVERNMENT-SPONSORED PROGRAM OR FACILITY-FUNDED CHARITY CARE, INSTRUCTIONS ON HOW TO APPLY FOR A GOVERNMENT-SPONSORED PROGRAM OR CHARITY CARE, AND THE PROVISION OF SUCH APPLICATIONS. ANY MEMBER OF THE SFMH STAFF OR MEDICAL STAFF MAY MAKE REFERRAL OF PATIENTS FOR FINANCIAL ASSISTANCE. THE PATIENT OR A FAMILY MEMBER, A CLOSE FRIEND OR ASSOCIATE OF THE PATIENT MAY ALSO MAKE A REQUEST FOR FINANCIAL ASSISTANCE.

Identifier	ReturnReference	Explanation
Community information	Schedule H, Part VI, Line 4	COMMUNITY INFORMATION SFMH IS THE ONLY HOSPITAL LOCATED IN DOWNTOWN SAN FRANCISCO PATIENTS' ACCESSING THE HOSPITAL'S SERVICES ENCOMPASSES BOTH THE CITY'S RICHEST TO POOREST RESIDENTS THE PRIMARY SERVICE AREA INCLUDES DOWNTOWN, NOB HILL, NORTH BEACH, THE WATERFRONT AND AREAS WITH DISPROPORTIONATE UNMET HEALTH NEEDS THE TENDERLOIN, CHINATOWN AND SOUTH OF MARKET AREA (SOMA) COMMUNITIES THE CITY AND COUNTY OF SAN FRANCISCO IS A DENSELY POPULATED URBAN ENVIRONMENT WITH A RESIDENTIAL POPULATION OF 825,538 AND A DAYTIME POPULATION OVER 1 2 MILLION THE CITY EMBRACES A DIVERSE ETHNIC CULTURE 48 4% WHITE, 33 7% ASIAN, 5 6% AFRICAN AMERICAN, 0 4% NATIVE HAWAIIAN/PACIFIC ISLANDER, 0 50% AMERICAN INDIAN/ALASKA NATIVE, 6 7% OTHER AND 4 8% TWO OR MORE RACES THE POPULATION IS HIGHLY EDUCATED WITH 86% HIGH SCHOOL GRADUATES THERE ARE AN ESTIMATED 128,000 PERSONS WITHOUT HEALTH INSURANCE IN SAN FRANCISCO THE COST OF LIVING IN SAN FRANCISCO IS ONE OF THE HIGHEST IN THE NATION THE TENDERLOIN (94102) THE TENDERLOIN IS ONE OF SAN FRANCISCO'S MOST DENSELY POPULATED AND NEEDIEST NEIGHBORHOODS APPROXIMATELY 32,140 RESIDENTS LIVE IN THE 94102 ZIP CODE THE RESIDENTS OF THE TENDERLOIN SPEAK MANY LANGUAGES, ARE OF MANY RACES AND INCOME LEVELS THE NEIGHBORHOOD IS HOME TO MANY IMMIGRANT FAMILIES, 27 3% OF WHICH ARE LINGUISTICALLY ISOLATED 43% OF RESIDENTS SPEAK A LANGUAGE OTHER THAN ENGLISH AT HOME THE TENDERLOIN IS ONE OF THE CITY'S MOST IMPOVERISHED NEIGHBORHOODS IT IS ALSO HOME TO MANY OF THE CITY'S NON-PROFITS THAT PROVIDE THE RESOURCES AND NETWORKS THAT INDIVIDUALS NEED TO BUILD NEW LIVES THE AVERAGE MEDIAN INCOME OF HOUSEHOLDS IS ONLY \$24,604, WITH 13 3% OF FAMILIES LIVING BELOW THE FEDERAL POVERTY LEVEL THE TENDERLOIN IS A VERY DIVERSE COMMUNITY 46 2% ARE WHITE, 12 9% ARE AFRICAN AMERICAN, 0 9% ARE AMERICAN INDIAN, 25 5% ARE ASIAN, AND 0 4% ARE NATIVE HAWAIIAN OR OTHER PACIFIC ISLANDER, 9 6% ARE SOME OTHER RACE AND 4 5% ARE TWO OR MORE RACES ACCORDING TO MIDGE WILSON, EXECUTIVE DIRECTOR OF THE BAY AREA WOMEN'S AND CHILDREN'S CENTER, THERE ARE 3,500 CHILDREN LIVING IN THE TENDERLOIN THE NORTH OF MARKET COMMUNITY BENEFIT DISTRICT WAS ESTABLISHED IN 2005 WITH THE GOAL OF PROVIDING CONSISTENT CLEANING, BEAUTIFICATION AND SAFETY SERVICES TO THE TENDERLOIN THESE SERVICES ARE PAID FOR BY A TAX ON PROPERTY OWNERS IN 2009, THE TENDERLOIN WAS DEEMED A NATIONAL HISTORIC DISTRICT THE TENDERLOIN HAS BEEN FEDERALLY DESIGNATED AS A MEDICALLY UNDERSERVED AREA/POPULATION, GIVEN THAT 5 FEDERALLY QUALIFIED HEALTH CENTERS (FQHC) ARE LOCATED IN THE 94102, 94103 AND 94133 ZIP CODES THEY ARE GLIDE HEALTH SERVICES, CURRY SENIOR CENTER, ST ANTHONY'S FREE CLINIC, SOUTH OF MARKET HEALTH CENTER AND NORTH EAST MEDICAL SERVICES ALSO IN THE COMMUNITY ARE NON-FQHC CLINICS AND CHINESE HOSPITAL FOR A MAP OF LOCAL ASSETS, PLEASE SEE HEALTHCARE SERVICES MASTER PLAN (HCSMP) MAP OF HEALTHCARE FACILITIES IN APPENDIX E SOUTH OF MARKET AREA (94103, 94104) SOUTH OF MARKET AREA (SOMA) IS THE FASTEST GROWING NEIGHBORHOOD IN SAN FRANCISCO WITH A POPULATION OF 29,205 RESIDENTS DOZENS OF HIGH RISE CONDOS AND RETAIL OUTLETS ARE CURRENTLY UNDER DEVELOPMENT THIS NEIGHBORHOOD EXHIBITS HIGH POVERTY RATES, PARTICULARLY FOR ADULTS AND SENIORS THERE IS A HIGH NEAR POVERTY RATE AMONG CHILDREN AND IN SOMA, UNEMPLOYMENT AND LABOR FORCE NON-PARTICIPATION CONTINUES TO BE ISSUES FOR RESIDENTS 11 7% OF SOMA FAMILIES LIVE BELOW THE FEDERAL POVERTY LINE SOMA IS A VERY DIVERSE NEIGHBORHOOD 48 2% OF RESIDENTS ARE WHITE, 10 4% ARE AFRICAN AMERICAN, 1 6% ARE AMERICAN INDIAN, 26 0% ARE ASIAN, 0 60% ARE NATIVE HAWAIIAN/PACIFIC ISLANDER, 8 1% ARE SOME OTHER RACE, AND 5 4% ARE TWO OR MORE RACES 1 43% OF SOMA RESIDENTS SPEAK A LANGUAGE OTHER THAN ENGLISH AT HOME THE TRANSBAY TERMINAL REPLACEMENT PROJECT, ALONG WITH MANY NEW RESIDENTIAL HIGH RISES, IS TRANSFORMING THE CITY'S SKYLINE AND THESE NEIGHBORHOOD DEMOGRAPHICS HOWEVER, THE NEIGHBORHOOD IS STILL HOME TO A NUMBER OF SINGLE ROOM OCCUPANCY HOTELS AND POOR PERSONS CHINATOWN (94108) ESTABLISHED IN THE 1850'S THIS NEIGHBORHOOD IS ONE OF THE OLDEST CHINATOWNS IN NORTHERN CALIFORNIA CHINATOWN'S ARCHITECTURE, RESTAURANTS AND SHOPPING MAKE IT ONE OF THE CITY'S MOST POPULAR TOURIST DESTINATIONS CHINATOWN IS ONE OF THE CITY'S MOST DENSELY POPULATED NEIGHBORHOODS WITH 13,182 RESIDENTS LIVING IN THIS SMALL AREA SINCE THE NEIGHBORHOOD'S BIRTH IN THE 1800'S IT HAS BEEN HOME TO MANY IMMIGRANTS TODAY, 23 8% OF ITS FAMILIES LIVE BELOW THE POVERTY LINE THE MEDIAN HOUSEHOLD INCOME IN CHINATOWN IS \$28,719 A MAJORITY OF RESIDENTS (57%) LIVING IN THIS NEIGHBORHOOD ARE ASIAN ONLY 2 2% OF RESIDENTS LIVING IN CHINATOWN ARE AFRICAN AMERICAN, 0 2% ARE NATIVE HAWAIIAN/PACIFIC ISLANDER, AND 6 7% ARE HISPANIC OR LATINO 63% OF RESIDENTS SPEAK A LANGUAGE OTHER THAN ENGLISH AT HOME THESE COMMUNITIES DESCRIBED ABOVE ARE IDENTIFIED AS AREAS OF NEEDS USING THE COMMUNITY NEEDS INDEX (CNI) REFER TO APPENDIX C FOR CNI MAP
Promotion of community health	Schedule H, Part VI, Line 5	THE HOSPITAL IS GOVERNED BY A BOARD OF TRUSTEES, THE MAJORITY OF WHOM RESIDE WITHIN ITS PRIMARY SERVICE AREA AND WHO ARE NOT EMPLOYEES, CONTRACTORS OR FAMILY MEMBERS THEREOF ALL SURPLUS FUNDS GENERATED BY SFMH ARE REINVESTED BACK INTO THE ORGANIZATION TO IMPROVE PATIENT CARE AND PROVIDE HEALTHCARE SERVICES TO ITS COMMUNITY SFMH HAS AN OPEN MEDICAL STAFF WITH PRIVILEGES AVAILABLE TO ALL QUALIFIED PHYSICIANS IN THE AREA, IN ADDITION, SFMH FURTHERS ITS EXEMPT PURPOSE BY PROMOTING THE HEALTH OF THE COMMUNITY BY EXERCISING THE FOLLOWING - OPERATING AN EMERGENCY ROOM THAT IS OPEN TO ALL PERSONS REGARDLESS OF ABILITY TO PAY, - PARTNERING WITH GLIDE HEALTH CLINIC, AN FQHC SERVING THE UNDERSERVED IN THE TENDERLOIN NEIGHBORHOOD - ENGAGING IN THE TRAINING AND EDUCATION OF HEALTH CARE PROFESSIONALS

Identifier	ReturnReference	Explanation
Affiliated health care system	Schedule H, Part VI, Line 6	SFMH IS AFFILIATED WITH DIGNITY HEALTH AFFILIATES OF DIGNITY HEALTH ALSO PROMOTE THE HEALTH OF ADDITIONAL COMMUNITIES IN BAKERSFIELD, SAN BERNARDINO, SAN FRANCISCO, SAN ANDREAS, AND GRASS VALLEY/NEVADA CITY, CALIFORNIA THESE AFFILIATES FOLLOW PRACTICES SIMILAR TO THOSE NOTED ABOVE IN DETERMINING THE UNMET HEALTHCARE NEEDS OF THEIR COMMUNITIES TOTAL UNSPONSORED COMMUNITY BENEFIT EXPENSE FOR DIGNITY HEALTH AND ITS SUBORDINATE CORPORATIONS FOR THE YEAR ENDED JUNE 30, 2013, IS AS FOLLOWS THE FOLLOWING INFORMATION REPRESENTS PERSONS SERVED, NET COMMUNITY BENEFIT EXPENSE, AND THE PERCENT OF TOTAL EXPENSES BENEFITS FOR THE POOR TRADITIONAL CHARITY CARE 120,470, 198,395,000, 2 0% UNPAID COSTS OF MEDICAID/MEDI-CAL 1,136,319, 538,029,000, 5 3% OTHER MEANS-TESTED PROGRAMS 300,240, 75,758,000, 0 7% COMMUNITY SERVICES COMMUNITY HEALTH SERVICES 449,578, 53,933,000, 0 5% HEALTH PROFESSIONS EDUCATION 69, 30,000, 0 0% SUBSIDIZED HEALTH SERVICES 193,609, 38,432,000, 0 4% DONATIONS 144,076, 29,562,000, 0 3% COMMUNITY BUILDING ACTIVITIES 9,025, 1,862,000, 0 0% COMMUNITY BENEFIT OPERATIONS 2,445, 8,124,000, 0 1% TOTAL COMMUNITY SERVICES FOR THE POOR 798,802, 131,943,000, 1 3% TOTAL BENEFITS FOR THE POOR 2,355,831, 944,125,000, 9 3% BENEFITS FOR THE BROADER COMMUNITY COMMUNITY SERVICES COMMUNITY HEALTH SERVICES 560,690, 15,733,000, 0 2% HEALTH PROFESSIONS EDUCATION 40,924, 55,898,000, 0 6% SUBSIDIZED HEALTH SERVICES 4,517, 1,238,000, 0 0% RESEARCH 7,207, 28,631,000, 0 3% DONATIONS 82,520, 9,385,000, 0 1% COMMUNITY BUILDING ACTIVITIES 13,019, 2,723,000, 0 0% COMMUNITY BENEFIT OPERATIONS 66, 1,233,000, 0 0% TOTAL BENEFITS FOR THE BROADER COMMUNITY 708,943, 114,841,000, 1 1% TOTAL COMMUNITY BENEFITS 3,064,774, 1,058,966,000, 10 5% UNPAID COSTS OF MEDICARE 1,269,112, 603,955,000, 6 0% TOTAL COMMUNITY BENEFITS INCLUDING COST OF MEDICARE 4,333,886, 1,662,921,000,16 4%
State filing of community benefit report	Schedule H, Part VI, Line 7	CA

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) HOSPITAL COUNCIL OF NORTHERN AND CENTRAL CALIFORNIA 1215 K STREETY 800 SACRAMENTO,CA 95814	94-1533644	501(C)(6)	16,875	0 N/A		N/A	QUALITY OF LIFE
(2) ASIANWEEK FOUNDATION (SAN FRANCISCO HEP B FREE FUND) 564 MARKET STREET 320 SAN FRANCISCO,CA 94104	20-1719535	501(C)(3)	14,500	0 N/A		N/A	PREVENTATIVE CARE
(3) ICA SAN FRANCISCO WORK STUDY 3625 24TH STREET SAN FRANCISCO,CA 94110	26-4450576	501(C)(3)	14,500	0 N/A		N/A	EDUCATIONAL SUPPORT
(4) DIGNITY HEALTH MEDICAL FOUNDATION 3400 DATA DRIVE SACRAMENTO,CA 95814	68-0220314	501(C)(3)	1,118,585	0 N/A		N/A	MEDICAL FND SUPPORT
(5) SAINT FRANCIS FOUNDATION 900 HYDE STREET SAN FRANCISCO,CA 94109	94-2597514	501(C)(3)	90,506	0 N/A		N/A	FOUNDATION SUPPORT
(6) CALIFORNIA HEALTH FOUNDATION AND TRUST 1215 K STREET STE 800 SACRAMENTO,CA 95814	94-1498697	501(C)(3)	224,666	0 N/A		N/A	SERVICE FOR THE POOR

Part III

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

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) PROVISION OF FOOD	9943	0	15,202	COST	FOOD

Part IV

Supplemental Information.

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

Identifier	Return Reference	Explanation
Procedures for monitoring use of grant funds	Schedule I, Part I, Line 2	AS A 501(C)(3) ORGANIZATION, WE PROVIDE ASSISTANCE TO VARIOUS CHARITABLE ORGANIZATIONS TO PROMOTE DIGNITY HEALTH'S MISSION A DESIGNATED COMMITTEE ESTABLISHES AND EVALUATES PRIORITIES AND ALLOCATION OF FUNDS WITH EMPHASIS ON PROMOTION OF HEALTHY COMMUNITIES AND COMMUNITY COLLABORATION WE DO NOT MONITOR AND REPORT PROGRAM OUTCOMES SPENDING IS TRACKED ON AN ONGOING BASIS TO ENSURE THAT ANNUAL SPENDING IS WITHIN THE BUDGETED AMOUNT

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
SAINT FRANCIS MEMORIAL HOSPITAL

Employer identification number
94-1156295

Part I

Questions Regarding Compensation

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

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

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii) Do not list any individuals that are not listed on Form 990, Part VII
Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual

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

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
Arrangement used to establish the top management official's compensation	Schedule J, Part I, Line 3	ALTHOUGH THE ORGANIZATION EMPLOYS PERSONNEL, THE ORGANIZATION RELIED ON A RELATED ORGANIZATION, DIGNITY HEALTH, THAT USED ONE OR MORE OF THE METHODS DESCRIBED IN SCHEDULE J, PART I, LINE 3, TO ESTABLISH THE ORGANIZATION'S PRESIDENT'S COMPENSATION. SEE SCHEDULE O DISCLOSURE FOR FORM 990, PART VI, SECTION B, LINE 15A FOR ADDITIONAL INFORMATION.
Severance or change-of-control payment	Schedule J, Part I, Line 4a	THE LISTED PERSONS PAID BY THE PARENT ORGANIZATION PARTICIPATE IN A SEVERANCE PLAN PROVIDED BY DIGNITY HEALTH THAT PROVIDES MARKET-STANDARD COMPENSATION, RANGING FROM PAYMENTS OF 6 MONTHS TO 2 YEARS OF BASE COMPENSATION, DEPENDING ON THE EXECUTIVE'S POSITION, IN THE EVENT OF A POSITION ELIMINATION OR OTHER INVOLUNTARY TERMINATION, IN ACCORDANCE WITH THE GUIDELINES OF THE PLAN. NO PAYMENTS AND DEFERRED COMPENSATION PURSUANT TO THE PLAN ARRANGEMENT OCCURRED DURING 2012. THE ORGANIZATION'S NON-CONTRACTUAL EMPLOYEES PARTICIPATE IN A SEVERANCE PLAN PROVIDED BY SAINT FRANCIS MEMORIAL HOSPITAL THAT PROVIDES FAIR COMPENSATION, RANGING FROM PAYMENTS OF 2 WEEKS TO 18 WEEKS OF BASE COMPENSATION, DEPENDING ON THE EMPLOYEE'S POSITION, IN THE EVENT OF A POSITION ELIMINATION OR OTHER INVOLUNTARY TERMINATION, IN ACCORDANCE WITH THE GUIDELINES OF THE PLAN. SEVERANCE FOR EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS VARIES BY AGREEMENT. PAYMENTS WERE MADE TO ONE HIGHEST COMPENSATED EMPLOYEE DURING 2012 PURSUANT TO THIS PLAN, R DUREAULT, \$200,616.
Supplemental nonqualified retirement plan	Schedule J, Part I, Line 4b	CERTAIN LISTED PERSONS ARE ELIGIBLE TO PARTICIPATE IN DIGNITY HEALTH'S NONQUALIFIED 457(F) PLAN THAT IS SUBJECT TO SUBSTANTIAL RISK OF FORFEITURE, AS REQUIRED BY THE IRS. THE 2007 EXECUTIVE DEFERRED COMPENSATION PLAN IS FOR EXECUTIVES HIRED PRIOR TO JUNE 30, 2006. THE BENEFIT IS INTENDED TO BRIDGE THE DIFFERENCE, IF ANY, BETWEEN THE BENEFIT PROVIDED UNDER THE DIGNITY HEALTH EXCESS BENEFIT PLAN HAD BENEFIT SERVICE NOT BEEN FROZEN AT JANUARY 1, 2008, AND THE BENEFITS PROVIDED FROM ALL OTHER QUALIFIED AND NON-QUALIFIED PLANS. NO BENEFIT WILL VEST UNDER THIS 457(F) PLAN BEFORE THE ATTAINMENT OF AGE 62 OR THE COMPLETION OF 15 YEARS OF SERVICE. NO PAYMENTS WERE MADE TO ANY LISTED PERSONS DURING 2012 PURSUANT TO THIS PLAN. CERTAIN LISTED PERSONS PARTICIPATE IN THE DIGNITY HEALTH EXCESS BENEFIT PLAN, A NONQUALIFIED SUPPLEMENTAL BENEFIT PLAN LIMITED TO PARTICIPANTS IN THE DIGNITY HEALTH RETIREMENT PLAN WHOSE BENEFITS ARE AFFECTED BY THE LIMITATIONS IMPOSED BY SECTIONS 401(A)(17) AND 415 OF THE INTERNAL REVENUE CODE. BENEFIT SERVICE UNDER THIS PLAN WAS FROZEN AS OF JANUARY 1, 2008. NO PAYMENTS WERE MADE TO ANY LISTED PERSONS DURING 2012 PURSUANT TO THIS PLAN. CERTAIN LISTED PERSONS PARTICIPATE IN THE DIGNITY HEALTH KEY EMPLOYEE SHARE OPTION PLAN (KEYSOP), WHICH WAS FROZEN IN MAY 2002. THE KEYSOP PROGRAM WAS ESTABLISHED IN 2001 WITH THE PURPOSE OF PROVIDING INCOME DEFERRAL OPPORTUNITIES TO EMPLOYEES ELIGIBLE FOR THE COMPANY'S KEY EMPLOYEE RETENTION PROGRAM. NO PAYMENTS WERE MADE TO ANY LISTED PERSONS DURING 2012 PURSUANT TO THIS PLAN. VESTED AMOUNTS, IF ANY, FOR THE SUPPLEMENTAL NONQUALIFIED RETIREMENT PLANS DISCUSSED ABOVE ARE REPORTED AS DEFERRED COMPENSATION IN THE YEAR VESTING OCCURS (SCHEDULE J, PART II, COLUMN C) AND ARE REFLECTED AGAIN AS W-2 REPORTABLE COMPENSATION IN THE YEAR PAID (SCHEDULE J, PART II, COLUMN B(III)).
PART II, SUPPLEMENTAL DISCLOSURES	SCHEDULE J, PART II	THE ORGANIZATION'S EXECUTIVE COMPENSATION PHILOSOPHY IS DESIGNED TO ASSIST THE ORGANIZATION IN ATTRACTING AND RETAINING THE CALIBER OF EXECUTIVES REQUIRED TO ENABLE THE ORGANIZATION TO FULFILL ITS MISSION OF PROVIDING HIGH QUALITY HEALTHCARE FOR ALL PERSONS REGARDLESS OF THEIR ABILITY TO PAY FOR SERVICES, IMPROVING THE QUALITY OF LIFE IN THE COMMUNITIES THE ORGANIZATION SERVES, PROMOTING EMPLOYEE SATISFACTION, AND ENSURING FINANCIAL STABILITY. A SUBSTANTIAL PORTION OF EXECUTIVE COMPENSATION IS PERFORMANCE BASED AND IS LINKED TO ORGANIZATIONAL GOALS APPROVED IN ADVANCE BY THE COMPENSATION AND BENEFITS COMMITTEE. THESE GOALS INCLUDE ATTAINMENT OF ANNUAL AND LONG-TERM FINANCIAL PERFORMANCE, CERTAIN HEALTHCARE QUALITY STANDARDS, AND THE ORGANIZATION'S COMMITMENT TO SERVING THE POOR AND DISENFRANCHISED IN THE COMMUNITIES IT SERVES. TOTAL COMPENSATION, WHICH INCLUDES BASE SALARY, ANNUAL AND LONG-TERM INCENTIVE COMPENSATION, IS ESTABLISHED TO APPROXIMATE THE PREVAILING MARKET CONDITIONS FOR EXECUTIVES OF COMPANIES OF SIMILAR SIZE AND REVENUE.

