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

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

B Check if applicable ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending	C Name of organization MISSION HOSPITAL REGIONAL MEDICAL CENTER		D Employer identification number 95-1643360
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) 27700 MEDICAL CENTER ROAD Suite	Room/suite	E Telephone number (949) 364-1400
	City or town, state or country, and ZIP + 4 MISSION VIEJO, CA 92691		G Gross receipts \$ 522,293,370
	F Name and address of principal officer KENNETH MCFARLAND 27700 MEDICAL CENTER ROAD MISSION VIEJO, CA 92691		H(a) Is this a group return for affiliates? ☐ Yes ☒ No H(b) Are all affiliates included? ☐ Yes ☐ No If "No," attach a list. (see instructions)

I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) () ☐ (Insert no) ☐ 4947(a)(1) or ☐ 527		H(c) Group exemption number 0928	
J Website: WWW.MISSION4HEALTH.COM			
K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other		L Year of formation 1941	M State of legal domicile CA

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities WE ARE COMMITTED TO EXTENDING THE HEALING MINISTRY OF JESUS IN THE TRADITION OF THE SISTERS OF ST JOSEPH OF ORANGE BY CONTINUALLY IMPROVING THE HEALTH & QUALITY OF LIFE 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)	14	
	4	Number of independent voting members of the governing body (Part VI, line 1b)	10	
	5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	2,803	
6	Total number of volunteers (estimate if necessary)	545		
7a	Total unrelated business revenue from Part VIII, column (C), line 12	526,334		
7b	Net unrelated business taxable income from Form 990-T, line 34	53,960		
Revenue	8	Contributions and grants (Part VIII, line 1h)	10,659,988	8,308,384
	9	Program service revenue (Part VIII, line 2g)	485,724,810	499,389,716
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	4,642,157	12,605,651
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	591,704	890,324
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	501,618,659	521,194,075
	Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	7,191,624
14		Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15		Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	215,722,402	199,897,513
16a		Professional fundraising fees (Part IX, column (A), line 11e)	119,375	65,328
b		Total fundraising expenses (Part IX, column (D), line 25)	4,461,943	
17		Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	239,425,655	255,305,713
18		Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	462,459,056	462,956,972
19		Revenue less expenses Subtract line 18 from line 12	39,159,603	58,237,103
Net Assets or Fund Balances			Beginning of Current Year	
	20	Total assets (Part X, line 16)	643,988,759	650,427,438
	21	Total liabilities (Part X, line 26)	288,483,300	348,089,184
	22	Net assets or fund balances Subtract line 21 from line 20	355,505,459	302,338,254

Part II Signature Block

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

Sign Here	***** Signature of officer			2014-05-09 Date	
	KENNETH MCFARLAND BOARD MEMBER, CEO & PRESIDENT Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name		Preparer's signature		Date
	Firm's name ▶ ERNST & YOUNG US LLP			Check ☐ if self-employed	PTIN
	Firm's address ▶ 18111 VON KARMAN AVENUE SUITE 1000 IRVINE, CA 92612			Phone no (949) 794-2300	

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

☐ Yes ☒ No

1

Briefly describe the organization's mission

WE ARE COMMITTED TO EXTENDING THE HEALING MINISTRY OF JESUS IN THE TRADITION OF THE SISTERS OF ST JOSEPH OF ORANGE BY CONTINUALLY IMPROVING THE HEALTH AND QUALITY OF LIFE OF THE COMMUNITIES WE SERVE

2

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

☐ Yes ☒ No

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

3

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

☐ Yes ☒ No

If "Yes," describe these changes on Schedule O

4

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

4a

(Code) (Expenses \$ 409,574,275 including grants of \$ 7,688,418) (Revenue \$ 499,389,716)

SEE SCHEDULE O

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 ▶ 409,574,275

Part IV Checklist of Required Schedules

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

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	290	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	3	
1c	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.	2,803	
2b	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	
3b	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
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	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
6b	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).		
7a	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?	Yes	
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	Yes	
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8822?		No
7d	If "Yes," indicate the number of Forms 8822 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		No
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?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	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.		
13b	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.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

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	1a14		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	1b10		
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	Yes	
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		No
6	Did the organization have members or stockholders?	6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes	
13	Did the organization have a written whistleblower policy?	13	Yes	
14	Did the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a		No
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	Yes	
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	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	AARON NEUHARTH 27700 MEDICAL CTR ROAD MISSION VIEJO, CA (949) 364-7767

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 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)							4,953,379	3,362,388	552,002