Software ID: 12000266
Software Version: v2012.1.0
EIN: 94-1156295
Name: SAINT FRANCIS MEMORIAL HOSPITAL

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
ABBIE YANT	(i) (ii)	162,419 0	30,806 0	4,051 0	18,709 0	24,999 0	240,983 0	0 0
ALAN FOX	(i) (ii)	247,695 0	46,614 0	17,239 0	26,650 0	25,655 0	363,853 0	0 0
ALBINA GUERRERO	(i) (ii)	241,403 0	1,450 0	129 0	19,187 0	19,885 0	282,054 0	0 0
ANDREW SMITH	(i) (ii)	284,227 0	54,820 0	1,504 0	30,020 0	20,203 0	390,774 0	0 0
ANNA CHEUNG	(i) (ii)	0 317,834	0 104,827	0 16,004	0 30,894	0 37,405	0 506,964	0 0
BARBARA MORRISSETTE	(i) (ii)	185,265 0	35,835 0	2,225 0	21,619 0	23,781 0	268,725 0	0 0
BRADFORD K MOY	(i) (ii)	269,272 0	275 0	38,456 0	17,543 0	12,227 0	337,773 0	0 0
DALLAS RYAN	(i) (ii)	175,662 0	29,417 0	595 0	19,451 0	17,531 0	242,655 0	0 0
DENNIS KNEEPPPEL	(i) (ii)	230,703 0	43,509 0	11,246 0	25,374 0	12,711 0	323,543 0	0 0
DORIS Y YAU	(i) (ii)	297,764 0	1,724 0	1,092 0	22,547 0	29,247 0	352,373 0	0 0
FRANCES T L CHEE	(i) (ii)	261,637 0	1,754 0	5,992 0	20,645 0	18,995 0	309,023 0	0 0
GLENNA L VASKELIS	(i) (ii)	0 423,380	0 95,513	0 19,817	0 40,813	0 50,065	0 629,588	0 0
HELEN KAROW	(i) (ii)	172,149 0	28,485 0	1,548 0	19,159 0	17,711 0	239,052 0	0 0
JILL WELTON	(i) (ii)	176,042 0	36,594 0	20,303 0	14,195 0	26,413 0	273,548 0	0 0
RAYMOND MILLER	(i) (ii)	189,925 0	32,064 0	2,265 0	21,073 0	17,838 0	263,165 0	0 0
ROBERT A DUREAULT	(i) (ii)	15,673 0	0 0	232,183 0	1,017 0	2,086 0	250,960 0	0 0
TOM HENNESSY	(i) (ii)	0 320,481	0 120,355	0 21,834	0 33,180	0 53,845	0 549,695	0 0
VICTOR PRIETO MD	(i) (ii)	154,704 0	0 0	0 0	0 0	0 0	154,704 0	0 0

Schedule K
(Form 990)

Supplemental Information on Tax Exempt Bonds

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

Attach to Form 990. See separate instructions.

Name of the organization
SAINT FRANCIS MEMORIAL HOSPITAL

Employer identification number
94-1156295

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY	52-1643828	13033FYE4	11-10-2005	200,000,000	FINANCE ACQUISITION OF MEDICAL EQUIPMENT AND CONSTRUCTION AND RENOVATION OF HOSPITAL FACILTIES		X		X	X	

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	0							
2	Amount of bonds legally defeased	0							
3	Total proceeds of issue	10,000,000							
4	Gross proceeds in reserve funds	0							
5	Capitalized interest from proceeds	0							
6	Proceeds in refunding escrows	0							
7	Issuance costs from proceeds	0							
8	Credit enhancement from proceeds	0							
9	Working capital expenditures from proceeds	0							
10	Capital expenditures from proceeds	10,000,000							
11	Other spent proceeds	0							
12	Other unspent proceeds	0							
13	Year of substantial completion	2007							
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X						
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part III Private Business Use (Continued)

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

Part IV Arbitrage

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

Part IV Arbitrage (Continued)

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

Part V Procedures To Undertake Corrective Action

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

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

Identifier	Return Reference	Explanation
BOND A CUSIP 13033FYE4	SCHEDULE K, PART I, COLUMN (E)	THE DIFFERENCE BETWEEN THE ISSUE PRICE IN PART 1(E) AND PART II LINE 3 IS PRIMARILY A RESULT OF THE FACT THAT THE BOND ISSUE WAS A POOLED FINANCING ISSUE, THE FULL ISSUE PRICE OF WHICH IS SHOWN IN PART I (E) IN COMPARISON, THE AMOUNT OF PROCEEDS SHOWN ON PART II LINE 3 REFLECTS ONLY THE PORTION OF THE BOND ISSUE BORROWED BY THIS 501(C)(3) CORPORATION AND CURRENTLY OUTSTANDING A SMALL PART OF THE DIFFERENCE BETWEEN THE ISSUE PRICE AND PROCEEDS IS DUE TO INVESTMENT EARNINGS
TOTAL PROCEEDS OF ISSUE	SCHEDULE K, PART II, LINE 3	ALTHOUGH THE FACILITIES ORIGINALLY FINANCED WITH PROCEEDS OF THE BONDS WERE SUBSTANTIALLY COMPLETED IN THE YEAR INDICATED, REPAYMENTS OF THE LOANS ORIGINATED WITH PROCEEDS OF THE BONDS WERE AND/OR WILL BE RECYCLED INTO NEWLY ORIGINATED LOANS CONTINGENT ON DEMAND BY PARTICULAR BORROWERS AT THE TIME OF A LOAN REPAYMENT COMPLETION DATES OF PROJECTS FINANCED OR TO BE FINANCED WITH SUCH RECYCLED AMOUNTS ARE NOT INDICATED
ISSUER NAME CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY No Rebate Due	Schedule K, Part IV , Line 2c	THE CALCULATION FOR COMPUTING NO REBATE DUE WAS PERFORMED ON 1/28/2010

Schedule L

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2012

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Inspection

Name of the organization SAINT FRANCIS MEMORIAL HOSPITAL	Employer identification number 94-1156295
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Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

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

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

- 2 Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958 ▶ \$ _____
- 3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ \$ _____

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e)Original principal amount	(f)Balance due	(g) In default?		(h) Approved by board or committee?		(i)Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
(1) DR DAVID DUONG	BOARD MEMBER/HOSPITAL PHYSICIAN	PHYSICIAN LOAN		X	300,000	103,539		No	Yes		Yes	
(2) DR DAVID DUONG	BOARD MEMBER/HOSPITAL PHYSICIAN	HOUSING LOAN		X	150,000	62,162		No	Yes		Yes	
Total ▶ \$						165,701						

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) HADDAD LANZEROTTI MALIN ET AL	MALIN - BM	126,521	PAYMENT FOR MEDICAL SERVICES		No
(2) HADDAD LANZEROTTI MALIN ET AL	MALIN - BM	91,880	LEASE PAYMENTS TO SFMH		No
(3) BREALLO'BRIENLEESOTOCHUNTENG ET AL	PETER TENG - BM	216,247	PAYMENT FOR MEDICAL SERVICES		No
(4) ROBERT A HARVEY MD APC	R HARVEY - BM	196,853	MEDICAL SERVICES		No
(5) ROBERT A HARVEY MD APC	ROBERT HARVEY - BM	39,273	LEASE PAYMENTS TO SFMH		No

Part V

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

Identifier	Return Reference	Explanation
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SCHEDULE M
(Form 990)

Noncash Contributions

OMB No 1545-0047

2012

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Department of the Treasury
Internal Revenue Service

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

Name of the organization
SAINT FRANCIS MEMORIAL HOSPITAL

Employer identification number
94-1156295

Part I

Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art	X	1	189,650	COMPARABLE SALE
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ► ()				
26 Other ►()				
27 Other ►()				
28 Other ► ()				

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

29

0

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

30a

No

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

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

31

Yes

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

32a

No

b If "Yes," describe in Part II

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

Part II

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

Identifier	Return Reference	Explanation
Explanations of reporting method for number of contributions	Schedule M, Part I	ART - WORKS OF ART THE ORGANIZATION IS REPORTING THE NUMBER OF CONTRIBUTIONS RECEIVED
Number of contributions or items contributed	Schedule M, part I, column (b), Line 1	THE ORGANIZATION IS REPORTING THE NUMBER OF CONTRIBUTIONS RECEIVED

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 SAINT FRANCIS MEMORIAL HOSPITAL	Employer identification number 94-1156295
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Identifier	Return Reference	Explanation
Classes of members or stockholders	Form 990, Part VI, Section A, Line 6	THE SOLE CORPORATE MEMBER IS DIGNITY HEALTH, A 501(C)(3) EXEMPT ORGANIZATION

Identifier	Return Reference	Explanation
Members or stockholders electing members of governing body	Form 990, Part VI, Section A, Line 7a	DIGNITY HEALTH, AS THE SOLE CORPORATE MEMBER, RATIFIES THE SELECTION OF MEMBERS AND THE DIGNITY HEALTH BOARD APPROVES NEW BOARD MEMBERS OF THE ORGANIZATION

Identifier	Return Reference	Explanation
Decisions requiring approval by members or stockholders	Form 990, Part VI, Section A, Line 7b	RESERVED RIGHTS OF THE CORPORATE MEMBER INCLUDE ADOPTION OF MISSION AND PHILOSOPHY STATEMENTS, AMENDMENT OR RESTATEMENT OF ARTICLES OF INCORPORATION AND BYLAWS, DISSOLUTION OF THE CORPORATION, ACQUISITION OF ANOTHER CORPORATION, CREATION OF A NEW SUBSIDIARY , MERGER OR CONSOLIDATION WITH ANOTHER CORPORATION, PARTICIPATION AS A GENERAL OR LIMITED PARTNER IN ANY VENTURE, INCURRING LONG-TERM INDEBTEDNESS IN EXCESS OF NORMAL OPERATING REQUIREMENTS, RATIFICATION OF BOARD MEMBER APPOINTMENTS AND DISMISSALS, SELECTION AND REMOVAL OF INDEPENDENT AUDITORS, AND TRANSACTIONS OUTSIDE THE ORDINARY COURSE OF BUSINESS

Identifier	Return Reference	Explanation
Review of form 990 by governing body	Form 990, Part VI, Section B, Line 11b	THE FORM 990 WAS REVIEWED BY FINANCE AND ACCOUNTING (REGIONAL DIGNITY HEALTH MANAGEMENT AND CORPORATE TAX DEPARTMENT), WHICH WORKED CLOSELY WITH AN INDEPENDENT ACCOUNTING FIRM ENGAGED TO REVIEW THE RETURN. THE BOARD OF TRUSTEES HAS DELEGATED THE REVIEW OF THE FORM 990 TO THE FINANCE COMMITTEE. MANAGEMENT PROVIDED THE DRAFT OF THE FORM 990 TO THE FINANCE COMMITTEE BEFORE FILING THE RETURN WITH THE IRS FOR DISCUSSION AT THE COMMITTEE MEETING. THE DRAFT WAS COMPLETE EXCEPT IT EXCLUDED COMPENSATION INFORMATION. SUBSEQUENT TO ITS REVIEW, THE FINANCE COMMITTEE REPORTED BACK TO THE BOARD REGARDING ITS REVIEW AND PROVIDED A DRAFT TO THE BOARD OF TRUSTEES, AGAIN EXCLUDING COMPENSATION.

Identifier	Return Reference	Explanation
Conflict of interest policy	Form 990, Part VI, Section B, Line 12c	THE ORGANIZATION HAS ADOPTED DIGNITY HEALTH'S CONFLICTS OF INTEREST POLICY. UNDER SUCH POLICIES, THE EVP/GENERAL COUNSEL IS RESPONSIBLE FOR COLLECTING, REVIEWING AND VALIDATING ANNUAL DISCLOSURES OF ALL COVERED PERSONS (I.E., BOARD AND BOARD COMMITTEE MEMBERS, OFFICERS AND EXECUTIVE LEADERSHIP, KEY EMPLOYEES, MANAGEMENT PERSONNEL AT THE DIRECTOR LEVEL AND ABOVE, AND ANY OTHER PERSONNEL AT HIS OR HER DISCRETION). THE ORGANIZATION'S BOARD IS CHARGED WITH MONITORING PROPOSED OR ONGOING TRANSACTIONS FOR CONFLICTS OF INTEREST AND ADDRESSING ANY POTENTIAL OR ACTUAL CONFLICTS. ALL COVERED PERSONS ARE REQUIRED TO DISCLOSE REAL OR POTENTIAL CONFLICTS ARISING FROM BUSINESS, FINANCIAL AND PERSONAL INTERESTS HELD BY SUCH COVERED PERSONS OR THEIR FAMILY MEMBERS. COVERED PERSONS ARE REQUIRED TO DISCLOSE TO THEIR SUPERIORS AND TO RELEVANT DECISION MAKERS ANY INTEREST THAT MAY PRESENT A CONFLICT OR THE APPEARANCE OF A CONFLICT OF INTEREST. SUCH DISCLOSURE IS REQUIRED ON A TRANSACTIONAL BASIS AT THE TIME SUCH CONFLICTS ARISE, WHEN AN INDIVIDUAL BECOMES A COVERED PERSON, AND ANNUALLY THEREAFTER. EACH COVERED PERSON IS REQUIRED TO CERTIFY AT LEAST ANNUALLY THAT HE/SHE (1) HAS RECEIVED A COPY OF THE POLICY APPLICABLE TO HIS/HER POSITION, (2) HAS READ THE POLICY AND UNDERSTANDS SAID POLICY, AND (3) AGREES TO COMPLY WITH ALL REQUIREMENTS OF THE POLICY, INCLUDING COMPLETING THE CONFLICTS OF INTEREST DISCLOSURE STATEMENT AS REQUIRED BY THE POLICY. THE PRESIDENT/CEO AND EVP/GENERAL COUNSEL PREPARE ANNUAL REPORTS OF REPORTED CONFLICTS OF INTEREST WHICH ARE PROVIDED TO THE BOARD OF DIRECTORS, COMMITTEE CHAIRS, AND KEY LEADERS OF THE ORGANIZATION TO ENABLE RESPONSIBLE INDIVIDUALS TO MONITOR AND MANAGE DISCLOSED CONFLICTS OF INTEREST AND ASSURE DECISIONS ARE MADE IN THE ORGANIZATION'S BEST INTERESTS. THE PROCEDURES FOR ADDRESSING ANY CONFLICT OF INTEREST RELATED TO A PROPOSED TRANSACTION INCLUDE, BUT ARE NOT LIMITED TO, THE FOLLOWING: (1) THE CONFLICTING INTEREST IS FULLY DISCLOSED TO THE BOARD, (2) THE INTERESTED PERSON RESPONDS TO FACTUAL QUESTIONS RELATED TO THE SUBSTANCE OF THE TRANSACTION OR ARRANGEMENT BEING CONSIDERED, AFTER WHICH HE/SHE SHALL LEAVE THE MEETING, (3) THE PERSON WITH THE CONFLICT OF INTEREST IS EXCLUDED FROM THE DISCUSSION AND APPROVAL OF SUCH TRANSACTION, (4) IF WARRANTED, ALTERNATIVES TO THE PROPOSED TRANSACTION ARE INVESTIGATED, AND COMPETITIVE BIDS OR COMPARABLE VALUATIONS ARE OBTAINED, (5) THE TRANSACTION OR ACTION IS APPROVED BY A MAJORITY OF DISINTERESTED PERSONS, AND CONSISTENT WITH ANY REQUIREMENTS OF BYLAWS OR POLICIES, AND (6) ANY CONFLICTING ISSUES ARISING DURING THE COURSE OF A BOARD MEETING WHICH CANNOT BE RESOLVED MAY BE REFERRED TO AN INDEPENDENT COMMITTEE OF THE BOARD OF DIRECTORS. THERE ARE ALSO CONFLICTS OF INTEREST PROVISIONS UNDER THE STANDARDS OF CONDUCT APPLICABLE TO ALL EMPLOYEES, AND WHICH ARE ADMINISTERED BY THE CHIEF COMPLIANCE OFFICER WHO HAS REPORTING RESPONSIBILITY TO THE AUDIT & COMPLIANCE COMMITTEE.

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15A	FORM 990, PART VI, LINE 15A	ALTHOUGH THE ORGANIZATION EMPLOY S PERSONNEL, THE PRESIDENT IS COMPENSATED BY DIGNITY HEALTH FOR 2012, DIGNITY HEALTH'S COMPENSATION AND BENEFITS DEPARTMENT CONDUCTED AN ANNUAL REVIEW AND ANALY SIS TO PROVIDE BENCHMARKING DATA FOR THE TOTAL COMPENSATION AND BENEFITS PACKAGE OF THE PRESIDENT APPROPRIATE COMPARABILITY DATA FOR SIMILAR JOBS IN PEER COMPANIES (BOTH TAXABLE AND TAX-EXEMPT) IS OBTAINED FROM INDEPENDENT THIRD-PARTY SURVEY SOURCES

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15B	FORM 990, PART VI, LINE 15B	FOR 2012, THE PARENT ORGANIZATION'S HUMAN RESOURCES DEPARTMENT CONDUCTED AN ANNUAL REVIEW AND ANALYSIS TO PROVIDE BENCHMARKING DATA FOR THE TOTAL COMPENSATION AND BENEFITS PACKAGE OF KEY EXECUTIVES. THE COMPENSATION FOR THESE INDIVIDUALS WAS BASED ON THE QUALIFICATION AND EXPERIENCE OF THE CANDIDATES. COMPENSATION IS ALSO REVIEWED ANNUALLY AS PART OF THE MERIT INCREASE PROCESS.

Identifier	Return Reference	Explanation
Governing documents, conflict of interest policy and financial statements available to the public	Form 990, Part VI, Section C, Line 19	FEDERAL TAX LAWS DO NOT MANDATE THAT THE ORGANIZATION'S GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY BE MADE AVAILABLE FOR PUBLIC INSPECTION. FORM 990 AND THE COPY OF AUDITED FINANCIAL STATEMENTS ATTACHED TO IT ARE MADE AVAILABLE UPON REQUEST.

Identifier	Return Reference	Explanation
SECTION A	FORM 990, PART VII, SECTION A	SFMH DOES NOT COMPENSATE BOARD MEMBERS, DR AMY BOSSEN, DR GARY CHAN, DR ROBERT HARVEY, DR DAVID J MALONE AND DR VICTOR PRIETO FOR THEIR SERVICES AS BOARD MEMBERS ALL COMPENSATION AND BENEFITS REPORTED REPRESENT COMPENSATION AS MEDICAL DIRECTORS OF SFMH

Identifier	Return Reference	Explanation
Other Expenses	Form 990, Part IX, Line 11g	MEDICAL SERVICES - TOTAL EXPENSE 8232559, PROGRAM SERVICE EXPENSE 7710571, MANAGEMENT AND GENERAL EXPENSES 521988, FUNDRAISING EXPENSES , OTHER PURCHASED SERVICES - TOTAL EXPENSE 17324832, PROGRAM SERVICE EXPENSE 11512905, MANAGEMENT AND GENERAL EXPENSES 5811927, FUNDRAISING EXPENSES ,

Identifier	Return Reference	Explanation
Other changes in net assets or fund balances	Form 990 , Part XI, Line 9	SHARED JOINT VENTURE FUND BALANCE - 105823, INTEREST IN NET ASSETS OF UNCONSOLIDATED FOUNDATION - 4902674,

Identifier	Return Reference	Explanation
FORM 990, PART XII, LINE 3B	FORM 990, PART XII, LINE 3B	THE ORGANIZATION'S FEDERAL AWARDS WERE INCLUDED IN DIGNITY HEALTH'S CONSOLIDATED OMB CIRCULAR A-133 AUDITED SCHEDULE OF FEDERAL EXPENDITURES

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
SAINT FRANCIS MEMORIAL HOSPITAL

Employer identification number
94-1156295

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) DIGNITY HEALTH 185 BERRY STREET SAN FRANCISCO, CA 94107	HOSPITAL	CA	501(C)(3)	3	NA		No

Part III

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

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

Part IV

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

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

Part V

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

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

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

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

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

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

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

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

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

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

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

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

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

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

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

Yes

No

1a

No

1b

No

1c

No

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

No

1l

No

1m

Yes

1n

No

1o

No

1p

No

1q

No

1r

Yes

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

Schedule R (Form 990) 2012

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

[illegible]

Software ID: 12000266
Software Version: v2012.1.0
EIN: 94-1156295
Name: SAINT FRANCIS MEMORIAL HOSPITAL

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	
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DIGNITY HEALTH AND SUBORDINATE CORPORATIONS

**Consolidated Financial Statements as of
and for the Years Ended June 30, 2013 and 2012
and Independent Auditors' Report**

DIGNITY HEALTH AND SUBORDINATE CORPORATIONS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Dignity Health
San Francisco, California

We have audited the accompanying consolidated balance sheets of Dignity Health and Subordinate Corporations ("Dignity Health") as of June 30, 2013 and 2012, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Consolidated 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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Dignity Health'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 Dignity Health'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.

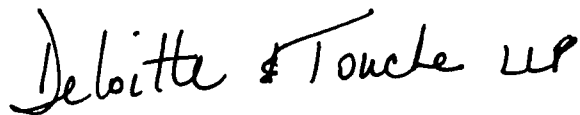
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Dignity Health as of June 30, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Disclaimer of Opinion on Un-sponsored Community Benefit Expense Information

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The un-sponsored community benefit expense information in Note 23 is presented for the purpose of additional analysis and is not a required part of the basic consolidated financial statements. This supplementary information is the responsibility of Dignity Health's management. Such information has not been subjected to the auditing procedures applied in our audits of the basic consolidated financial statements and, accordingly, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

September 24, 2013

DIGNITY HEALTH AND SUBORDINATE CORPORATIONS

CONSOLIDATED BALANCE SHEETS June 30, 2013 and 2012 (in thousands)

Assets	2013	2012
Current assets		
Cash and cash equivalents	\$ 218,159	\$ 406,052
Short-term investments	1,078,180	932,864
Collateral held under securities lending program	322,468	335,968
Assets limited as to use	1,049,373	1,242,277
Patient accounts receivable, net of allowance for doubtful accounts of \$438,756 and \$351,387 in 2013 and 2012, respectively	1,470,719	1,282,895
Broker receivables for unsettled investment trades	14,696	20,534
Other current assets	894,586	815,632
Total current assets	<u>5,048,181</u>	<u>5,036,222</u>
Assets limited as to use		
Board-designated assets (including \$339,161 and \$351,400 of assets loaned under securities lending program in 2013 and 2012, respectively) for		
Capital projects	3,478,258	3,211,433
Workers' compensation	439,624	448,107
Professional and general liability	249,642	202,316
Under bond indenture agreements for		
Capital projects	188,126	214,930
Debt service	136,499	140,600
Bond reserves	20,632	20,631
Donor-restricted	387,805	417,061
Other	55,593	68,202
Less amount required to meet current obligations	<u>(1,049,373)</u>	<u>(1,242,277)</u>
Net assets limited as to use	<u>3,906,806</u>	<u>3,481,003</u>
Property and equipment, net	4,422,833	4,216,570
Ownership interests in health-related activities	681,120	570,873
Goodwill	486,773	123,013
Intangible assets, net	232,097	2,420
Assets held for sale	39,262	-
Other long-term assets, net	<u>152,500</u>	<u>113,894</u>
Total assets	<u>\$ 14,969,572</u>	<u>\$ 13,543,995</u>

(Continued)

DIGNITY HEALTH AND SUBORDINATE CORPORATIONS

CONSOLIDATED BALANCE SHEETS June 30, 2013 and 2012 (in thousands)

Liabilities and Net Assets	2013	2012
Current liabilities		
Current portion of long-term debt	\$ 129,112	\$ 295,920
Demand bonds subject to short-term liquidity arrangements, excluding current maturities	782,800	785,400
Accounts payable	493,699	531,441
Payable under securities lending program	322,654	336,357
Accrued salaries and benefits	569,098	518,147
Accrued workers' compensation	36,040	46,938
Accrued professional and general liability	78,527	69,885
Pension and other postretirement liabilities	317,772	318,633
Broker payables for unsettled investment trades	19,675	20,644
Liabilities held for sale	22,824	-
Other accrued liabilities	561,636	691,965
Total current liabilities	<u>3,333,837</u>	<u>3,615,330</u>
Other liabilities		
Workers' compensation	350,178	341,200
Professional and general liability	232,055	212,712
Pension and other postretirement liabilities	612,992	1,093,155
Other	239,564	111,966
Total other liabilities	<u>1,434,789</u>	<u>1,759,033</u>
Long-term debt, net of current portion	<u>4,139,717</u>	<u>3,440,794</u>
Total liabilities	<u>8,908,343</u>	<u>8,815,157</u>
Net assets		
Unrestricted - attributable to Dignity Health	5,510,710	4,177,650
Unrestricted - noncontrolling interest	166,727	137,870
Temporarily restricted	278,707	308,445
Permanently restricted	105,085	104,873
Total net assets	<u>6,061,229</u>	<u>4,728,838</u>
Total liabilities and net assets	<u>\$ 14,969,572</u>	<u>\$ 13,543,995</u>

(Concluded)

See notes to consolidated financial statements

DIGNITY HEALTH AND SUBORDINATE CORPORATIONS

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS YEARS ENDED June 30, 2013 and 2012 (in thousands)

	2013	2012
Unrestricted revenues and other support		
Patient revenue, net of contractual		
allowances and discounts	\$ 10,538,427	\$ 9,608,525
Provision for bad debts	<u>(1,093,868)</u>	<u>(889,830)</u>
Net patient revenue	9,444,559	8,718,695
Premium revenue	476,950	431,982
Revenue from health-related activities, net	140,909	60,733
Other operating revenue	332,062	268,122
Contributions	<u>17,399</u>	<u>16,734</u>
Total unrestricted revenues and other support	<u>10,411,879</u>	<u>9,496,266</u>
Expenses		
Salaries and benefits	5,561,479	5,135,149
Supplies	1,420,242	1,375,087
Purchased services and other	2,546,821	2,168,854
Depreciation and amortization	463,714	425,732
Interest expense, net	120,856	293,910
Special charges and other costs	<u>14,801</u>	<u>35,873</u>
Total expenses	<u>10,127,913</u>	<u>9,434,605</u>
Operating income	283,966	61,661
Other income		
Investment income, net	<u>527,970</u>	<u>73,212</u>
Excess of revenues over expenses	<u>\$ 811,936</u>	<u>\$ 134,873</u>

(Continued)

DIGNITY HEALTH AND SUBORDINATE CORPORATIONS

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS YEARS ENDED June 30, 2013 and 2012 (in thousands)

	2013	2012
Unrestricted net assets		
Excess of revenues over expenses	\$ 811,936	\$ 134,873
Change in net unrealized gains (losses) on available-for-sale investments	4,015	(2,934)
Net assets released from restrictions used for purchase of property and equipment	67,423	26,247
Change in funded status of pension and other postretirement benefit plans	447,726	(582,711)
Loss from discontinued operations (including property value loss of \$0 million and \$82.6 in 2013 and 2012, respectively)	(22,629)	(129,051)
Change in noncontrolling interest in health-related activities	28,857	39,566
Change in ownership interest held by controlled subsidiaries	2,765	171
Change in accumulated unrealized derivative gains, net	2,683	2,683
Funds donated from unconsolidated sources for purchase of property and equipment	19,906	15,664
Other	(765)	(2,368)
Increase (decrease) in unrestricted net assets	<u>1,361,917</u>	<u>(497,860)</u>
Temporarily restricted net assets		
Contributions	38,174	38,231
Net realized and unrealized gains (losses) on investments	4,254	(134)
Net assets released from restrictions	(87,921)	(50,505)
Change in interest in net assets of unconsolidated foundations	15,340	(536)
Other	415	(5,114)
Decrease in temporarily restricted net assets	<u>(29,738)</u>	<u>(18,058)</u>
Permanently restricted net assets		
Contributions	(138)	25
Net realized and unrealized gains on investments	80	77
Change in interest in net assets of unconsolidated foundations	551	51
Other	(281)	(3,227)
Increase (decrease) in permanently restricted net assets	<u>212</u>	<u>(3,074)</u>
Increase (decrease) in net assets	<u>1,332,391</u>	<u>(518,992)</u>
Net assets, beginning of period	<u>4,728,838</u>	<u>5,247,830</u>
Net assets, end of period	<u>\$ 6,061,229</u>	<u>\$ 4,728,838</u>

(Concluded)

See notes to consolidated financial statements

DIGNITY HEALTH AND SUBORDINATE CORPORATIONS

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED June 30, 2013 and 2012 (in thousands)

	2013	2012
Cash flows from operating activities		
Change in net assets	\$ 1,332,391	\$ (518,992)
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation and amortization, including discontinued operations	461,148	430,544
Health-related activities		
Equity in earnings	(127,029)	(39,679)
Change in control of consolidated entities	(21,418)	(40,268)
Gain, net, on disposal of assets	(28,294)	(1,030)
Estimated carrying value adjustment of assets, including discontinued operations	8,000	84,097
Software development abandonment	-	22,019
Change in deferred tax asset	(34,836)	-
Restricted contributions	(38,036)	(38,199)
Change in funded status of pension and other postretirement benefit plans	(447,726)	582,711
Undistributed portion of change in net assets of unconsolidated foundations	(15,891)	485
Change in net realized and unrealized (gains) loss on investments	(452,191)	13,022
Change in fair value of swaps	(72,748)	117,358
Changes in certain assets and liabilities		
Accounts receivable, net	(121,255)	(15,260)
Accounts payable	(57,723)	98,874
Workers' compensation and professional and general liabilities	26,159	12,969
Accrued salaries and benefits	38,854	9,264
Pension and other postretirement liabilities	(33,299)	(47,988)
Provider fee assets and liabilities	(63,168)	(192,445)
Estimated receivables from/payables to third-party payors, net	(51,551)	(36,625)
Other accrued liabilities	16,706	(80,021)
Prepaid and other current assets	8,897	(11,058)
Other, net	(8,655)	(20,655)
Cash provided by operating activities	<u>318,335</u>	<u>329,123</u>

(Continued)

DIGNITY HEALTH AND SUBORDINATE CORPORATIONS

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED June 30, 2013 and 2012 (in thousands)

	2013	2012
Cash flows from investing activities		
Purchase of investments	(4,657,311)	(7,218,347)
Proceeds from sale of investments	4,706,792	6,806,363
Cash proceeds on disposal of assets, including discontinued operations	41,512	54,424
Acquisition of U S HealthWorks, net of cash acquired	(458,930)	-
Investments in health-related activities	(69,319)	(15,911)
Cash distributions from health-related activities	26,038	19,050
Additions to operating property and equipment, including discontinued operations	(640,037)	(608,327)
Decrease (increase) in securities lending collateral	13,703	(45,209)
Other, net	5,036	26,218
Cash used in investing activities	<u>(1,032,516)</u>	<u>(981,739)</u>
Cash flows from financing activities		
Borrowings	1,858,425	1,423,650
Repayments	(1,344,510)	(1,144,505)
Increase (decrease) in payable under securities lending program	(13,703)	45,209
Restricted contributions	38,036	38,199
Deferred financing costs	(11,960)	(7,929)
Cash provided by financing activities	<u>526,288</u>	<u>354,624</u>
Net decrease in cash and cash equivalents	(187,893)	(297,992)
Cash and cash equivalents at beginning of the year	<u>406,052</u>	<u>704,044</u>
Cash and cash equivalents at end of the year	<u>\$ 218,159</u>	<u>\$ 406,052</u>
Components of cash and cash equivalents and investments at end of year		
Cash and cash equivalents	218,159	406,052
Short-term investments	1,078,180	932,864
Board-designated assets for capital projects	<u>3,478,258</u>	<u>3,211,433</u>
Total	<u>\$ 4,774,597</u>	<u>\$ 4,550,349</u>
Supplemental disclosures of cash flow information		
Cash paid for interest, net of capitalized interest	<u>\$ 193,552</u>	<u>\$ 180,949</u>
Supplemental schedule of noncash investing and financing activities		
Property and equipment acquired through capital lease or note payable	<u>\$ 17,872</u>	<u>\$ 6,503</u>
Accrued purchases of property and equipment	<u>\$ 114,819</u>	<u>\$ 115,169</u>
Broker receivables for unsettled investment trades	<u>\$ 14,696</u>	<u>\$ 20,534</u>
Broker payables for unsettled investment trades	<u>\$ 19,675</u>	<u>\$ 20,644</u>

(Concluded)

See notes to consolidated financial statements

DIGNITY HEALTH AND SUBORDINATE CORPORATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED June 30, 2013 and 2012

1. ORGANIZATION

Dignity Health (“the Corporation”) is a California nonprofit public benefit corporation exempt from federal and state income taxes. In January 2012, the Corporation, formerly known as Catholic Healthcare West, implemented a governance restructuring and announced its name change. The governance restructuring was implemented through revisions to Catholic Healthcare West’s corporate documents, including Restated Articles of Incorporation and Restated Bylaws. Dignity Health transitioned to a self-perpetuating Board of Directors structure from the prior structure where the Board of Directors was appointed by Corporate Members, which had been comprised of women religious appointed by the religious orders that sponsored the organization. There was no change to the ownership, use of the corporation’s assets or federal tax identification number, nor did the governance restructuring impact the corporation’s management structure or nonprofit status. Dignity Health received an IRS determination letter to maintain its 501(c)(3) tax-exempt status, retroactive to the application date in December 2011.

Dignity Health owns and operates healthcare facilities in California, Arizona and Nevada, and is the sole corporate member (parent corporation) of other primarily nonprofit corporations in California, Arizona and Nevada, which are exempt from federal and state income taxes. These organizations provide a variety of healthcare-related activities, education and other benefits to the communities in which they operate. Healthcare services include inpatient, outpatient, subacute and home healthcare services, as well as physician services through Dignity Health Medical Foundation and other affiliated medical groups. Dignity Health also provides occupational health and urgent care services in 17 additional states through U S HealthWorks, Inc.

The accompanying consolidated financial statements include Dignity Health and its subordinate corporations and subsidiaries (together “Dignity Health”), as disclosed in Note 24.

As part of a system-wide corporate financing plan, Dignity Health established an Obligated Group to access the capital markets and make loans to its members. Obligated Group members are jointly and severally liable for the long-term debt outstanding under a Master Trust Indenture. None of the other Dignity Health subordinate corporations have assumed any financial obligation related to payment of debt service on obligations issued under the Master Trust Indenture. A list of Obligated Group members and other subordinate corporations and subsidiaries is included in Note 24.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis for Presentation – The accompanying consolidated financial statements include the accounts of Dignity Health after elimination of intercompany transactions and balances. Certain reclassifications and changes in presentation were made in the 2012 consolidated financial statements to conform to the 2013 presentation. Also, the prior year statement of operations and changes in net assets have been retrospectively reclassified for discontinued operations as disclosed in Note 3.

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. Dignity Health considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its consolidated financial statements, including the following recognition of net patient revenue, which includes contractual allowances and discounts, provisions for bad

debts and charity care, recorded values of investments and goodwill, losses and expenses related to the self-insured workers' compensation and professional and general liabilities, and risks and assumptions for measurement of pension and other postretirement liabilities. Management bases its estimates on historical experience and various other assumptions that it believes are reasonable under the particular facts and circumstances. Actual results could differ from those estimates.

Cash and Cash Equivalents – Cash and cash equivalents consist primarily of cash and highly liquid marketable securities with an original maturity of three months or less.

Securities Lending Program – Dignity Health participates in securities lending transactions with its custodian whereby Dignity Health lends a portion of its investments to various brokers in exchange for collateral for the securities loaned, usually on a short-term basis. Dignity Health maintains effective control of the loaned securities through its custodian during the term of the arrangement in that they may be recalled at any time. Collateral is provided by brokers at an amount equal to at least 100% of the original value of the securities on loan, and is subsequently adjusted for market fluctuations. Dignity Health must return to the borrower the original value of collateral received regardless of the impact of market fluctuations. Under the terms of the agreement, the borrower must return the same, or substantially the same, investments that were borrowed.

The securities on loan under this program are recorded in Board-designated assets in the accompanying consolidated balance sheets. Dignity Health receives both cash and non-cash collateral. Cash collateral is recorded as an asset of the organization. The market value of collateral held for loaned securities is reported as collateral held under securities lending program, and an obligation is reported for repayment of collateral upon settlement of the lending transaction as payable under securities lending program.

Inventory – Inventories are stated at the lower of cost or market value, determined using the first-in, first-out method.

Broker Receivables and Payables for Unsettled Investment Trades – Dignity Health accounts for its investments on a trade date basis. Amounts due to/from brokers for investment activity for transactions that have been initiated prior to the consolidated balance sheet date that are formally settled subsequent to the consolidated balance sheet date are recorded in broker receivables for unsettled investment trades for sales of investments and in broker payables for unsettled investment trades for purchases of investments.

Investments and Investment Income – The Dignity Health Board of Directors Investment Committee establishes guidelines for investment decisions. Within those guidelines, Dignity Health invests in equity and debt securities which are measured at fair value and are classified as trading securities.