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 321

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
PACIFIC HOSPITALIST , 510 SUPERIOR AVE STE 290 NEWPORT BEACH CA 92663	MEDICAL SERVICE	1,306,481
MARIA FENNELL INC , 2542 CALLE JADE SAN CLEMENTE CA 92673	TRANSCRIPTION SVC	1,030,375
MISSION TRAUMA SURGICAL MEDICAL GRO , 26732 CROWN VALLEY PKWY STE 351 MISSION VIEJO CA 92691	MEDICAL SERVICE	912,500
EMERGENCY AND ACUTE CARE MED CORP , 440 STEVENS AVE SUITE 150 SOLANA BEACH CA 920752058	MEDICAL SERVICE	745,018
MISSION VIEJO ANESTHESIA CONSULTANT , 26522 LA ALAMEDA ST STE 370 MISSION VIEJO CA 92691	MEDICAL SERVICE	722,532

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 ►29

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	111,865	8,308,384		
	b	Membership dues	1b				
	c	Fundraising events	1c	1,418,763			
	d	Related organizations	1d	1,899,892			
	e	Government grants (contributions)	1e	137,684			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	4,740,180			
	g	Noncash contributions included in lines 1a-1f \$		416,556			
	h	Total. Add lines 1a-1f					
Program Service Revenue			Business Code				
	2a	NET PATIENT REVENUE	621110	472,047,193	472,047,193	0	0
	b	MOB RENTAL	531120	13,861,561	13,861,561	0	0
	c	CHILDREN HOSPITAL AT MISSION	622110	6,582,069	6,582,069	0	0
	d	NUTRITIONAL SERVICES	722310	1,987,483	1,987,483	0	0
	e	PATHOLOGY REVENUE	621511	397,734	0	397,734	0
	f	All other program service revenue		4,513,676	4,385,076	128,600	0
	g	Total. Add lines 2a-2f			499,389,716		
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		12,494,328			12,494,328
	4	Income from investment of tax-exempt bond proceeds . . .		0			
	5	Royalties		0			
	6a	(i) Real					
		(ii) Personal					
	b	Less rental expenses					
	c	Rental income or (loss)		0	0		
	d	Net rental income or (loss)		0			
	7a	(i) Securities					
		(ii) Other					
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)		-8,213	119,536		
	d	Net gain or (loss)		111,323			111,323
	8a	Gross income from fundraising events (not including \$ 1,418,763 of contributions reported on line 1c) See Part IV, line 18					
		a	819,357				
		b	Less direct expenses				
c	Net income or (loss) from fundraising events . . .		280,744			280,744	
9a	Gross income from gaming activities See Part IV, line 19						
	a	176,050					
	b	Less direct expenses					42,750
c	Net income or (loss) from gaming activities . . .		133,300			133,300	
10a	Gross sales of inventory, less returns and allowances						
	a	476,280					
	b	Less cost of goods sold					
c	Net income or (loss) from sales of inventory . . .		476,280			476,280	
Miscellaneous Revenue		Business Code					
11a							
b							
c							
d	All other revenue						
e	Total. Add lines 11a-11d			0			
12	Total revenue. See Instructions			521,194,075	498,863,382	526,334	13,495,975