Dignity Health also invests in alternative investments through limited partnerships. Alternative investments are comprised of private equity, real estate, hedge fund and other investment vehicles. Dignity Health receives a proportionate share of the investment gains and losses of the partnerships. The limited partnerships generally contract with managers who have full discretionary authority over the investment decisions, within Dignity Health's guidelines. These alternative investment vehicles invest in equity securities, fixed income securities, currencies, real estate, commodities, and derivatives.

Dignity Health accounts for its ownership interests in these alternative investments under the equity method, whose value is based on the net asset value ("NAV"), which approximates fair value, and is determined using investment valuations provided by the external investment managers and fund managers or the general partners.

Alternative investments generally are not marketable and many alternative investments have underlying investments which may not have quoted market values. The estimated value of such investments is subject to uncertainty and could differ had a ready market existed. Such differences could be material. Dignity Health's risk is limited to its capital investment in each investment and capital call commitments as discussed in Note 8.

Investment income or loss is included in excess of revenues over expenses unless the income or loss is restricted by donor or law. Income earned on tax-exempt borrowings for specific construction projects is offset against interest expense capitalized for such projects.

Board-Designated Assets for Capital Projects – The Board of Directors has a policy of funding depreciation, to the extent that funds are available, to be used for replacement, expansion and improvement of operating property and equipment.

Deferred Financing Costs and Original Issue Discounts/Premiums on Bond Indebtedness – Dignity Health amortizes deferred financing costs and original issue discounts/premiums on bond indebtedness over the estimated average period the related bonds will be outstanding. Deferred financing costs are included in other long-term assets. Original issue discounts/premiums are recorded with the related debt.

Property and Equipment – Property and equipment are stated at cost, if purchased, and at fair market value, if donated. Depreciation of property and equipment is recorded using the straight-line method for financial statement purposes. Amortization of capital leases is included in depreciation expense. Estimated useful lives by major classification are as follows:

Land improvements	2 to 40 years
Buildings	3 to 65 years
Equipment	2 to 40 years
Software development	5 to 10 years

Asset Retirement Obligations – Dignity Health recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which it is incurred, if a reasonable estimate of the fair value of the obligation can be made. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the consolidated statements of operations and changes in net assets.

Asset Impairment – Dignity Health routinely evaluates the carrying value of its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset, or related group of assets, may not be recoverable from estimated future undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds the estimated recoverability, an asset impairment charge is recognized. The impairment tests are based on financial projections prepared by management that incorporate anticipated results from programs and initiatives being implemented and market value assessments of the assets. If these projections are not met, or if negative trends occur that impact the future outlook, the value of the long-lived assets may be impaired, which could be material. An asset impairment charge of \$8.0 million was recognized in 2013 reflecting the estimated non-recoverability of the carrying value of the assets of a facility in California and an impairment charge was recognized in discontinued operations related to Saint Mary's Regional Medical Center in 2012 as discussed in Note 3.

Dignity Health evaluates the carrying value of goodwill annually on various dates, depending on the annual impairment testing date of the reporting unit, or when an event or circumstance indicates the value of the reporting unit may have changed. If, after assessing events and circumstances, it is concluded that it is more likely than not that the asset is impaired, the fair value is determined and is compared to the carrying value. If the carrying value exceeds the fair value, an impairment charge is recognized.

Fair Value of Financial Instruments – The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate fair value due to their short maturities. The fair value of investments and debt is disclosed in Note 8.

Derivative Instruments – Dignity Health utilizes derivative arrangements to manage interest costs and the risk associated with changing interest rates. Dignity Health records derivative instruments on the consolidated balance sheet as either an asset or liability measured at its fair value. See Notes 8 and 17.

Dignity Health does not currently have derivative instruments that are designated as hedges. Changes in fair value are included in interest expense, net, in the consolidated statements of operations and changes in net assets.

Ownership Interests in Health-Related Activities – Generally, when the ownership interest in health-related activities is more than 50% and Dignity Health has a controlling interest, the ownership interests are consolidated and a noncontrolling interest is recorded in unrestricted net assets. When the ownership interest is at least 20%, but not more than 50%, or Dignity Health has the ability to exercise significant influence over operating and financial policies of the investee, it is accounted for under the equity method and the income or loss is reflected in revenue from health-related activities, net. Ownership interests for which Dignity Health's ownership is less than 20% or for which Dignity Health does not have the ability to exercise significant influence are carried at the lower of cost or estimated net realizable value. Other than the investments in Scripps Health, Mercy Care Plan and Phoenix Children's Hospital, Inc. (Note 10), these ownership interests are not material to the consolidated financial statements.

Self-Insurance Plans – Dignity Health maintains self-insurance programs for workers' compensation benefits for employees and for professional and general liability risks. Annual self-insurance expense under these programs is based on past claims experience and projected losses. Actuarial estimates of uninsured losses for each program at June 30, 2013 and 2012, have been accrued as liabilities and include an actuarial estimate for claims incurred but not reported.

Dignity Health has insurance coverage in place for amounts in excess of the self-insured retention for workers' compensation and professional and general liabilities.

Dignity Health maintains separate trusts for these programs from which claims and related expenses and costs of administering the plans are paid. Dignity Health's policy is to fund the trusts such that over time, assets held equal liabilities for claims incurred for workers' compensation and claims made for professional liability risks.

Self-insurance expense decreased \$28.4 million and \$16.2 million in 2013 and 2012, respectively, related to revisions to prior years' actuarially estimated liabilities. The expenses and related adjustments are recorded in salaries and benefits for workers' compensation benefits and in purchased services and other for professional and general liability risks in the accompanying consolidated statements of operations and changes in net assets.

Patient Accounts Receivable, Allowance for Doubtful Accounts and Net Patient Revenue – Dignity Health has agreements with third-party payors that provide for payments at amounts different from each hospital's established rates. Payment arrangements with third-party payors include prospectively determined rates per discharge, per diem payments, discounted charges and reimbursed costs. Patient accounts receivable and net patient revenue are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Net patient revenue includes estimated settlements under payment agreements with third-party payors. Settlements with third-party payors are accrued on an estimated basis in the period in which the related services are rendered and adjusted in future periods as final settlements are determined.

Dignity Health recognizes patient revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered and estimated collectability of deductibles and co-insurance. For uninsured patients that meet certain financial criteria, standard charity discounts are recorded. For uninsured patients that do not qualify for charity care, Dignity Health recognizes revenue on the basis of discounted rates. Dignity Health regularly reviews accounts and contracts and provides appropriate contractual allowances and reserves for charity and uncollectible amounts that are netted against patient accounts receivable in the consolidated balance sheets. Based on historical experience, trends in health care coverage, and other collection indicators, a significant portion of Dignity Health's uninsured patients will be unable or unwilling to pay for the services provided. Thus, Dignity Health records a significant provision for bad debts related to uninsured patients in the period the services are provided.

As part of Dignity Health's mission to serve the community, Dignity Health provides care to patients even though they may lack adequate insurance or may participate in programs with negotiated or regulated payment amounts. Dignity Health makes every effort to determine if a patient qualifies for charity care upon admission, though determination may also be made at a later time. After satisfaction of amounts due from insurance, the application of any financial, uninsured or other discounts or payments received on the account, and reasonable efforts to collect from the patient have been exhausted, Dignity Health follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by Dignity Health.

Premium Revenue – Dignity Health has at-risk agreements with various payors to provide medical services to enrollees. Under these agreements, Dignity Health receives monthly payments based on the number of enrollees, regardless of services actually performed by Dignity Health. Dignity Health accrues costs when services are rendered under these contracts, including estimates of incurred but not reported ("IBNR") claims and amounts receivable/payable under risk-sharing arrangements. The IBNR accrual includes an estimate of the costs of services for which Dignity Health is responsible, including out-of-network services.

Traditional Charity Care – Charity care is free or discounted health services provided to persons who cannot afford to pay and who meet Dignity Health's criteria for financial assistance. The amount of services quantified as customary charges was \$907.7 million and \$883.7 million for 2013 and 2012, respectively, including such charges from discontinued operations. Dignity Health estimates the cost of charity care by calculating a ratio of cost to usual and customary charges and applying that ratio to the usual and customary uncompensated charges associated with providing care to patients that qualify for charity care. The estimated cost of charity care provided in 2013 and 2012 was \$198.4 million and \$188.4 million, respectively. See Note 23.

Other Operating Revenue – Other operating revenue includes meaningful use incentives, net gains and losses on the sale of assets, cafeteria revenues, rental revenues, contributions released from restrictions and other nonpatient-care revenues. In 2013, other operating revenue includes \$37.6 million related to a gain on sale of certain assets related to Dignity Health's outreach lab services to two unrelated parties.

Contributions and Restricted Net Assets – Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is met, temporarily restricted net assets related to capital purchases are reclassified as unrestricted and reflected as net assets released from restrictions used for the purchase of property and equipment on the statements of changes in net assets, whereas temporarily restricted net assets related to other gifts are reclassified as unrestricted and recorded as other operating revenue in unrestricted revenues and other support. Gifts received with no restrictions are recorded as contributions in unrestricted revenues and other support. Gifts of long-lived operating assets, such as property and equipment, are reported as unrestricted net assets unless otherwise specified by the donor.

Unconditional promises to give cash and other assets to Dignity Health are recorded at fair value at the date the promise is received. Conditional promises to give are recorded when the conditions have been substantially met. Indications of intentions to give are not recorded; such gifts are recorded at fair value only upon actual receipt of the gift. Investment income on temporarily or permanently restricted net assets is classified pursuant to the intent or requirement of the donor.

Endowment assets include donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period. Dignity Health preserves the fair value of these gifts as of the date of donation unless otherwise stipulated by the donor. The portion of donor-restricted endowment funds that are not classified in permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure. Dignity Health considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the organization and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return

from income and the appreciation of investments, (6) other resources of the organization, and (7) the investment policies of Dignity Health

Dignity Health has investment and spending policies for endowment assets designed to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets

Endowment assets are invested in a manner that is intended to produce results that achieve the respective benchmark while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, Dignity Health relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Dignity Health targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that Dignity Health is required to retain as a fund of perpetual duration. Deficits of this nature are reported in unrestricted net assets, unless otherwise specified by the donor.

Community Benefits – As part of its mission, Dignity Health provides services to the poor and benefits for the broader community. The costs incurred to provide such services are included in excess of revenues over expenses in the consolidated statements of operations and changes in net assets. Dignity Health prepares a summary of unsponsored community benefit expense in accordance with Internal Revenue Service Form 990, Schedule H, and the Catholic Health Association of the United States (“CHA”) publication, *A Guide for Planning and Reporting Community Benefit*. See Note 23.

Interest Expense – Interest expense on debt issued for construction projects is capitalized until the projects are placed in service. The components of interest expense, net, include interest and fees on debt, swap cash settlements, and market adjustment on swaps. See Note 18.

Income Taxes – Dignity Health has established its status as an organization exempt from income taxes under the Internal Revenue Code Section 501(c)(3) and the laws of the states in which it operates, and as such, is generally not subject to federal or state income taxes. However, Dignity Health is subject to income taxes on net income derived from a trade or business, regularly carried on, which does not further the organization’s exempt purpose. No significant income tax provisions have been recorded in the accompanying consolidated financial statements for net income, if any, derived from any unrelated trade or business as management has determined that such amounts are not material to the consolidated financial statements taken as a whole.

Dignity Health’s for-profit subsidiaries account for income taxes related to their operations. The for-profit subsidiaries recognize deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of their assets and liabilities along with net operating loss and tax credit carryovers only for tax positions that meet the more likely than not recognition criteria. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Dignity Health reviews its tax positions annually and has determined that there are no material uncertain tax positions that require recognition in the accompanying consolidated financial statements.

Performance Indicator – Management considers excess of revenues over expenses to be Dignity Health’s performance indicator. Excess of revenues over expenses includes all changes in unrestricted net assets except for the effect of changes in accounting principles, losses from discontinued operations, change in net unrealized gains and losses on available-for-sale investments, net assets released from restrictions used for purchase of property and equipment, change in funded status of pension and other postretirement benefit plans, change in noncontrolling interest in health-related activities, change in accumulated unrealized derivative gains and losses, and funds donated from unconsolidated sources for purchase of property and equipment.

Transactions between Related Organizations – Certain Obligated Group members have a policy whereby assets are periodically transferred as charitable distributions to nonprofit corporations that are subordinate corporations of Dignity Health but are not members of the Obligated Group. The subordinate corporations conduct charitable healthcare, educational and religious activities and support subordinate nonprofit healthcare organizations. These transfers are accounted for as direct charges to the Obligated Group members' unrestricted net assets and direct credits to the subordinate corporations' unrestricted net assets. It is anticipated that Obligated Group members will continue to make asset transfers to the subordinate corporations.

Recent Accounting Pronouncements – In December 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-11, *Balance Sheet (Topic 210), Disclosures about Offsetting Assets and Liabilities* ("ASU 2011-11"). The amendments in ASU 2011-11 require entities to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. The disclosure requirements of ASU 2011-11, which are to be applied retrospectively, are effective for Dignity Health as of July 1, 2013. The adoption of ASU 2011-11 is not expected to have a material impact on the consolidated financial statements of Dignity Health.

In July 2011, the FASB issued ASU No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* ("ASU 2011-07") which amended Accounting Standards Codification ("ASC") No. 954, *Health Care Entities* to provide greater transparency regarding a health care entity's net patient revenue and the related allowance for doubtful accounts. ASU 2011-07 requires certain health care entities to change the presentation of the provision for bad debts associated with patient service revenue by reclassifying the provision from operating expenses to a deduction from net patient revenue and requires enhanced disclosures about net patient revenue and the policies for recognizing revenue and assessing bad debts. The provisions of ASU 2011-07, which are to be applied retrospectively, were adopted by Dignity Health beginning July 1, 2012. As such, the provision for bad debts associated with patient care has been reclassified for all periods presented in accordance with the provisions of this pronouncement. See Note 4.

Subsequent Events – Dignity Health has evaluated subsequent events occurring between the end of the most recent fiscal year and September 24, 2013, the date the financial statements were available to be issued. See Notes 10 and 16.

3. MERGERS, ACQUISITIONS AND DIVESTITURES

In August 2012, Dignity Health acquired all of the outstanding common stock of USHW Holdings Corporation (dba U.S. HealthWorks) ("USHW"), a multi-state for-profit operator of occupational health and urgent care centers, and paid \$455.0 million plus certain working capital adjustments. In addition, Dignity Health has agreed to pay additional amounts based on certain future events resulting in increased revenue to USHW to the extent they occur prior to January 31, 2014, subject to the terms and conditions of the purchase agreement. The fair value of the contingent consideration recognized on the acquisition was estimated at \$51.5 million. As of June 30, 2013, the estimated fair value of the contingent consideration was unchanged.

In connection with the acquisition, USHW subsidiaries became indirect subsidiaries of Dignity Health. As of June 30, 2013, these subsidiaries operated approximately 200 occupational health and urgent care centers in 19 states. All tangible and intangible assets acquired and liabilities assumed in the transaction were recorded at fair value in accordance with the acquisition method of accounting. The results of operations of USHW are included in Dignity Health's consolidated financial statements from the date of the acquisition.

The following summarizes the fair values of the assets acquired and liabilities assumed as of the acquisition date which are included in the condensed consolidated balance sheet at June 30, 2013 (in thousands)

Current assets, including cash and cash equivalents	\$ 81,425
Property and equipment, net	32,581
Goodwill	277,959
Intangible assets, net	
U S HealthWorks trade name	152,700
Customer relationships and other	79,750
Other long-term assets, net	<u>23,711</u>
Total assets acquired	<u>648,126</u>
Current liabilities	35,384
Long-term liabilities	<u>103,390</u>
Total liabilities acquired	<u>138,774</u>
Net acquired assets	<u>\$ 509,352</u>

The valuation of assets acquired was based on management's estimates, currently available information and reasonable and supportable assumptions. The purchase price allocation was based on the fair value of these assets determined using the income approach and the cost method approach. The income approach uses a discounted cash flow model. Dignity Health calculated the present value of the expected future cash flows attributable to the acquired intangibles using an 11.5% discount rate. With respect to intangible assets, Dignity Health used the excess earnings method and the cost method for valuing customer relationships and the relief from royalties method for valuing the trade name with a royalty rate of 3.0%. Contingent consideration was initially valued and will be periodically remeasured on a fair value basis using Level 3 pricing inputs as described in Note 8, using a probability weighted approach and a discount rate of 4.1%. Dignity Health allocated the residual value to goodwill. Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired.

Also in connection with the acquisition, Dignity Health reversed an existing valuation allowance against its deferred tax assets of \$33.3 million as management anticipates that the tax benefits will be utilized by profitable operations from USHW. The reversal of the valuation allowance is reflected as a reduction of purchased services and other in the statements of operations and changes in net assets.

During 2013, Dignity Health entered into negotiations to sell 100% of the outstanding shares of capital stock of Saint Mary's Healthfirst, Saint Mary's Preferred Health Insurance Company, Inc., and CDS of Nevada, Inc. (the "Health Plans"), all in Reno, NV, to an unrelated party. Accordingly, the assets and liabilities of the entities with a carrying value of \$39.3 million and \$22.8 million, respectively, have been classified as held for sale on the accompanying balance sheet as of June 30, 2013, and the operations of the entities are reflected as discontinued in the accompanying statements of operations and changes in net assets for all periods presented. A gain is anticipated on the sale and will be recorded in discontinued operations in the statement of operations and changes in net assets at the date of the sale.

In June 2012, Dignity Health and its wholly-owned subsidiary Saint Mary's Multi-Specialty Clinic, Inc. (dba Saint Mary's Medical Group) sold substantially all of the land, buildings, equipment, inventory and certain other property of Saint Mary's Regional Medical Center, a 380-bed hospital, and the operations of Saint Mary's Medical Group, both in Reno, Nevada, to an unrelated party for \$50.0 million and the assumption of certain lease obligations pursuant to an asset purchase agreement. Property value adjustments were recorded in loss from discontinued operations in the statements of operations and changes in net assets when the assets were recorded as held for sale and a loss of approximately \$1.0 million was recorded upon closure of the sale. As a result of the sale, approximately \$94.0 million in outstanding tax-exempt debt required remediation within 90 days of the closure of the sale. Proceeds from the sale were used to legally

debt of \$42.1 million of outstanding bond obligations to the first call date, satisfying the remediation requirement. The remaining bonds remain subject to their original maturity date.

The accompanying consolidated statements of operations and changes in net assets reflect the results of the operations of facilities sold, closed or held for sale as discontinued operations for all periods presented, including revenues of \$149.7 million and \$437.6 million for 2013 and 2012, respectively.

4. NET PATIENT REVENUE AND ACCOUNTS RECEIVABLE

The percentage of inpatient and outpatient services, calculated on the basis of usual and customary charges, is as follows:

	2013	2012
Inpatient services	61%	64%
Outpatient services	39%	36%

Patient revenue, net of contractual allowances and discounts (before provision for bad debts) is comprised of the following:

	2013	2012
Government	47%	49%
Contracted	37%	39%
Self-pay and other	16%	12%
	<u>100%</u>	<u>100%</u>

Government payor type includes Medicare fee for service, Medicare capitated, Medicare managed care fee for service, Medicaid fee for service, Medicaid capitated and Medicaid managed care fee for service patient accounts. Contracted payor type includes contracted rate payors and commercial capitated patient accounts.

5. REVENUE FROM GOVERNMENT PROGRAMS

The following enhance or adjust the per case, per diem, per procedure or per visit amounts received for patient services:

Medicaid Supplemental Reimbursement Programs – Net patient revenue includes \$684.5 million and \$575.3 million related to supplemental Medi-Cal payments provided under the California provider fee programs in 2013 and 2012, respectively. These programs are funded by quality assurance fees paid by participating hospitals and matching federal funds. Dignity Health recorded \$432.1 million and \$320.7 million in such fees in purchased services and other expense in 2013 and 2012, respectively. Grant payments to the California Health Foundation and Trust (“CHFT”) were recognized in connection with the California provider fee programs resulting in \$22.2 million and \$20.9 million recorded in purchased services and other expense in 2013 and 2012, respectively. Total net income recognized in 2013 and 2012 was \$230.2 million and \$233.7 million, respectively. The current California program is in effect until December 31, 2013.

In April 2013, the Centers for Medicare & Medicaid Services (“CMS”) approved the Access to Care Program adopted by the City of Phoenix, Arizona. The program is a provider fee program and covers the period from October 1, 2012, through December 31, 2013. In 2013, net patient revenue includes \$56.4 million and purchased services and other expense includes \$27.0 million related to this program, for a net income impact of \$29.4 million.

In 2013, net patient revenue also includes \$30.5 million and purchased services and other expense includes \$17.1 million of grant expense related to prior year supplemental Medicaid payments received in Arizona, resulting in a net income impact of \$13.4 million.

“Meaningful Use” Incentives –The American Recovery and Reinvestment Act of 2009 established incentive payments under the Medicare and Medicaid programs for certain professionals and hospitals that meaningfully use certified electronic health record (“EHR”) technology. The Medicare incentive payments are paid out to qualifying hospitals over four consecutive years on a transitional schedule. To qualify for Medicare incentives, hospitals and physicians must annually meet EHR “meaningful use” criteria that become more stringent over three stages as determined by CMS.

Medicaid programs and payment schedules vary by state. The Medicaid programs in California and Arizona require hospitals to register for the program prior to 2016, to engage in efforts to adopt, implement or upgrade certified EHR technology in order to qualify for the initial year of participation, and to demonstrate meaningful use of certified EHR technology in order to qualify for payment for up to three additional years through 2019 for Arizona and 2021 for California. Nevada implemented a similar program requiring hospitals to demonstrate meaningful use of EHR technology by 2016 to qualify for payment for up to two additional years through 2018.

In 2013 and 2012, Dignity Health recorded meaningful use incentive revenue of \$40.4 million and \$21.7 million, respectively, related to the Medicare program and \$20.0 million and \$38.7 million, respectively, related to Medicaid programs. These incentives have been recognized in other operating revenue following the grant accounting model, recognizing income ratably over the applicable reporting period as management becomes reasonably assured of meeting the required criteria. Amounts recognized represent management’s best estimates for payments ultimately expected to be received based on estimated discharges, charity care, and other input data. Subsequent changes to these estimates will be recognized in the period in which additional information is available.

Medicaid Disproportionate Share Payments - Certain hospitals qualified for and received Medi-Cal funding as disproportionate-share hospitals from the State of California in 2013 and 2012. The amounts recorded were \$97.0 million and \$82.0 million, respectively, and are included in net patient revenue.

Cost Reports and Other Settlements – In 2013 and 2012, net patient revenue includes \$26.2 million and \$53.9 million in favorable net prior years’ reimbursement settlements from Medicare, Medicaid and other programs. Included in these amounts are \$41.5 million and \$34.1 million in recovery audit contractor take-backs, net of recoveries, for 2013 and 2012, respectively. Amounts recorded in 2012 also include \$69.3 million for settlement of an appeal with CMS related to underpayments that occurred between 1998 and 2011 as a result of errors in the Medicare inpatient wage index calculation.

6. OTHER CURRENT ASSETS

Other current assets consist of the following at June 30, 2013 and 2012 (in thousands):

	2013	2012
Inventories	\$ 169,282	\$ 158,711
Receivables, other than patient accounts receivable	307,927	217,310
Provider fee receivables	303,090	345,018
Prepaid expenses	59,929	62,544
Deferred tax asset	16,233	-
Deposits	2,988	2,592
Other	35,137	29,457
Total other current assets	<u>\$ 894,586</u>	<u>\$ 815,632</u>

7. INVESTMENTS AND ASSETS LIMITED AS TO USE

Investments and assets limited as to use, including assets loaned under securities lending program, consist of the following at June 30, 2013 and 2012 (in thousands)

	2013	2012
Cash and cash equivalents	\$ 851,237	\$ 769,674
U S government securities	583,903	553,912
U S corporate bonds	883,251	758,443
U S equity securities	1,651,484	1,480,663
Foreign government securities	7,687	169,541
Foreign corporate bonds	34,446	39,430
Foreign equity securities	526,667	459,875
Asset-backed securities	18,700	16,656
Structured debt	149,157	187,779
Private equity investments	149,239	128,358
Multi-strategy hedge fund investments	557,381	485,498
Real estate	197,183	181,395
Other	185,675	202,462
Interest in net assets of unconsolidated foundations	238,349	222,458
Total	<u>\$ 6,034,359</u>	<u>\$ 5,656,144</u>
Assets limited as to use		
Current	\$ 1,049,373	\$ 1,242,277
Long-term	3,906,806	3,481,003
Short-term investments	<u>1,078,180</u>	<u>932,864</u>
Total	<u>\$ 6,034,359</u>	<u>\$ 5,656,144</u>

The current portion of assets limited as to use includes the amount of assets available to meet current obligations for debt service and claims payments under the self-insured programs for workers' compensation for employees and professional and general liability

8. FAIR VALUE MEASUREMENTS

Dignity Health accounts for certain assets and liabilities at fair value or on a basis that approximates fair value. A fair value hierarchy for valuation inputs prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels and is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

Level 1 Quoted prices are available in active markets for identical assets or liabilities as of the measurement date. Financial assets and liabilities in this category include U.S. Treasury securities and listed equities.

Level 2 Pricing inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Financial assets and liabilities in this category generally include asset-backed securities, corporate bonds and loans, municipal bonds, and interest rate swaps.

Level 3 Pricing inputs are generally unobservable for the assets or liabilities and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets or liabilities. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques. Financial assets in this category include alternative investments and contingent consideration.

The following represents assets and liabilities measured at fair value on a recurring basis and certain assets accounted for under the equity method as of June 30, 2013 and 2012 (in thousands)

	2013			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance at June 30, 2013
Assets				
Cash and cash equivalents	\$ 851,237	\$ -	\$ -	\$ 851,237
U S government securities	528,048	55,855	-	583,903
U S corporate bonds	61,967	609,766	211,518	883,251
U S equity securities	1,319,793	331,691	-	1,651,484
Foreign government securities	-	7,687	-	7,687
Foreign corporate bonds	7,731	26,715	-	34,446
Foreign equity securities	522,897	3,770	-	526,667
Asset-backed securities	-	18,700	-	18,700
Structured debt	2,892	146,265	-	149,157
Private equity investments	-	-	149,239	149,239
Multi-strategy hedge fund investments	-	-	557,381	557,381
Real estate	8,694	-	188,489	197,183
Collateral held under securities lending program	-	322,468	-	322,468
Other fund investments	9,239	-	-	9,239
Total assets	\$ 3,312,498	\$ 1,522,917	\$ 1,106,627	\$ 5,942,042
Liabilities				
Contingent consideration	\$ -	\$ -	\$ 51,500	\$ 51,500
Derivative instruments	-	155,304	-	155,304
Total liabilities	\$ -	\$ 155,304	\$ 51,500	\$ 206,804

	2012			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance at June 30, 2012
Assets				
Cash and cash equivalents	\$ 769,674	\$ -	\$ -	\$ 769,674
U S government securities	477,067	76,845	-	553,912
U S corporate bonds	61,861	546,359	150,223	758,443
U S equity securities	1,143,398	337,265	-	1,480,663
Foreign government securities	19	169,522	-	169,541
Foreign corporate bonds	5,129	34,301	-	39,430
Foreign equity securities	459,778	97	-	459,875
Asset-backed securities	-	16,656	-	16,656
Structured debt	-	187,779	-	187,779
Private equity investments	-	-	128,358	128,358
Multi-strategy hedge fund investments	-	-	485,498	485,498
Real estate	7,637	-	173,758	181,395
Collateral held under securities lending program	-	335,968	-	335,968
Other fund investments	7,851	-	-	7,851
Total assets	\$ 2,932,414	\$ 1,704,792	\$ 937,837	\$ 5,575,043
Liabilities				
Derivative instruments	\$ -	\$ 228,052	\$ -	\$ 228,052

Assets and liabilities measured at fair value on a recurring basis and certain assets accounted for under the equity method are reported in short-term investments, assets limited as to use, and other accrued liabilities in the consolidated balance sheets. Such amounts do not include certain donor-restricted funds and receivables or interests in unconsolidated foundations.

There were no significant transfers to or from Levels 1 or 2 during the periods presented.

The Level 2 and 3 instruments listed in the fair value hierarchy tables above use the following valuation techniques and inputs:

For marketable securities such as U S and foreign government securities, U S and foreign corporate bonds, U S and foreign equity securities, asset-backed securities, and structured debt, in the instances where identical quoted market prices are not readily available, fair value is determined using quoted market prices and/or other market data for comparable instruments and transactions in establishing prices, discounted cash flow models and other pricing models. These inputs to fair value are included in industry-standard valuation techniques such as the income or market approach. Dignity Health classifies all such investments as Level 2.

For investments such as private equity funds, multi-strategy hedge funds, real estate funds, and other limited partnership investments, fair value is determined using the calculated net asset value ("NAV") provided by the fund. The value of underlying investments of private equity funds is estimated based on recent filings, operating results, balance sheet stability, growth, and other business and market sector fundamentals. Real estate investments are priced using valuation techniques that include income, sales

comparison (market), and cost approaches. Significant inputs include contract and market rents, operating expenses, capitalization rates, discount rates, sales of comparable properties, and market rent growth trends, as well as the use of the value of property plus the cost of building a similar structure of equal utility. Hedge funds and other limited partnership investments typically value underlying securities traded on a national securities exchange or reported on a national market at the last reported sales price on the day of the valuation. Underlying securities traded in the over-the-counter market and listed securities for which no sale was reported on the valuation date are typically valued at the mean between representative bid and ask quotes obtained. Where no fair value is readily available, the fund or investment manager may determine, in good faith, the fair value using models that take into account relevant information considered material. Due to the significant unobservable inputs present in these valuations, Dignity Health classifies all such investments as Level 3. Dignity Health's management regularly monitors and evaluates the accounting and valuation methodologies of the investment managers. Management also performs, on a regular basis when information is made available, various validations and testing of the NAV provided and determines that the investment managers' valuation techniques are compliant with fair value measurement accounting standards. Significant increases (decreases) in any unobservable inputs used for Level 3 holdings, in isolation, would result in significantly lower (higher) fair value measurement.

The fair value of collateral held under securities lending program classified as Level 2 is determined using the calculated NAV. The collateral held under this program is placed in commingled funds whose underlying investments are valued using techniques similar to those used for the marketable securities noted above. Amounts reported do not include non-cash collateral of \$23.7 million and \$17.3 million as of June 30, 2013 and 2012, respectively.

The fair value of liabilities for derivative instruments such as interest rate swaps classified as Level 2 is determined using an industry standard valuation model, which is based on a market approach. A credit risk spread (in basis points) is added as a flat spread to the discount curve used in the valuation model. Each leg is discounted and the difference between the present value of each leg's cash flows equals the market value of the swap.

The fair value of liabilities for derivative instruments such as risk participation agreements classified as Level 3 is determined using the market value of the referenced securities in the agreements, which factors in the credit risk of the issuer.

The following table presents the change in the balance of financial assets and liabilities using significant unobservable inputs (Level 3) measured on a recurring basis and certain assets accounted for under the equity method in 2013 and 2012 (in thousands):

	2013				
	Private Equity Investments	Multi-Strategy Hedge Fund Investments	Real Estate	Debt Securities	Total
Balance at beginning of period	\$ 128,358	\$ 485,498	\$ 173,758	\$ 150,223	\$ 937,837
Total realized gains, net, included in excess of revenues over expenses	2,249	14,759	-	694	17,702
Total unrealized gains, net, included in excess of revenues over expenses	3,274	43,821	9,273	32,539	88,907
Purchases	34,713	136,420	5,458	34,532	211,123
Sales	(19,355)	(123,117)	-	(6,470)	(148,942)
Balance at end of period	<u>\$ 149,239</u>	<u>\$ 557,381</u>	<u>\$ 188,489</u>	<u>\$ 211,518</u>	<u>\$ 1,106,627</u>

	2012				
	Private Equity Investments	Multi-Strategy Hedge Fund Investments	Real Estate	Debt Securities	Total
Balance at beginning of period	\$ 102,944	\$ 107,889	\$ 155,819	\$ -	\$ 366,652
Total realized gains, net, included in excess of revenues over expenses	1,207	2,316	-	-	3,523
Total unrealized gains, net, included in excess of revenues over expenses	4,016	14,026	10,993	7,610	36,645
Purchases	32,606	474,808	6,946	143,280	657,640
Sales	(12,415)	(113,541)	-	(667)	(126,623)
Balance at end of period	<u>\$ 128,358</u>	<u>\$ 485,498</u>	<u>\$ 173,758</u>	<u>\$ 150,223</u>	<u>\$ 937,837</u>

Included within the assets above are investments in certain entities that report fair value using a calculated NAV or its equivalent. The following table and explanations identify attributes relating to the nature and risk of such investments as of June 30, 2013 and 2012 (in thousands).

	As of June 30, 2013			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
<u>Level 2</u>				
Debt securities	(1) \$ 262,968	\$ -	Daily, Quarterly	1 - 90 days
Equity securities	(2) 329,456	-	Daily, Monthly	1 - 30 days
Collateral held under securities lending	(3) <u>322,468</u>	<u>-</u>	Daily	10 days
Total Level 2	<u>\$ 914,892</u>	<u>\$ -</u>		
<u>Level 3</u>				
Multi-strategy hedge funds	(4) \$ 557,381	\$ -	Monthly, Quarterly, Semi-Annually, Annually	5 - 370 days
Private equity	(5) 149,239	153,095	-	-
Real estate	(6) 188,489	-	Quarterly	90 days
Debt securities	(7) <u>211,518</u>	<u>15,681</u>	Quarterly	90 days
Total Level 3	<u>1,106,627</u>	<u>168,776</u>		
Total Level 2 and Level 3	<u>\$ 2,021,519</u>	<u>\$ 168,776</u>		

As of June 30, 2012

		Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
<u>Level 2</u>					
Debt securities	(1)	\$ 171,717	\$ -	Daily, Quarterly	1 - 90 days
Equity securities	(2)	335,879	-	Daily, Quarterly	1 - 30 days
Collateral held under securities lending	(3)	<u>335,968</u>	<u>-</u>	Daily	10 days
Total Level 2		<u>\$ 843,564</u>	<u>\$ -</u>		
<u>Level 3</u>					
Multi-strategy hedge funds	(4)	\$ 485,498	\$ -	Monthly, Quarterly, Semi-Annually, Annually	5 - 370 days
Private equity	(5)	128,358	136,005	-	-
Real estate	(6)	173,758	-	Quarterly	90 days
Debt securities	(7)	<u>150,223</u>	<u>16,145</u>	Quarterly	90 days
Total Level 3		<u>937,837</u>	<u>152,150</u>		
Total Level 2 and Level 3		<u>\$ 1,781,401</u>	<u>\$ 152,150</u>		

- (1) This category includes investments in commingled funds that invest primarily in domestic and foreign debt and fixed income securities, the majority of which are traded in over-the-counter markets
- (2) This category includes investments in commingled funds that invest primarily in domestic or foreign equity securities with multiple investment strategies. A majority of the funds attempt to match the returns of specific equity indices
- (3) This category includes investments of collateral held under securities lending program. Dignity Health participates in a securities lending program administered by its custodian as a means to augment income from its portfolio. Securities are loaned to select brokerage firms who in turn post collateral. The collateral is placed in commingled funds that invest primarily in cash and cash equivalents, and domestic and foreign debt securities

- (4) This category includes investments in hedge funds that pursue diversification of both domestic and foreign fixed income and equity securities through multiple investment strategies. The primary objective for these funds is to seek attractive long-term risk-adjusted absolute returns. Under certain circumstances, an otherwise redeemable investment or portion thereof could become restricted. Such restrictions were not applicable at June 30, 2013. The following table reflects the various redemption frequencies, notice periods, and any applicable lock-up periods or gates to redemption as of June 30, 2013.

Percentage of the Value of Category (4)		Redemption Frequency	Redemption Notice Period	Redemption Locked Up Until (if applicable)	Redemption Gate % of Account (if applicable)
Total	Subtotal				
32.8%	10.0%	Annually	45 - 90 days	-	-
	11.5%	Annually	45 - 75 days	3/31/2013 to 12/31/2014	-
	11.3%	Annually	60 - 65 days		up to 33.3% - 50.0%
5.4%	5.4%	Semi-Annually	75 - 90 days	-	-
38.7%	20.3%	Quarterly	30 - 370 days	-	-
	4.1%	Quarterly	90 days	7/1/2012 to 7/1/2013	-
	14.3%	Quarterly	45 - 90 days	-	up to 25.0% - 33.3%
23.0%	13.2%	Monthly	5 - 60 days	-	-
	4.8%	Monthly	120 days	-	-
	5.0%	Monthly	45 days	-	up to 16.7%

- (5) This category includes several private equity funds that specialize in providing capital to a variety of investment groups, including but not limited to venture capital, leveraged buyout, mezzanine debt, distressed debt, and other situations. There are no provisions for redemptions during the life of these funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated, estimated at June 30, 2013, to be over the next 2-12 years.
- (6) This category includes investments in real estate funds that invest primarily in institutional quality commercial and residential real estate assets within the U.S. and investments in publicly traded real estate investment trusts.
- (7) This category includes a commingled fund that invests primarily in a fixed income fund that provides capital in a variety of mezzanine debt, distressed debt and other special debt securities situations.

The investments included above are not expected to be sold at amounts that are different from NAV.

Fair Value of Debt - The fair value of Dignity Health's debt is estimated based on the quoted market prices and/or other market data for the same or similar issues and transactions in active markets or on the current rates offered to Dignity Health for debt of the same remaining maturities, discounted cash flow models and other pricing models. These inputs to fair value are included in industry-standard valuation techniques. Based on the inputs and valuation techniques, the fair value of long-term debt is classified as Level 2 within the fair value hierarchy. The carrying value of Dignity Health's debt is reported within the current portion of long-term debt, demand bonds subject to short-term liquidity arrangements and long-term debt, net of current portion, on the statement of financial position. The estimated fair value of Dignity Health's long-term debt instruments as of June 30, 2013, is as follows (in thousands):

	Carrying Value	Fair Value
Debt issued under Master Trust Indenture		
Fixed rate revenue bonds	\$ 2,403,767	\$ 2,538,257
Put bonds	195,970	203,346
Taxable bonds	595,235	539,658
Senior secured notes payable	229,426	264,457
Variable rate demand bonds	785,400	785,400
Auction rate certificates	323,400	323,400
Notes payable to banks under credit agreement	341,796	341,796
Total debt under Master Trust Indenture	4,874,994	4,996,314
Other	176,635	176,635
Total debt	<u>\$ 5,051,629</u>	<u>\$ 5,172,949</u>

The fair value amounts do not represent the amount Dignity Health would be required to expend to retire the indebtedness.

9. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consist of the following at June 30, 2013 and 2012 (in thousands):

	2013	2012
Land	\$ 219,034	\$ 220,006
Land improvements	111,035	110,274
Buildings	4,566,731	4,474,792
Equipment	3,672,015	3,394,346
Construction in progress	850,511	711,418
Total	9,419,326	8,910,836
Less: Accumulated depreciation	(4,996,493)	(4,694,266)
Property and equipment, net	<u>\$ 4,422,833</u>	<u>\$ 4,216,570</u>

10. OWNERSHIP INTERESTS IN HEALTH-RELATED ACTIVITIES

Dignity Health has significant ownership interests in three health-related activities, as further described below, that are accounted for under the equity method and reflected in the accompanying balance sheet in ownership interests in health-related activities:

- Dignity Health and Scripps Health ("Scripps") entered into an affiliation agreement in August 1995 to enhance their mutual ability to serve the San Diego community. Through the affiliation, Dignity

Health transferred the sole voting membership of one of its subordinate corporations, Mercy Healthcare San Diego ("MHSD") to Scripps, along with the responsibility for its operation and governance. MHSD's principal activity is the operation of a hospital and a network of clinics.

Pursuant to the affiliation agreement, among other things, Dignity Health obtained the right to 20% of the net proceeds, with certain restrictions, upon the liquidation of Scripps. Twenty percent of the members of the Scripps Board of Directors are elected from nominees proposed by Dignity Health.