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.	7,660,571	7,660,571		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	27,847	27,847		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	0	0		
4	Benefits paid to or for members.	0	0		
5	Compensation of current officers, directors, trustees, and key employees.	3,324,028	1,386,189	1,937,839	0
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	74,200	74,200	0	0
7	Other salaries and wages.	133,588,387	125,462,856	5,913,035	2,212,496
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	8,693,672	7,939,886	614,668	139,118
9	Other employee benefits.	42,817,182	40,714,213	1,576,526	526,443
10	Payroll taxes.	11,400,044	10,697,518	549,918	152,608
11	Fees for services (non-employees):				
a	Management.	19,031,028	15,034,512	3,996,516	0
b	Legal.	2,243,282	937,186	1,305,721	375
c	Accounting.	428,145	0	426,870	1,275
d	Lobbying.	0	0	0	0
e	Professional fundraising services. See Part IV, line 17.	65,328			65,328
f	Investment management fees.	0	0	0	0
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	58,005,987	37,180,540	20,366,774	458,673
12	Advertising and promotion.	483,096	0	482,746	350
13	Office expenses.	13,206,233	12,061,610	1,080,708	63,915
14	Information technology.	1,891,292	1,891,292	0	0
15	Royalties.	0	0	0	0
16	Occupancy.	34,417,775	31,287,817	2,697,016	432,942
17	Travel.	410,469	190,123	197,293	23,053
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0	0	0	0
19	Conferences, conventions, and meetings.	139,337	80,717	45,881	12,739
20	Interest.	9,510,112	8,368,899	1,141,213	0
21	Payments to affiliates.	0	0	0	0
22	Depreciation, depletion, and amortization.	22,512,690	21,243,509	1,263,296	5,885
23	Insurance.	3,719,088	0	3,719,088	0
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	HOSPITAL FEE PROGRAM	24,456,502	24,456,502	0	0
b	MEDICAL SUPPLIES	60,479,429	60,479,429	0	0
c	LICENSE/TAXES/DUES	1,124,848	722,986	396,656	5,206
d	ALL OTHER EXPENSES	3,246,400	1,675,873	1,208,990	361,537
e	All other expenses.				
25	Total functional expenses. Add lines 1 through 24e.	462,956,972	409,574,275	48,920,754	4,461,943
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		17,526,564	1	7,369,038
	2	Savings and temporary cash investments		101,613,600	2	81,982,453
	3	Pledges and grants receivable, net		4,313,515	3	4,324,716
	4	Accounts receivable, net		73,475,509	4	81,258,090
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		5,617,584	8	5,679,942
	9	Prepaid expenses and deferred charges		1,314,875	9	1,201,791
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 512,861,387			
	b	Less accumulated depreciation	10b 181,994,167	321,292,822	10c	330,867,220
	11	Investments—publicly traded securities		68,497,533	11	75,074,493
	12	Investments—other securities See Part IV, line 11		22,091,184	12	21,155,126
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		13,717,072	14	13,717,072
	15	Other assets See Part IV, line 11		14,528,501	15	27,797,497
	16	Total assets. Add lines 1 through 15 (must equal line 34)		643,988,759	16	650,427,438
Liabilities	17	Accounts payable and accrued expenses		56,172,717	17	57,816,779
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		0	20	0
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		232,310,583	25	290,272,405
	26	Total liabilities. Add lines 17 through 25		288,483,300	26	348,089,184
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		305,253,682	27	240,787,500
	28	Temporarily restricted net assets		50,172,777	28	61,406,531
	29	Permanently restricted net assets		79,000	29	144,223
		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		355,505,459	33	302,338,254
	34	Total liabilities and net assets/fund balances		643,988,759	34	650,427,438

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	521,194,075
2	Total expenses (must equal Part IX, column (A), line 25)	2	462,956,972
3	Revenue less expenses Subtract line 2 from line 1	3	58,237,103
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	355,505,459
5	Net unrealized gains (losses) on investments	5	-586,105
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	-110,818,203
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	302,338,254

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	

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization MISSION HOSPITAL REGIONAL MEDICAL CENTER	Employer identification number 95-1643360
--	--

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 MISSION HOSPITAL REGIONAL MEDICAL CENTER	Employer identification number 95-1643360
--	--

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	0
d	Mailings to members, legislators, or the public?		No	0
e	Publications, or published or broadcast statements?		No	0
f	Grants to other organizations for lobbying purposes?		No	0
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	0
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	0
i	Other activities?	Yes		58,524
j	Total. Add lines 1c through 1i.			58,524
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 720 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
OTHER ACTIVITIES	SCHEDULE C, PART II-B, LINE 1I	THE AMOUNT ON LINE 1I IS THE PORTION OF DUES PAID TO HOSPITAL ASSOCIATIONS FOR LOBBYING ACTIVITIES. DURING THE PAST YEAR, THE ST. JOSEPH HEALTH SYSTEM HAS CONDUCTED AN ADVOCACY EFFORT WHICH INCLUDED SOME LOBBYING ACTIVITY. THESE INCLUDED MEETING WITH LOCAL, STATE, AND FEDERAL LEGISLATORS, THEIR STAFF AND OTHER GOVERNMENTAL OFFICIALS, AND COMMUNICATIONS TO LEGISLATORS ADVOCATING POSITIONS ON LEGISLATION.

SCHEDULE D
(Form 990)

Supplemental Financial Statements

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 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b**
▶ **Attach to Form 990. ▶ See separate instructions.**

Name of the organization MISSION HOSPITAL REGIONAL MEDICAL CENTER	Employer identification number 95-1643360
---	---

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

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	1,766,554	1,257,495	0		
b Contributions	102,259	514,556	1,207,312		
c Net investment earnings, gains, and losses	161,946	10,588	57,912		
d Grants or scholarships	0	0	0		
e Other expenditures for facilities and programs	0	0	0		
f Administrative expenses	21,052	16,084	7,729		
g End of year balance	2,009,707	1,766,555	1,257,495		

2

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

a

Board designated or quasi-endowment ▶ 92 000 %

b

Permanent endowment ▶ 8 000 %

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)		No
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	1,300,000	35,735,120		37,035,120
b Buildings		284,711,345	71,497,202	213,214,143
c Leasehold improvements		19,154,600	10,301,621	8,852,979
d Equipment		150,662,835	100,169,075	50,493,760
e Other		21,297,487	26,269	21,271,218
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				330,867,220

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 USE OF ENDOWMENT FUNDS	SCHEDULE D, PART V, LINE 4	THE USE OF THE RESTRICTED ENDOWMENTS ARE SPECIFIED WHEN PUT IN PLACE BY THE DONORS. LIKE ALL ENDOWMENTS, ONLY THE DISTRIBUTED EARNED INCOME IS AVAILABLE FOR USE. THE UNRESTRICTED ENDOWMENT INCOME IS USED AT THE DISCRETION OF THE EXECUTIVE LEADERSHIP OF THE HOSPITAL FOR CAPITAL/BUILDING AND EQUIPMENT NEEDS.
CONSOLIDATED AUDIT FOOTNOTE FOR FIN 48 (ASC 740)	SCHEDULE D, PART X, LINE 2	ACCOUNTING STANDARDS CODIFICATION (ASC) 740, INCOME TAXES, CLARIFIES THE ACCOUNTING FOR INCOME TAXES BY PRESCRIBING A MINIMUM RECOGNITION THRESHOLD THAT A TAX POSITION IS REQUIRED TO MEET BEFORE BEING RECOGNIZED IN THE FINANCIAL STATEMENTS. ASC 740 ALSO PROVIDES GUIDANCE ON DERECOGNITION, MEASUREMENT, CLASSIFICATION, INTEREST AND PENALTIES, DISCLOSURE, AND TRANSITION. THE GUIDANCE IS APPLICABLE TO PASS-THROUGH ENTITIES AND TAX-EXEMPT ORGANIZATIONS. NO SIGNIFICANT TAX LIABILITY FOR TAX BENEFITS, INTEREST OR PENALTIES WAS ACCRUED AT JUNE 30, 2013 OR 2012.

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding
Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a. Form 990-EZ filers are not required to complete this part.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number
95-1643360

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1

Indicate whether the organization raised funds through any of the following activities. Check all that apply.

a

☒

Mail solicitations

e

☒

Solicitation of non-government grants

b

☒

Internet and email solicitations

f

☐

Solicitation of government grants

c

☒

Phone solicitations

g

☒

Special fundraising events

d

☒

In-person solicitations

2a

Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?

☒ Yes ☐ No

b

If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
Harris Connect LLC BREWSTER NY 10 1511 Route 22 Ste 325 Brewster, NY 10509	TELEPHONE OUTREACH		No	109,344	50,000	44,016
Total ▶				109,344	50,000	44,016

3

List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing.

CA

Part II Fundraising Events.

Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

Revenue			(a) Event #1	(b) Event #2	(c) Other events	(d) Total events (add col (a) through col (c))	
			<u>GOLF</u> (event type)	<u>GALA</u> (event type)	<u>4</u> (total number)		
	1	Gross receipts	344,819	1,123,299	770,002	2,238,120	
	2	Less Contributions . . .	251,500	685,826	481,437	1,418,763	
	3	Gross income (line 1 minus line 2)	93,319	437,473	288,565	819,357	
Direct Expenses	4	Cash prizes	0	0	0	0	
	5	Noncash prizes . . .	0	0	0	0	
	6	Rent/facility costs . . .	55,679	0	0	55,679	
	7	Food and beverages .	24,701	128,915	82,096	235,712	
	8	Entertainment	0	27,897	0	27,897	
	9	Other direct expenses .	36,028	87,339	95,958	219,325	
	10	Direct expense summary Add lines 4 through 9 in column (d) ►					(538,613)
	11	Net income summary Combine line 3, column (d), and line 10 ►					280,744

Part III Gaming.

Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

Revenue		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
	1 Gross revenue			176,050	176,050
Direct Expenses	2 Cash prizes			3,750	3,750
	3 Non-cash prizes			39,000	39,000
	4 Rent/facility costs			0	0
	5 Other direct expenses			0	0
	6 Volunteer labor	☐ Yes _____ ☐ No	☐ Yes _____ ☐ No	☒ Yes 100.000 % ☐ No	
	7 Direct expense summary Add lines 2 through 5 in column (d) ▶				42,750
	8 Net gaming income summary Combine lines 1 and 7 in column (d) ▶				133,300

9 Enter the state(s) in which the organization operates gaming activities CA

a Is the organization licensed to operate gaming activities in each of these states?