- Dignity Health and Carondelet Health Network (now a member of Ascension Health) entered into an affiliation agreement in June 1985 by which each affiliate made a 50% investment in Southwest Catholic Healthcare Network, dba Mercy Care Plan. Mercy Care Plan operates a health plan for Arizona's Medicaid program, Arizona Health Care Cost Containment System.
- Dignity Health transferred and contributed to Phoenix Children's Hospital, Inc. ("PCH"), an Arizona nonprofit corporation, substantially all of the pediatric program services and related assets of its facility in Phoenix, Arizona in June 2011. Pursuant to the transaction, Dignity Health obtained 20% of the outstanding membership interests of PCH.

The following table summarizes the financial position and results of operations for the health-related organizations discussed above which are accounted for under the equity method, as of and for the 12 months ended June 30, 2013 and 2012 (in thousands):

	2013			2012		
	Scripps Health	Phoenix Children's Hospital	Mercy Care Plan	Scripps Health	Phoenix Children's Hospital	Mercy Care Plan
Total assets	\$ 3,899,303	\$ 1,108,949	\$ 351,924	\$ 3,399,377	\$ 973,856	\$ 387,135
Total liabilities	1,376,524	794,888	175,130	1,324,728	746,736	206,551
Total net assets	2,522,779	314,061	176,794	2,074,649	227,120	180,584
Total revenues, net	2,842,425	671,203	1,726,961	2,445,881	580,083	1,741,353
Excess of revenues over expenses	415,547	73,684	28,181	184,025	(81,770)	28,339
Investment at June 30 recorded in ownership interests in health- related activities	462,929	45,497	88,561	375,253	31,960	92,292
Income recorded in revenue from health-related activities, net	\$ 87,676	\$ 13,537	\$ 14,254	\$ 41,009	\$ (16,220)	\$ 14,169

Related to consolidated investments in health-related activities, Dignity Health recorded net changes in noncontrolling interests related to revenues, expenses, gains, and losses of \$27.3 million and \$21.1 million in purchased services and other in the consolidated statements of operations and changes in net assets for 2013 and 2012, respectively.

In July 2013, Dignity Health entered into an agreement with OptumInsight, Inc., an indirect subsidiary of UnitedHealth Group Incorporated, whereby the parties agreed to form Optum360, LLC, to own and operate certain existing revenue cycle technology, content and services businesses and to perform "end-to-end" revenue cycle management functions for Dignity Health and, if intended, other prospective healthcare delivery system customers. OptumInsight, Inc. agreed to contribute revenue cycle-related technologies, content and service businesses to Optum360, LLC in exchange for a majority membership interest in Optum360, LLC. Dignity Health agreed to contribute certain equipment and the intellectual property related to its internal revenue cycle management functions in exchange for a noncontrolling minority interest in Optum360, LLC. Dignity Health expects to record a gain related to this asset contribution transaction.

Dignity Health concurrently entered into a Master Services Agreement ("MSA") with Optum360, LLC for a 10-year term for the purchase of revenue cycle management services from Optum360, LLC at a cost of approximately \$250.0 million per year, subject to annual adjustments for inflation and achievement of certain performance levels. Dignity Health expects to achieve gains in revenue realization. The MSA is subject to significant penalties for cancellation without cause. The formation of Optum360 and the contributions described above were effective, and the term of the MSA commenced, as of September 1, 2013.

11. GOODWILL

Goodwill is measured as of the effective date of a business combination as the excess of the aggregate of the fair value of consideration transferred over the fair value of the tangible and intangible assets acquired and liabilities assumed. There was no impairment to goodwill recorded during 2013 and 2012, respectively.

The changes in the carrying amount of goodwill are as follows (in thousands):

	2013	2012
Balance at beginning of period	\$ 123,013	\$ 95,549
Addition from acquisitions	364,804	27,464
Acquisition accounting adjustments	(1,044)	-
Balance at end of period	<u>\$ 486,773</u>	<u>\$ 123,013</u>

12. INTANGIBLE ASSETS, NET

Intangible assets reported in the consolidated balance sheets include amounts for the trade name of USHW, customer relationships, developed technology, favorable leasehold interests, non-compete agreements, licensing fees, and management fee contracts related to certain business combinations accounted for under the acquisition method which are amortized over a period of 3-15 years. Information related to intangible assets at June 30, 2013 and 2012, is as follows (in thousands):

	2013			Amortization period
	Gross Carrying Amount	Accumulated Amortization	Net Balance at End of Period	
Trademark	\$ 152,700	\$ -	\$ 152,700	Indefinite
Customer relationships	57,600	(3,520)	54,080	15 years
Noncompete agreements	2,926	(168)	2,758	36-84 months
Other	28,404	(5,845)	22,559	36-84 months
	<u>\$ 241,630</u>	<u>\$ (9,533)</u>	<u>\$ 232,097</u>	
	2012			Amortization period
	Gross Carrying Amount	Accumulated Amortization	Net Balance at End of Period	
Other	<u>\$ 3,497</u>	<u>\$ (1,077)</u>	<u>\$ 2,420</u>	36-84 months

The aggregate amount of amortization expense related to intangible assets subject to amortization is \$8.5 million and \$0 million for the years ended June 30, 2013 and 2012, respectively.

Estimated amortization expense related to intangible assets subject to amortization for the next five years and thereafter is as follows (in thousands)

2014	\$	12,231
2015		9,875
2016		9,875
2017		7,775
2018		4,742
Thereafter		<u>34,899</u>
Total	\$	<u>79,397</u>

13. OTHER LONG-TERM ASSETS, NET

Other long-term assets, net, consist of the following at June 30, 2013 and 2012 (in thousands)

	2013	2012
Notes receivable, primarily secured	\$ 34,069	\$ 35,353
Deferred financing costs, net	33,378	28,804
Deferred tax asset	40,686	-
Other	<u>44,367</u>	<u>49,737</u>
Total other long-term assets, net	<u>\$ 152,500</u>	<u>\$ 113,894</u>

14. OTHER ACCRUED LIABILITIES

Other accrued liabilities, net, consist of the following at June 30, 2013 and 2012 (in thousands)

	2013	2012
Accrued interest expense	\$ 72,979	\$ 75,610
Provider fee and CHFT grant payables	106,394	211,489
Derivative liabilities	155,304	228,052
Other	<u>226,959</u>	<u>176,814</u>
Total other accrued liabilities	<u>\$ 561,636</u>	<u>\$ 691,965</u>

15. RETIREMENT PROGRAMS

Dignity Health maintains defined benefit pension plans that cover most employees. Benefits are generally based on age, years of service and employee compensation. Dignity Health also offers postretirement healthcare benefits to most of its employees. For the majority of covered employees, the benefits are determined based on age, years of service and compensation up to specified amounts.

The plans are actuarially evaluated and involve various assumptions. These assumptions include the discount rate and the expected rate of return on plan assets (for pension), which are important elements of expense and liability measurement. Other assumptions involve demographic factors such as retirement age, mortality, turnover and the rate of compensation increases. Dignity Health evaluates assumptions annually and modifies them as appropriate. Pension costs and postretirement costs are allocated over the service period of the employees in the plans. The principle underlying this accounting is that employees render

service ratably over the period and, therefore, the effects in the consolidated statements of operations and changes in net assets follow the same pattern

Contributions to the defined benefit pension plans are based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants. Management believes these plans qualify under a church plan exemption, and as such are not subject to Employee Retirement Income Security Act ("ERISA") funding requirements. Dignity Health's funding policy requires that, at a minimum, contributions equal the unfunded normal cost plus amortization of any unfunded actuarial accrued liability. Contributions to these plans are anticipated at \$304.3 million in 2014.

Dignity Health has amended the pension plan resulting in a lower benefit obligation as of June 30, 2013, and also lower annual expense on an ongoing basis. The most significant provisions include updating the actuarial equivalence definition and making lump sum payments available in certain circumstances where they were previously unavailable.

The accumulated benefit obligation exceeds plan assets for each of the defined benefit plans and postretirement benefit plans for the years ended June 30, 2013 and 2012. The following summarizes the benefit obligations and funded status for the defined benefit pension and postretirement benefit plans for 2013 and 2012 (in thousands):

	2013		2012	
	Pension Plans	Other Benefit Plans	Pension Plans	Other Benefit Plans
Change in benefit obligation				
Benefit obligation at beginning of period	\$ 3,723,951	\$ 122,551	\$ 3,034,443	\$ 115,694
Service cost	224,225	6,287	198,135	6,287
Interest cost	183,816	6,412	176,514	6,412
Plan changes/amendments	(194,756)	6	2,366	-
Actuarial loss	808	12,211	415,947	-
Administrative expenses	(8,845)	-	(8,014)	-
Investment management expenses	(14,115)	-	(12,270)	-
Benefits paid	(172,095)	(7,218)	(83,170)	(5,842)
Benefit obligation at end of period	<u>\$ 3,742,989</u>	<u>\$ 140,249</u>	<u>\$ 3,723,951</u>	<u>\$ 122,551</u>
Accumulated benefit obligation	<u>\$ 3,533,520</u>	<u>\$ 140,249</u>	<u>\$ 3,354,957</u>	<u>\$ 122,551</u>
Change in plan assets				
Fair value of plan assets at beginning of period	\$ 2,440,136	\$ -	\$ 2,276,324	\$ -
Actual return on plan assets	386,157	-	(10,887)	-
Investment management expenses	(14,115)	-	(12,270)	-
Employer contributions	325,602	7,218	278,153	5,842
Benefits paid	(172,095)	(7,218)	(83,170)	(5,842)
Administrative expenses	(8,845)	-	(8,014)	-
Fair value of plan assets at end of period, net	<u>\$ 2,956,840</u>	<u>\$ -</u>	<u>\$ 2,440,136</u>	<u>\$ -</u>
Funded status	<u>\$ (786,149)</u>	<u>\$ (140,249)</u>	<u>\$ (1,283,815)</u>	<u>\$ (122,551)</u>

The following table summarizes the amounts recognized in unrestricted net assets as of June 30, 2013 and 2012 (in thousands)

	2013		2012	
	Pension Plans	Other Benefit Plans	Pension Plans	Other Benefit Plans
Net actuarial loss	\$ 1,149,410	\$ 19,007	\$ 1,423,761	\$ 6,329
Prior service cost (credit)	<u>(337,352)</u>	<u>33,212</u>	<u>(159,126)</u>	<u>39,239</u>
Amounts in unrestricted net assets	<u>\$ 812,058</u>	<u>\$ 52,219</u>	<u>\$ 1,264,635</u>	<u>\$ 45,568</u>

The estimated net loss and prior service credit for the pension plans and postretirement plans that will be amortized from unrestricted net assets into net periodic benefit cost in 2014 are \$68.4 million and \$27.4 million, respectively.

Current pension and other postretirement liabilities reflect amounts expected to be funded in the following year. The following table summarizes the amounts recognized in the consolidated balance sheets as of June 30, 2013 and 2012 (in thousands).

	2013		2012	
	Pension Plans	Other Benefit Plans	Pension Plans	Other Benefit Plans
Current liabilities	\$ 305,660	\$ 9,317	\$ 306,330	\$ 8,563
Long-term liabilities	<u>480,489</u>	<u>130,932</u>	<u>977,485</u>	<u>113,988</u>
Accrued benefit cost	<u>\$ 786,149</u>	<u>\$ 140,249</u>	<u>\$ 1,283,815</u>	<u>\$ 122,551</u>

The following table summarizes the weighted-average assumptions used to determine benefit obligations as of June 30, 2013 and 2012 (dollars in thousands).

	2013		2012	
	Pension Plans	Other Benefit Plans	Pension Plans	Other Benefit Plans
To determine benefit obligations				
Discount rate	5.25%	5.00%	5.00%	5.70%
Rate of compensation increase	4.04%	4.03%	4.13%	5.25%
To determine net periodic benefit cost				
Discount rate	5.00%	5.70%	5.90%	5.70%
Expected return on plan assets	8.00%	N/A	8.00%	N/A
Rate of compensation increase	4.13%	5.08%	5.25%	5.25%

The following table summarizes the components of net periodic cost recognized in the consolidated statements of operations and changes in net assets for 2013 and 2012 (in thousands)

	2013		2012	
	Pension Plans	Other Benefit Plans	Pension Plans	Other Benefit Plans
Service cost	\$ 224,225	\$ 6,287	\$ 198,135	\$ 6,287
Interest cost	183,816	6,412	176,514	6,412
Expected return on plan assets	(204,256)	-	(188,823)	-
Net prior service cost (credit) amortization	(16,530)	6,033	(16,736)	6,033
Net loss (gain) amortization	<u>93,258</u>	<u>(467)</u>	<u>47,688</u>	<u>127</u>
Net periodic benefit cost	<u>\$ 280,513</u>	<u>\$ 18,265</u>	<u>\$ 216,778</u>	<u>\$ 18,859</u>
Net periodic benefit cost, continuing operations	<u>\$ 279,938</u>	<u>\$ 18,192</u>	<u>\$ 207,328</u>	<u>\$ 18,192</u>

The following represents the fair value of plan assets, net, measured on a recurring basis as of June 30, 2013 and 2012 (in thousands) See Note 8 for the definition of Levels 1, 2 and 3 in the fair value hierarchy

	2013			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance at June 30, 2013
Assets				
Cash and cash equivalents	\$ 197,958	\$ -	\$ -	\$ 197,958
U S government securities	142,060	4,993	-	147,053
U S corporate bonds	-	201,460	75,422	276,882
U S equity securities	994,625	290,421	-	1,285,046
Foreign government securities	-	2,866	-	2,866
Foreign corporate bonds	-	3,636	-	3,636
Foreign equity securities	484,099	4,592	-	488,691
Asset-backed securities	-	1,647	-	1,647
Structured debt	-	11,474	-	11,474
Private equity investments	-	-	137,658	137,658
Multi-strategy hedge fund investments	-	-	346,955	346,955
Real estate	6,625	-	49,684	56,309
Collateral held under securities lending program	-	103,930	-	103,930
Other, including due from brokers for unsettled investment trades and prepaid fund subscriptions	-	8,436	-	8,436
Total assets	\$ 1,825,367	\$ 633,455	\$ 609,719	\$ 3,068,541
Liabilities				
Payable under securities lending program	\$ -	\$ 103,930	\$ -	\$ 103,930
Other, including due to brokers for unsettled investment trades	-	7,771	-	7,771
Total liabilities	\$ -	\$ 111,701	\$ -	\$ 111,701
Fair value of plan assets, net	\$ 1,825,367	\$ 521,754	\$ 609,719	\$ 2,956,840

2012

	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance at June 30, 2012
Assets				
Cash and cash equivalents	\$ 203,162	\$ -	\$ -	\$ 203,162
U S government securities	60,435	3,862	-	64,297
U S corporate bonds	-	136,949	47,605	184,554
U S equity securities	772,707	251,842	-	1,024,549
Foreign government securities	-	47,520	-	47,520
Foreign corporate bonds	-	5,248	-	5,248
Foreign equity securities	404,351	98	-	404,449
Asset-backed securities	-	1,942	-	1,942
Structured debt	-	13,322	-	13,322
Private equity investments	-	-	124,015	124,015
Multi-strategy hedge fund investments	-	-	309,961	309,961
Real estate	6,307	-	47,068	53,375
Collateral held under securities lending program	-	161,442	-	161,442
Other, including due from brokers for unsettled investment trades and prepaid fund subscriptions	-	12,279	-	12,279
Total assets	\$ 1,446,962	\$ 634,504	\$ 528,649	\$ 2,610,115
Liabilities				
Payable under securities lending program	\$ -	\$ 161,442	\$ -	\$ 161,442
Other, including due to brokers for unsettled investment trades	-	8,537	-	8,537
Total liabilities	\$ -	\$ 169,979	\$ -	\$ 169,979
Fair value of plan assets, net	\$ 1,446,962	\$ 464,525	\$ 528,649	\$ 2,440,136

For information about the valuation techniques and inputs used to measure the fair value of plan assets, see discussion regarding fair value measurements in Note 8

The following represents changes in plan assets using significant unobservable inputs (Level 3) measured on a recurring basis in 2013 and 2012 (in thousands)

	2013				
	Private Equity Investments	Multi-Strategy Hedge Fund Investments	Real Estate	Debt Securities	Total
Balance at beginning of period	\$ 124,015	\$ 309,961	\$ 47,068	\$ 47,605	\$ 528,649
Total realized gains, net	277	9,625	96	-	9,998
Total unrealized gains (losses), net	(509)	36,893	3,349	11,695	51,428
Purchases, issuances, sales and settlements					
Purchases	30,110	79,819	197	17,277	127,403
Sales	(16,235)	(89,343)	(1,026)	(1,155)	(107,759)
Balance at end of period	<u>\$ 137,658</u>	<u>\$ 346,955</u>	<u>\$ 49,684</u>	<u>\$ 75,422</u>	<u>\$ 609,719</u>
	2012				
	Private Equity Investments	Multi-Strategy Hedge Fund Investments	Real Estate	Debt Securities	Total
Balance at beginning of period	\$ 96,321	\$ 84,782	\$ 101,539	\$ 112,000	\$ 394,642
Total realized gains, net	349	1,565	29,947	-	31,861
Total unrealized gains, net	9,818	9,432	(22,108)	2,679	(179)
Purchases, issuances, sales and settlements					
Purchases	28,703	300,778	-	45,315	374,796
Sales	(11,176)	(86,596)	(62,310)	(389)	(160,471)
Transfers out of level 3	-	-	-	(112,000)	(112,000)
Balance at end of period	<u>\$ 124,015</u>	<u>\$ 309,961</u>	<u>\$ 47,068</u>	<u>\$ 47,605</u>	<u>\$ 528,649</u>

The following table summarizes the weighted-average asset allocations by asset category for the pension plans for 2013 and 2012

	Plan Assets at June 30	
	2013	2012
Cash and cash equivalents	7%	8%
U S government securities	5%	3%
U S corporate bonds	9%	7%
U S equity securities	43%	42%
Foreign government securities	0%	2%
Foreign equity securities	17%	17%
Structured debt	0%	1%
Private equity investments	5%	5%
Multi-strategy hedge fund investments	12%	13%
Real estate	2%	2%
Total	<u>100%</u>	<u>100%</u>

The asset allocation policy for the pension plans for 2013 and 2012 is as follows: domestic fixed income, 20% (which may include U S government securities, U S corporate bonds, asset-backed securities and/or structured debt), domestic equity, 30% (including U S equity securities), international equity, 27% (including foreign equity securities), private equity, 10% (which may include private equity investments and/or structured debt), hedge funds, 11% (which may include hedge fund investments, asset-backed securities and/or structured debt), and real estate, 2%

Dignity Health's investment strategy for the assets of the pension plans is designed to achieve returns to meet obligations and grow the assets of the portfolio longer term, consistent with a prudent level of risk. The strategy balances the liquidity needs of the pension plans with the long-term return goals necessary to satisfy future obligations. The target asset allocation is diversified across traditional and non-traditional asset classes. Diversification is also achieved through participation in U S and non-U S markets, market capitalization, and investment manager style and philosophy. The complimentary investment styles and approaches used by both traditional and alternative investment managers are aimed at reducing volatility while capturing the equity premium from the capital markets over the long term. Risk tolerance is established through consideration of plan liabilities, plan funded status, and corporate financial condition. Consistent with Dignity Health's fiduciary responsibilities, the fixed income allocation generally provides for security of principal to meet near term expenses and obligations. Periodic reviews of the market values and corresponding asset allocation percentages are performed to determine whether a rebalancing of the portfolio is necessary.

Dignity Health's pension plan portfolio return assumption of 8.0% for 2013 and 2012 was based on the long-term weighted average return of comparative market indices for the asset classes represented in the portfolio and discounted for pension plan expenses, and expectations about future returns.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid (in thousands)

	Pension Benefits	Other Benefits
2014	\$ 137.120	\$ 9.317
2015	146.816	10.258
2016	162.365	11.476
2017	183.314	12.372
2018	200.824	12.873
2018 - 2022	<u>1,340.350</u>	<u>72.385</u>
Total	<u>\$ 2,170.789</u>	<u>\$ 128.681</u>

Dignity Health maintains defined contribution retirement plans for most employees. Employer contributions to those plans of \$49.5 million and \$45.1 million for 2013 and 2012, respectively, are primarily based on a percentage of a participant's contribution. Total retirement and postretirement expenses under all plans, including the defined contribution plans, was \$359.6 million and \$281.2 million for 2013 and 2012, respectively, and are included in salaries and benefits in the consolidated statements of operations and changes in net assets.

16. DEBT

Debt consists of the following at June 30, 2013 and 2012 (in thousands)

	2013	2012
Under Master Trust Indenture		
Fixed rate debt		
Fixed rate revenue bonds payable in installments through 2042, interest at 3.0% to 6.25%	\$ 2,403,767	\$ 2,526,364
Put bonds payable in installments through 2039 with a 2015 mandatory purchase date, interest at 5.0%	195,970	196,738
Taxable bonds payable in equal installments in 2023 and 2043, interest at 3.13% to 4.5%	595,235	-
Senior secured notes payable in 2015 and 2018, interest at 6.09% and 6.5%, respectively	<u>229,426</u>	<u>374,309</u>
Total fixed rate debt	<u>3,424,398</u>	<u>3,097,411</u>
Variable rate debt		
Variable rate demand bonds payable in installments through 2047, interest set at prevailing market rates (0.05% to 0.10% at June 30, 2013)	785,400	789,500
Auction rate certificates payable in installments through 2042, interest set at prevailing market rates (0.2% to 0.8% at June 30, 2013)	323,400	323,900
Notes payable to banks under credit agreement payable in 2019, interest set at prevailing market rates (1.3% at June 30, 2013)	<u>341,796</u>	<u>164,034</u>
Total variable rate debt	<u>1,450,596</u>	<u>1,277,434</u>
Total debt under Master Trust Indenture	<u>4,874,994</u>	<u>4,374,845</u>
Other		
Various notes payable and other debt payable in installments through 2042, interest ranging up to 8.3%	105,873	74,386
Capitalized lease obligations	<u>70,762</u>	<u>72,883</u>
Total debt	<u>5,051,629</u>	<u>4,522,114</u>
Less current portion of long-term debt	(129,112)	(295,920)
Less demand bonds subject to short-term liquidity arrangements, excluding current maturities	<u>(782,800)</u>	<u>(785,400)</u>
Total long-term debt	<u>\$ 4,139,717</u>	<u>\$ 3,440,794</u>

Scheduled principal debt payments, net of discounts and considering obligations subject to short-term liquidity arrangements as due according to their long-term amortization schedule, for the next five years and thereafter, are as follows (in thousands)

	Long-Term Debt Other Than Demand Bonds	Demand Bonds Subject to Short-Term Liquidity Arrangements	Total Long-Term Debt
2014	\$ 126,512	\$ 2,600	\$ 129,112
2015	362,774	6,400	369,174
2016	121,206	7,000	128,206
2017	103,386	7,600	110,986
2018	272,286	8,300	280,586
Thereafter	<u>3,280,065</u>	<u>753,500</u>	<u>4,033,565</u>
Total	<u>\$ 4,266,229</u>	<u>\$ 785,400</u>	<u>\$ 5,051,629</u>

Master Trust Indenture – Dignity Health issues debt under a Master Trust Indenture of the Obligated Group which requires, among other things, gross revenue pledged as collateral, certain limitations on additional indebtedness, liens on property, and disposition or transfers of assets, and the maintenance of certain cash balances and other financial ratios. Dignity Health is in compliance with these requirements at June 30, 2013.

Debt Arrangements - Fixed Rate Revenue Bonds – Dignity Health has fixed rate revenue bonds outstanding that may be redeemed, in whole or in part, prior to the stated maturities without a premium.

Put Bonds - Dignity Health issued bonds under multimodal interest rate documents, initially issued at a fixed rate for 5 and 10-year periods, with bond maturities that extend to 2039. The bonds are not subject to optional redemption during the fixed rate period but are subject to a mandatory purchase on the put redemption date of July 2014 in the amount of \$195.0 million. Prior to the put redemption date, Dignity Health will appoint a remarketing agent to convert the bonds to another fixed rate put period or to a short-term interest rate mode, or Dignity Health will repay the par amount of the mandatory purchase.

Taxable Bonds and Senior Secured Notes Payable – Dignity Health has taxable bonds at a fixed interest rate that are due in 2023 and 2043 and taxable, senior secured notes outstanding at a fixed interest rate that are due at their stated maturity in 2015 and 2018. Early redemption of the debt, in whole or in part, may require a premium depending on market rates.

Variable Rate Demand Bonds – Variable rate demand bonds (“VRDBs”) are remarketed weekly and the VRDBs may be put at the option of the holders. Dignity Health maintains bank letters of credit to support \$785.4 million of VRDBs. The letters of credit serve as credit enhancement to ensure the availability of funds to purchase any bonds tendered that the remarketing agent is unable to remarket.

In October 2012, the letters of credit issued by two banks to support VRDBs were replaced with new letters of credit from four banks in amounts to support VRDBs of \$57.0 million, \$195.6 million, \$140.4 million and \$90.0 million. The substitute letters of credit mature in October 2015. This did not change the terms, provisions or classification of the VRDBs subject to short-term liquidity arrangements.

The bank letter of credit supporting \$61.4 million of VRDBs was renewed in July 2013 and is set to expire in July 2016. Dignity Health also has bank letters of credit supporting \$91.0 million and \$150.0 million of VRDBs that are set to expire in June 2014 and November 2016, respectively. In the event that the remarketing agent is unable to remarket the VRDBs, the bond trustee will make a draw on the bank letters of credit and the tendered VRDBs will become bank bonds.

Certain bank bonds are subject to various repayment provisions ranging from two to five years with further accelerations upon successful bond remarketing, early redemptions, bond cancellations, conversion to a different interest rate mode, defaults, substitution of letter of credit providers or under certain other conditions

VRDBs that are not remarketed and are subsequently funded by amounts drawn under the bank letters of credit and held as bank bonds are reported as extinguishments of debt and new borrowings, respectively, in the consolidated statements of cash flows. Repayments of these draws from proceeds of remarketed VRDBs are reported as extinguishments of debt and new borrowings, respectively, in the consolidated statements of cash flows

Auction Rate Certificates – Dignity Health has \$240.0 million of auction rate certificates (“ARCs”) that are remarketed weekly and \$83.4 million of ARCs that are remarketed every 35 days. The certificates are insured by various bond insurers. Holders of ARCs are required to hold the certificates until the remarketing agent can find a new buyer for any tendered certificates

Notes Payable to Banks Under Credit Agreement – In 2013, Dignity Health maintained a \$480.0 million syndicated line of credit facility for working capital, letters of credit, capital expenditures and other general corporate purposes. In July 2013, the facility was renegotiated at an increased amount of \$680.0 million. During 2013 and 2012, the maximum amount outstanding under the syndicated credit facility was \$474.0 million and \$459.9 million, respectively. There were no letters of credit issued under this facility as of June 30, 2013 and 2012.

Dignity Health also maintained a \$20.0 million single-bank line of credit facility for standby letters of credit which was renegotiated and increased to \$35.0 million in July 2013. Letters of credit issued under this facility were \$18.8 million and \$17.0 million as of June 30, 2013 and 2012, respectively, but no amounts have been drawn.

Both credit facilities were scheduled to expire in August 2013, but the expiration date was extended to July 2018 during renegotiations noted above.

2013 Financing Activity – During 2013, Dignity Health drew \$840.8 million on its syndicated line of credit facility, using \$310.0 million as interim financing of a portion of the acquisition of USHW, \$385.8 million to facilitate repurposing of its equipment loan pool program, and \$145.0 million to refinance a maturing senior secured note. At June 30, 2013, \$360.6 million of these draws had been refinanced by taxable bonds and \$302.4 million had been repaid from equipment loan pool proceeds.

In September 2012, \$42.1 million of outstanding bond obligations at Saint Mary’s Regional Medical Center in Reno, Nevada, were legally defeased to the first call date, satisfying the remediation requirement pursuant to the sale of the hospital, and a loss on early extinguishment of debt of \$8.0 million was recorded in discontinued operations.

In October 2012, Dignity Health issued \$600.0 million of taxable fixed rate bonds with a discount of \$5.2 million, with repayments of \$300.0 million to be made in November 2022 and 2042. A portion of the proceeds of the taxable debt were used to repay \$360.6 million of outstanding syndicated line of credit facility draws, primarily related to the USHW acquisition.

In October 2012, in conjunction with the replacement of the letters of credit supporting VRDBs, as discussed above, \$373.8 million of bonds were tendered, of which \$223.0 million of the bonds were subject to a mandatory tender and \$150.8 million of the bonds were optionally tendered, the bonds were remarketed on the same day.

In March 2013, USHW entered into two lines of credit aggregating to \$50.0 million with a bank primarily to finance acquisitions and other corporate purposes. Both credit facilities mature in February 2016. At June

30, 2013, \$25.0 million drawn on one line of credit was outstanding. The outstanding draws are included above in various notes payable and other debt payable.

In September 2013, Dignity Health entered into a \$169.0 million loan with a bank. The proceeds were used to refinance outstanding draws on the syndicated line of credit. The new loan matures in September 2018.

2012 Financing Activity – In July 2011, Dignity Health issued \$106.5 million of tax-exempt fixed rate bonds with a premium of \$8.5 million to repay \$115.0 million of previously outstanding bonds. Dignity Health also repaid \$30.5 million of outstanding bonds and the \$45.9 million put bond with a draw on its syndicated line of credit.

In November 2011, Dignity Health issued \$478.3 million of tax-exempt fixed rate bonds to refund \$249.3 million of previously outstanding bonds and accrued interest and \$40.9 million of draws on the syndicated line of credit, and to provide funds for capital projects. The bonds were sold at a net premium, bear interest at 3.0% to 5.25%, and mature in installments through March 2041. The proceeds used to refund previously outstanding bonds were placed in an irrevocable trust and the bonds were legally defeased.

In November 2011, Dignity Health issued \$150.0 million of variable rate demand bonds supported by new letters of credit from a single bank, which expire in November 2016. The bond proceeds will be used for capital projects.

In June 2012, Dignity Health issued \$215.0 million of tax-exempt fixed rate bonds which were delivered in connection with a tax-exempt private placement negotiated in November 2011 with a forward delivery date of June 2012. The bonds were used to refund \$210.5 million of put bonds and accrued interest due in July 2012. The bonds were sold at par, bear interest at 6.125% to 6.250%, are callable at par after one year, and mature in installments through March 2029. The proceeds used to refund previously outstanding bonds were placed in an irrevocable trust and the bonds were legally defeased.

17. DERIVATIVE INSTRUMENTS

Dignity Health's derivative instruments include 16 floating-to-fixed interest rate swaps as of June 30, 2013 and 2012, respectively. Dignity Health uses floating-to-fixed interest rate swaps to manage interest rate risk associated with outstanding variable rate debt. Under these swaps, Dignity Health receives a percentage of LIBOR ranging from 57.00% to 58.96% plus a spread ranging from 0.13% to 0.32% and pays a fixed rate. Dignity Health's derivative instruments also include four fixed-to-floating risk participation agreements as of June 30, 2013. Dignity Health uses fixed-to-floating risk participation agreements to reduce interest expense associated with fixed rate debt. Under these risk participation agreements, Dignity Health receives a fixed rate and pays a variable rate percentage of SIFMA plus a spread.

In March 2013, Dignity Health novated swaps with notional amounts of \$227.7 million from one counterparty to various counterparties. These swaps have various termination provisions as described below. Additionally, the option for the counterparty to exercise a put on \$209.8 million of notional amount outstanding in May 2013 was extended to May 2015 with put options every two years thereafter.

In August 2011, Dignity Health novated swaps with a notional amount of \$343.1 million to a new counterparty. One of the swaps with a notional amount of \$80.0 million had been insured by Assured Guaranty (formerly FSA); the insurance was removed at the request of Dignity Health and the counterparty upon the novation. Swaps with a notional amount of \$263.1 million were uninsured and the counterparty's right to terminate the swaps at each five-year anniversary was removed. The novated swaps retain certain early termination triggers caused by event of default or termination as described below.

The following table shows the outstanding notional amount of derivative instruments measured at fair value, net of credit value adjustments, as reported in other accrued liabilities in the consolidated balance sheet as of June 30, 2013 and 2012 (in thousands)

	Maturity Date of Derivatives	Interest Rate	Notional Amount Outstanding	Fair Value
June 30, 2013				
Derivatives not designated as hedges				
Interest rate swaps	2026 - 2042	3.2% - 3.4%	<u>\$ 940,600</u>	<u>\$ (155,304)</u>
	2017, with extension options	SIFMA plus spread	<u>\$ 215,000</u>	<u>\$ -</u>
Risk participation agreements				
June 30, 2012				
Derivatives not designated as hedges				
Interest rate swaps	2026 - 2042	3.2% - 3.4%	<u>\$ 940,600</u>	<u>\$ (228,052)</u>
	2017, with extension options	SIFMA plus spread	<u>\$ 215,000</u>	<u>\$ -</u>
Risk participation agreements				

Changes in fair value of derivative instruments have been recorded for 2013 and 2012 as follows (in thousands)

	2013	2012
Loss reclassified from unrestricted net assets into interest expense, net, related to derivatives in cash flow hedging relationships		
Interest rate swaps - amortization	<u>\$ (2,683)</u>	<u>\$ (2,683)</u>
Gain (loss) recognized in interest expense, net		
Changes in fair value of non-hedged derivatives - interest rate swaps	72,748	(117,358)
Amortization of amounts in unrestricted net assets - interest rate swaps	<u>(2,683)</u>	<u>(2,683)</u>
Total	<u>\$ 70,065</u>	<u>\$ (120,041)</u>

Of the amounts classified in unrestricted net assets as of June 30, 2013, Dignity Health anticipates reclassifying approximately \$2.7 million of additional non-cash losses from unrestricted net assets into interest expense, net, in the next twelve months. Amounts in unrestricted net assets will be amortized into earnings as the interest payments being economically hedged are made.

Of the \$940.6 million notional amount of interest rate swaps held by Dignity Health at June 30, 2013 and 2012, \$160.0 million are insured and have a negative fair value of \$31.9 million and \$47.2 million at June 30, 2013 and 2012, respectively. In the event the insurer, Assured Guaranty, is downgraded below A2/A or A3/A- (Moody's/Standard and Poor's), the counterparties have the right to terminate the swaps if Dignity Health does not provide alternative credit support acceptable to them within 30 days of being notified of the downgrade. If the insurer is downgraded below the thresholds noted above and Dignity Health is

downgraded below Baa3/BBB- (Moody's/Standard and Poor's), the counterparties have the right to terminate the swaps

Dignity Health has \$780.6 million of interest rate swaps that are not insured as of June 30, 2013 and 2012. While Dignity Health has the right to terminate the swaps prior to maturity for any reason, counterparties have various rights to terminate, including swaps in the outstanding notional amount of \$100.0 million at each five-year anniversary date commencing in March 2018 and swaps in the notional amount of \$209.8 million at each two-year anniversary commencing in May 2015. Swaps in the notional amount of \$60.0 million and swaps in the notional amount of \$67.7 million have mandatory puts in March 2021 and March 2023, respectively. The termination value would be the fair market value or the replacement cost of the swaps, depending on the circumstances. These interest rate swaps have a negative fair value of \$70.2 million and \$104.4 million at June 30, 2013 and 2012, respectively. The remaining uninsured swaps in the notional amount of \$343.1 million have a negative fair value of \$53.2 million and \$76.5 million as of June 30, 2013 and 2012, respectively. The fair value of the risk participation agreements is deemed immaterial as of June 30, 2013 and 2012.

All of the uninsured swaps and risk participation agreements have certain early termination triggers caused by an event of default or a termination event. The events of default include failure to make payments when due, failure to give notice of a termination event, failure to comply with or perform obligations under the agreements, bankruptcy or insolvency, and defaults under other agreements (cross-default provision). The termination events include credit ratings dropping below Baa1/BBB+ (Moody's/Standard & Poor's) by either party on a notional amount of \$529.8 million of swaps and below Baa2/BBB on a notional amount of \$410.8 million and Dignity Health's cash on hand dropping below 85 days.

Dignity Health, under the terms of its Master Trust Indenture, is prohibited from posting collateral on derivative instruments.

18. INTEREST EXPENSE, NET

The components of interest expense, net, include the following (in thousands):

	2013	2012
Interest and fees on debt and swap cash settlements	\$ 214,020	\$ 204,027
Market adjustment on swaps and amortization of amounts in unrestricted net assets	<u>(70,065)</u>	<u>120,041</u>
Total interest expense	143,955	324,068
Capitalized interest expense	<u>(23,099)</u>	<u>(30,158)</u>
Interest expense, net	<u>\$ 120,856</u>	<u>\$ 293,910</u>

19. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Restricted net assets as of June 30, 2013 and 2012, consist of donor-restricted contributions and grants, which are to be used as follows (in thousands)

	2013	2012
Equipment and expansion	\$ 75,747	\$ 128,613
Research and education	50,835	47,408
Charity and other	<u>152,125</u>	<u>132,424</u>
Total temporarily restricted net assets	<u>\$ 278,707</u>	<u>\$ 308,445</u>
Permanently restricted net assets	<u>105,085</u>	<u>104,873</u>
Total restricted net assets	<u>\$ 383,792</u>	<u>\$ 413,318</u>

The composition of endowment net assets by type of fund as of June 30, 2013 and 2012, is as follows (in thousands)

	June 30, 2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment net assets	\$ -	\$ 29,882	\$ 105,237	\$ 135,119
Board-designated endowment net assets	<u>17,744</u>	<u>-</u>	<u>-</u>	<u>17,744</u>
Total endowment net assets	<u>\$ 17,744</u>	<u>\$ 29,882</u>	<u>\$ 105,237</u>	<u>\$ 152,863</u>

	June 30, 2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment net assets	\$ -	\$ 26,021	\$ 104,873	\$ 130,894
Board-designated endowment net assets	<u>15,698</u>	<u>-</u>	<u>-</u>	<u>15,698</u>
Total endowment net assets	<u>\$ 15,698</u>	<u>\$ 26,021</u>	<u>\$ 104,873</u>	<u>\$ 146,592</u>

Changes in endowment net assets during 2013 and 2012 are as follows (in thousands)

	June 30, 2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of period	\$ 15,698	\$ 26,021	\$ 104,873	\$ 146,592
Investment returns	592	1,584	152	2,328
Unrealized gains	1,466	2,106	16	3,588
Contributions	-	998	(69)	929
Change in interest in unconsolidated foundations	-	-	551	551
Appropriation of endowment assets for expenditure	(42)	(709)	-	(751)
Transfers to remove or add to board-designated endowment funds	-	(1)	(20)	(21)
Other	30	(117)	(266)	(353)
Endowment net assets, end of period	<u>\$ 17,744</u>	<u>\$ 29,882</u>	<u>\$ 105,237</u>	<u>\$ 152,863</u>

	June 30, 2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of period	\$ 17,856	\$ 22,235	\$ 107,947	\$ 148,038
Investment returns	203	1,549	54	1,806
Unrealized gains	(613)	(2,104)	(15)	(2,732)
Contributions	-	4,975	131	5,106
Change in interest in unconsolidated foundations	-	54	52	106
Appropriation of endowment assets for expenditure	(58)	(918)	-	(976)
Transfers to remove or add to board-designated endowment funds	(1,656)	(248)	(165)	(2,069)
Other	(34)	478	(3,131)	(2,687)
Endowment net assets, end of period	<u>\$ 15,698</u>	<u>\$ 26,021</u>	<u>\$ 104,873</u>	<u>\$ 146,592</u>

Included in donor-restricted assets limited as to use are unconditional promises to give which are recorded using discount rates ranging from 3.0% to 6.0% and are due as follows as of June 30, 2013 and 2012 (in thousands)

	2013	2012
Less than one year	\$ 8,597	\$ 6,848
One to five years	11,070	12,845
More than five years	82	403
Less allowance for uncollectible contributions receivable	<u>(1,458)</u>	<u>(1,395)</u>
Total contributions receivable, net	<u>\$ 18,291</u>	<u>\$ 18,701</u>

20. INVESTMENT INCOME, NET

Investment income, net, on assets limited as to use, cash equivalents, collateral held under securities lending program, notes receivable, and investments are comprised of the following (in thousands)

	2013	2012
Interest and dividend income	\$ 111,033	\$ 115,028
Net realized gains on sales of securities	232,834	226,005
Net unrealized gains (losses) on securities	211,007	(239,132)
Other, net of capitalized investment income	(26,904)	(28,689)
Investment income, net	<u>\$ 527,970</u>	<u>\$ 73,212</u>

21. SPECIAL CHARGES AND OTHER COSTS

Special charges and other costs consist of the following for the year ended June 30, 2013 and 2012 (in thousands)

	2013	2012
Estimated impairment on carrying value of long-lived assets	\$ 8,000	\$ -
Software development costs abandoned	-	22,019
Acquisition related costs	4,664	-
Restructuring costs for patient financial services	-	6,343
Restructuring costs for name and governance changes	2,137	7,511
Total special charges and other costs	<u>\$ 14,801</u>	<u>\$ 35,873</u>

An estimated impairment of the carrying value of assets reflects the estimated non-recoverability of the carrying value of the assets of a facility in California

Abandoned software development costs relate to the write-off of certain costs in connection with a change in strategic direction and vendor for clinical systems

Restructuring costs for patient financial services consisting of severance and lease termination costs were recorded in connection with the announcement that Dignity Health would consolidate four of its patient financial service centers into a single service center

Expenses related to the name change to Dignity Health and governance restructuring announced in 2012 include legal and implementation costs

22. COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND OTHER

Litigation, Regulatory and Compliance Matters - General – The healthcare industry is subject to voluminous and complex laws and regulations of federal, state and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not necessarily limited to, the rules governing licensure, accreditation, controlled substances, privacy, government program participation, government reimbursement, antitrust, anti-kickback, prohibited referrals by physicians, false claims, and in the case of tax-exempt organizations, the requirements of tax exemption. In recent years, government activity has increased with respect to investigations and allegations of wrongdoing. In addition, during the course of business, Dignity Health becomes involved in civil litigation

Management assesses the probable outcome of unresolved litigation and investigations and records contingent liabilities reflecting estimated liability exposure. Following is a discussion of matters of note:

Department of Justice and OIG Investigations – Dignity Health and/or its facilities periodically receive notices from governmental agencies, such as the Department of Justice or the Office of Inspector General (“OIG”), requesting information regarding billing, payment, or other reimbursement matters, or initiating investigations, or indicating the existence of whistleblower litigation. The healthcare industry in general is experiencing an increase in these activities, as the federal government increases enforcement activities and institutes new programs designed to identify potential irregularities in reimbursement or quality of patient care. Based on the information received to date from the government, Dignity Health does not presently have information indicating that any of these current matters or their resolution will have a material effect on Dignity Health’s financial statements, taken as a whole. Nevertheless, investigations of this type and scope could lead to civil and/or criminal charges and material penalties or settlements. Consequently, there can be no assurance that the resolution of these matters will not affect the financial condition or operations of Dignity Health, taken as a whole.

Medicare Certification – From time to time, Dignity Health and/or its facilities receive notices from CMS that steps to terminate provider agreements will be taken unless certain corrective actions related to qualification for Medicare participation are undertaken. The process of responding to these notices involves plan(s) of correction by the facility and resurvey by CMS or its designee. Although termination is rare, there is no guarantee that CMS or its designee will be satisfied with a facility’s corrective action. Currently, Community Hospital of San Bernardino and Bakersfield Memorial Hospital are in the process of addressing such notices.

Retirement Plan Litigation – In April 2013, Dignity Health was served with a class action lawsuit filed by a former employee alleging breaches of fiduciary duty under ERISA in connection with the Dignity Health Retirement Plan (“DHRP”). The complaint alleges that the DHRP fails to meet ERISA’s minimum funding requirements, because it has unfunded liabilities of \$1.2 billion. It also challenges the constitutionality of ERISA’s church plan exemption. Dignity Health established the DHRP as a “church plan,” which is exempt from ERISA including ERISA’s funding requirements. The plaintiff seeks to represent a class comprised of all current DHRP participants and beneficiaries. The suit seeks both declaratory and economic relief to bring the DHRP into ERISA compliance. Dignity Health management understands that similar lawsuits have been filed against a number of Catholic health systems challenging the church plan status of their pension plans as well. Dignity Health plans to vigorously defend this matter. While it is too early to assess specific liability exposure, there can be no assurance that resolution of this matter will not adversely affect the financial condition or operations of Dignity Health, taken as a whole.

Employment Law Litigation – In February 2012, a jury in federal court awarded damages and lost wages to a former employee of Mercy General Hospital (Sacramento) in response to various employment law claims. The aggregate jury award of approximately \$168.0 million appeared to include duplication of award amounts and was subject to elimination of duplication, as well as certain statutory limits on damages. In April 2012, the trial judge entered judgment in the case, reducing the jury verdict to approximately \$82.3 million. Management believed the facts did not support the verdict or the damages. The parties engaged in post-trial motions and the court held a hearing on these motions in October 2012. In November 2012, the parties entered into a confidential settlement agreement for amounts significantly lower than the reduced verdict. The settlement did not result in a material change to estimates previously recorded. Dignity Health’s insurers dispute liability for a portion of the settlement, and declaratory relief actions remain pending. Dignity Health maintains that the settlement should be covered in full.

Property Tax Assessments – In 2012, Dignity Health received written notification from two county property tax assessors with respect to three of its hospitals asserting that the hospitals failed to satisfy a technical legal requirement to qualify for California property tax exemption. The possible liability exposure with respect to these hospitals could have been as high as approximately \$16.8 million. Dignity Health disagreed with the assessors’ assertions, made appropriate administrative filings and submitted a written argument in favor of the hospitals’ property tax exemption. The tax assessors subsequently agreed with Dignity Health’s position on the condition that the title records be corrected. Such corrections occurred; nevertheless, claims of this nature have the potential for a material effect on the financial condition or results of operations of Dignity Health.

Operating Leases – Dignity Health leases various equipment and facilities under operating leases. Gross rental expense for 2013 and 2012 was \$136.7 million and \$108.3 million, respectively, which is offset by sublease income of \$1.5 million and \$1.4 million for 2013 and 2012, respectively. These amounts are recorded in purchased services and other on the accompanying statements of operations and changes in net assets.

Net future minimum lease payments under non-cancelable operating leases as of June 30, 2013, are as follows (in thousands):

	Lease Payments	Sublease Income	Net Future Minimum Lease Payments
2014	\$ 83,993	\$ (2,439)	\$ 81,554
2015	68,492	(1,912)	66,580
2016	56,697	(1,207)	55,490
2017	45,590	(1,005)	44,585
2018	37,073	(980)	36,093
Thereafter	121,828	(16,780)	105,048
Total	<u>\$ 413,673</u>	<u>\$ (24,323)</u>	<u>\$ 389,350</u>

Long-term Contracts and Agreements – Dignity Health has a contract for information technology management services which specifies the types and levels of services, which can be modified by mutual agreement, and provides for monthly usage-based adjustments to fees. The agreement contains a mechanism for price adjustments should there be new affiliations or disaffiliations. Based on modifications to this agreement, the base fee under the contract was \$35.6 million in 2013 and will be \$21.9 million per year thereafter, increasing annually by inflation through October 2015, the term of the agreement. Dignity Health may cancel the agreement without cause subject to significant penalties through October 2013, and without penalty during the remaining two years of the contract. Under the terms of this agreement, Dignity Health expensed \$35.6 million and \$55.2 million in 2013 and 2012, respectively, in purchased services and other on the accompanying statements of operations and changes in net assets.

Dignity Health has an agreement for the development, implementation and management of certain clinical technology management programs for all Dignity Health hospitals. The agreement is in effect for five years upon each hospital's implementation. Dignity Health may cancel the agreement without cause subject to penalties during the first four years of the contract, based upon the implementation date at the respective hospital, and without penalty during the final year of the contract. As of June 30, 2013, approximately \$148.0 million in commitments remained under this contract through August 2016.

In December 2007, Dignity Health entered into a development agreement with the Sequoia Healthcare District ("District") whereby the District relinquished all control over Sequoia Health Services ("SHS") and agreed to provide funding of \$75.0 million toward the modernization, upgrading and seismic retrofitting of Sequoia Hospital. In return for the funding commitment, the District is entitled to 50% of Sequoia Hospital's annual Operating Earnings Before Interest, Depreciation and Amortization ("EBIDA") exceeding a 9.3% annual Operating EBIDA Margin for 40 years. Operating EBIDA is defined as operating income adjusted for certain excluded items. Dignity Health has committed to funding \$150.0 million toward the construction project and approximately \$15.0 million in additional funding is anticipated from philanthropic gifts. If the construction does not conform to certain agreed-upon specifications or is not completed consistent with the terms of the development agreement related to project timing, the District has the right to require the return of its \$75.0 million contribution. The multi-phased construction project began in September 2007 and is expected to be substantially completed in 2014. Dignity Health's management expects to meet the required construction specifications and time requirements under the agreement with the District.

Capital and Purchase Commitments – Dignity Health has undertaken various construction and expansion projects that may include certain capital commitment requirements. At June 30, 2013, remaining capital commitments related to these projects were approximately \$356.4 million. Dignity Health also enters into various agreements that require certain minimum purchases of goods and services. These commitments are at levels consistent with normal business requirements. Excluding the capital and long-term contract commitments discussed above, outstanding purchase commitments were approximately \$167.0 million at June 30, 2013.

Guarantees – Dignity Health has guaranteed the indebtedness of other organizations, which indebtedness was outstanding in the amount of \$14.0 million and \$12.7 million as of June 30, 2013 and 2012, respectively.

Dignity Health enters into physician recruitment agreements with certain physicians who agree to relocate to its communities to fill a need in the hospitals' service areas and commit to remain in practice there. Under these agreements, Dignity Health makes loans available to the physicians that are earned over the period the physicians fulfill their commitment to the community, which is typically three years, or are repayable by the physicians. The maximum potential amount of future undiscounted payments Dignity Health could be required to make under these guarantees is \$15.6 million and \$18.3 million as of June 30, 2013 and 2012, respectively. Dignity Health recorded \$10.1 million and \$12.1 million in other current liabilities as of June 30, 2013 and 2012, respectively, and \$5.5 million and \$6.2 million in other long-term liabilities as of June 30, 2013 and 2012, respectively, related to these guarantees.

Seismic Standards – The State of California issued seismic safety standards in 1994 which have been amended on several occasions since then. The regulations call for more stringent structural building standards to be in place by January 2013 for buildings remaining in acute care service beyond that date, with a two-year extension in most circumstances by meeting certain milestone dates, and further extension of the deadlines for achieving compliance in certain circumstances. California law currently imposes a separate more rigorous set of seismic standards that become effective in 2030 for acute care facilities.

Each of the acute care service buildings at Dignity Health's California facilities either (1) meets the standards in effect until 2030, (2) is not subject to those standards, (3) will not be used for acute care services beyond the deadline, or (4) is scheduled to undergo remediation before applicable deadline dates. Management currently estimates that remaining remediation costs required for meeting the standards for projects specific to structural and non-structural performance in effect until 2030 is approximately \$335.0 million. Management has initiated planning and design efforts at all facilities to meet the deadlines. Dignity Health has received extensions which allow for the deferral of approximately \$200.0 million of capital expenditures from 2013 through 2015 to 2016 through 2019. Dignity Health may choose to withdraw selected buildings from acute care service rather than satisfy the standards.

23. UNSPONSORED COMMUNITY BENEFIT EXPENSE (UNAUDITED)

Un-sponsored community benefits are programs or activities that provide treatment and/or promote health and healing as a response to identified community needs. These benefits (a) generate a low or negative margin, (b) respond to the needs of special populations, such as persons living in poverty and other disenfranchised persons, (c) supply services or programs that would likely be discontinued, or would need to be provided by another nonprofit or government provider, if the decision was made on a purely financial basis, (d) respond to public health needs, and/or (e) involve education or research that improves overall community health.

Benefits for the Poor include services provided to persons who are economically poor or are medically indigent and cannot afford to pay for healthcare services because they have inadequate resources and/or are uninsured or underinsured.

Benefits for the Broader Community refer to persons in the general communities that Dignity Health serves, beyond and including those in a target population. Most services for the broader community are aimed at improving the health and welfare of the overall community. Such services include the interest rate differential on below market rate loans that Dignity Health makes to nonprofit community-based organizations that promote the total health of their communities, including the development of affordable housing for low-income persons and families, increasing opportunities for jobs and job training, and expanding access to healthcare for uninsured and underinsured persons. As of June 30, 2013 and 2012, Dignity Health's community investment loan portfolio totaled \$33.6 million and \$39.6 million, respectively, which is included in other assets limited as to use.

Traditional Charity Care is free or discounted health services provided to persons who cannot afford to pay and who meet Dignity Health's criteria for financial assistance.

Net Community Benefit, excluding the unpaid cost of Medicare, is the total cost incurred after deducting direct offsetting revenue from government programs, patients, and other sources of payment or reimbursement for services provided to program patients. Including discontinued operations, the comparable amount of net community benefit was \$1.1 billion for 2012, and Net Community Benefit including the unpaid cost of Medicare was \$1.6 billion for 2012.

The following is a summary of Dignity Health's community benefits for 2013, in terms of services to the poor and benefits for the broader community, which has been prepared in accordance with Internal Revenue Service Form 990, Schedule H and the CHA publication, *A Guide for Planning and Reporting Community Benefit* (dollars in thousands)

	Unaudited				
	Persons Served	Total Benefit Expense	Direct Offsetting Revenue	Net Community Benefit	% of Total Expenses
Benefits for the poor					
Traditional charity care	120,470	198,825	(430)	198,395	2.0%
Unpaid costs of Medicaid / Medi-Cal	1,136,319	2,404,674	(1,866,645)	538,029	5.3%
Other means-tested programs	300,240	118,967	(43,209)	75,758	0.7%
Community services					
Community health services	449,578	54,968	(1,035)	53,933	0.5%
Health professions education	69	30	-	30	0.0%
Subsidized health services	193,609	41,244	(2,812)	38,432	0.4%
Donations	144,076	29,832	(270)	29,562	0.3%
Community building activities	9,025	2,890	(1,028)	1,862	0.0%
Community benefit operations	<u>2,445</u>	<u>8,192</u>	<u>(68)</u>	<u>8,124</u>	<u>0.1%</u>
Total community services for the poor	<u>798,802</u>	<u>137,156</u>	<u>(5,213)</u>	<u>131,943</u>	<u>1.3%</u>
Total benefits for the poor	<u>2,355,831</u>	<u>2,859,622</u>	<u>(1,915,497)</u>	<u>944,125</u>	<u>9.3%</u>
Benefits for the broader community					
Community services					
Community health services	560,690	17,034	(1,301)	15,733	0.2%
Health professions education	40,924	65,804	(9,906)	55,898	0.6%
Subsidized health services	4,517	2,077	(839)	1,238	0.0%
Research	7,207	28,631	-	28,631	0.3%
Donations	82,520	9,422	(37)	9,385	0.1%
Community building activities	13,019	2,732	(9)	2,723	0.0%
Community benefit operations	<u>66</u>	<u>1,240</u>	<u>(7)</u>	<u>1,233</u>	<u>0.0%</u>
Total benefits for the broader community	<u>708,943</u>	<u>126,940</u>	<u>(12,099)</u>	<u>114,841</u>	<u>1.1%</u>
Total Community Benefits	<u>3,064,774</u>	<u>\$ 2,986,562</u>	<u>\$ (1,927,596)</u>	<u>\$ 1,058,966</u>	<u>10.5%</u>
Unpaid costs of Medicare	<u>1,269,112</u>	<u>2,668,396</u>	<u>(2,064,441)</u>	<u>603,955</u>	<u>6.0%</u>
Total Community Benefits including unpaid costs of Medicare	<u>4,333,886</u>	<u>\$ 5,654,958</u>	<u>\$ (3,992,037)</u>	<u>\$ 1,662,921</u>	<u>16.4%</u>

24. DIGNITY HEALTH, SUBORDINATE CORPORATIONS AND SUBSIDIARIES

Following is a list of corporations and subsidiaries that are included in the accompanying consolidated financial statements for 2013. Unless otherwise indicated, such entities are nonprofit corporations. The Obligated Group Members are denoted by an asterisk (*). Unless otherwise indicated, subsidiaries are not Obligated Group Members.

Dignity Health*

Operating dba's of Dignity Health	French Hospital Medical Center Foundation
Arroyo Grande Community Hospital	Glendale Memorial Health Foundation
California Hospital Medical Center – Los Angeles	Marian Medical Center Foundation
Chandler Regional Medical Center	Merex Foundation, Bakersfield
Dominican Hospital	Merex Medical Center Merced Foundation
French Hospital Medical Center	Northridge Hospital Foundation
Glendale Memorial Hospital and Health Center	San Gabriel Valley Medical Center Foundation
Marian Medical Center West	St. Bernardine Medical Center Foundation
Marian Regional Medical Center	St. Francis Foundation of Santa Barbara
Merex General Hospital	St. John's Healthcare Foundation (Oxnard and Pleasant Valley)
Merex Gilbert Medical Center	St. Joseph's Foundation (Phoenix)
Merex Hospital (Bakersfield)	St. Joseph's Foundation of San Joaquin
Merex Hospital of Folsom	St. Mary Medical Center Foundation
Merex Medical Center (Merced)	St. Mary's Medical Center Foundation
Merex Medical Center Mt. Shasta	St. Rose Dominican Health Foundation
Merex Medical Center Redding	The Congenital Heart Foundation
Merex San Juan Medical Center	Arizona Care Network, LLC
Merex Southwest Hospital	CDS of Nevada, Inc. (for-profit)(Note 3)
Methodist Hospital of Sacramento	CHMC Hope Street Family Center Property Management, LLC
Northridge Hospital Medical Center	Dignity Health Holding Corporation (for-profit)
Sequoia Hospital	Dignity Health Medical Group Nevada, LLC
St. Bernardine Medical Center	Dignity Health Nevada Imaging Company, LLC
St. Elizabeth Community Hospital	Dignity Health Purchasing Network, LLC
St. John's Pleasant Valley Hospital	Dominican Health Services
St. John's Regional Medical Center	Dominican Oaks Corporation
St. Joseph's Behavioral Health Center	Glendale Memorial Services Corporation (for-profit)
St. Joseph's Hospital and Medical Center	Golden Umbrella
St. Joseph's Medical Center of Stockton	Inland Health Organization of Southern California (for-profit)
St. Mary Medical Center	Management Services Organization of Santa Maria, Inc. (for-profit)
St. Mary's Medical Center	Marian Health Services, Inc. (for-profit)
St. Rose Dominican Hospital Rose de Lima Campus	Mark Twain Medical Center
St. Rose Dominican Hospital Siena Campus	Pacific Central Coast Health Centers
St. Rose Dominican Hospital San Martin Campus	Saint Mary's Healthfirst (for-profit)(Note 3)
Woodland Memorial Hospital	Saint Mary's Preferred Health Insurance Company, Inc. (for-profit)(Note 3)
Dignity Health Hospital and Professional Liability Self-Insurance Trust (California trust)	Sequoia Quality Care Network, LLC
Dignity Health Workers' Compensation Self-Insurance Trust (California trust)	Shasta Senior Nutrition Program
Dignity Health Insurance Ltd. (Cayman Island corporation)	Southern California Integrated Care Network, LLC
Bakersfield Memorial Hospital*	St. Francis Foundation, LLC
Dignity Health Medical Foundation*	St. John's Regional Imaging Center, LLC
Community Hospital of San Bernardino*	St. Mary Catholic Housing Corporation
Merex Senior Housing, Inc. *	St. Mary Health Ventures, Inc. (for-profit)
Saint Francis Memorial Hospital*	St. Mary Professional Building, Inc.
Sierra Nevada Memorial-Miners Hospital*	St. Rose Quality Care Network, LLC
Arroyo Grande Community Hospital Foundation	TrinityCare, LLC
California Hospital Medical Center Foundation	TrinityCare Infusion Services (for-profit)
Community Hospital of San Bernardino Foundation	U.S. HealthWorks, Inc. (for-profit)
Dignity Health Foundation	U.S. HealthWorks Holding Company, Inc. (for-profit)
Dignity Health Foundation East Valley	USHW Holdings Corporation (for-profit)
Dominican Hospital Foundation	USHW state subsidiaries (for-profit)

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