☐ Yes

☒ No

b If "No," explain

SEE SUPPLEMENTAL PAGE

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?

☐ Yes

☒ No

b If "Yes," explain

Does the organization operate gaming activities with nonmembers? ☐ Yes ☒ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? ☐ Yes ☒ No

13	Indicate the percentage of gaming activity operated in		
a	The organization's facility	13a	
b	An outside facility	13b	100 000 %

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶ WINIFRED JOHNSON

Address ▶ 27700 MEDICAL CENTER ROAD
MISSION VIEJO, CA 92691

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? ☐ Yes ☒ No

b If "Yes," enter the amount of gaming revenue received by the organization ▶ \$ and the amount of gaming revenue retained by the third party ▶ \$

c If "Yes," enter name and address of the third party

Name ▶

Address ▶

16 Gaming manager information

Name ▶ WINIFRED JOHNSON

Gaming manager compensation ▶ \$ 16,052

Description of services provided ▶ CHIEF DEVELOPMENT OFFICER/FUNDRAISING

☐ Director/officer ☒ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? ☒ Yes ☐ No

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ \$ 158,445

Part IV Supplemental Information. Complete this part to provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

Identifier	Return Reference	Explanation
SCHEDULE G, PART III, LINE 9B	GAMING	MISSION HOSPITAL IS A NON-PROFIT ORGANIZATION AND GAMING IS NOT THE PRIMARY FUNDRAISING ACTIVITY, THEY WERE RAFFLES FOR A VEHICLE, PRIZE BASKETS, AND CASH PRIZES TOTALING \$3,750 00 AS A TAX-EXEMPT HOSPITAL, MISSION HOSPITAL REGIONAL MEDICAL CENTER IS EXEMPT FROM THE CALIFORNIA ATTORNEY GENERAL REGISTRATION AND REPORTING REQUIREMENTS FOR THE RAFFLES

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

OMB No 1545-0047

2012

Open to Public Inspection

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

Name of the organization
MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number
95-1643360

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		No
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		
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)			5,887,434		5,887,434	1 260 %
b Medicaid (from Worksheet 3, column a)			58,921,562	48,978,950	9,942,612	2 130 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			10,543,847	6,460,361	4,083,486	0 880 %
d Total Financial Assistance and Means-Tested Government Programs			75,352,843	55,439,311	19,913,532	4 270 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			2,781,147	29,180	2,751,967	0 590 %
f Health professions education (from Worksheet 5)			30,000	0	30,000	0 010 %
g Subsidized health services (from Worksheet 6)			1,025,104		1,025,104	0 220 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,795,316	0	1,795,316	0 380 %
j Total Other Benefits			5,631,567	29,180	5,602,387	1 200 %
k Total. Add lines 7d and 7j			80,984,410	55,468,491	25,515,919	5 470 %

Part II

Community Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing		100,172		100,172	0.020 %
2	Economic development					
3	Community support		79,870		79,870	0.020 %
4	Environmental improvements					
5	Leadership development and training for community members		72,123		72,123	0.020 %
6	Coalition building					
7	Community health improvement advocacy					
8	Workforce development					
9	Other		95,185		95,185	0.020 %
10	Total		347,350		347,350	0.080 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

No

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

2,161,743

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

86,840,660

6

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

6

111,447,368

7

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

7

-24,606,708

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 MECC - SEE PART VI	PHYSICIAN OFFICE&CONF ED CTR	50.000 %		50.000 %
2 MAS - SEE PART VI	OUTPATIENT SURGERY CENTER	43.750 %		56.250 %
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

Name, address, and primary website address

Schedule H (Form 990) 2012

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

MISSION HOSPITAL REGIONAL MEDICAL CEN

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		No
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes	
a ☒ 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)
1MISSION MEDICAL TOWER 26732 CROWN VALLEY PARKWAY MISSION VIEJO, CA 92691	WELLNESS CENTER, OUTPATIENT IMAGING CENTER, CARDIAC REHAB, PHYSICAL THERAPY
2MISSION AMBULATORY SURGICENTER LTD 27800 MEDICAL CENTER ROAD SUITE 36 MISSION VIEJO, CA 92691	OUTPATIENT SURGERY CENTER
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
SCHEDULE H, PART I, LINE 7A-I		A COST-TO-CHARGE RATIO FROM THE COST ACCOUNTING SYSTEM WAS USED TO DETERMINE THE COST OF ALL REPORTED CHARITY CARE AND OTHER COMMUNITY BENEFITS AT COST IT INCLUDED ALL PATIENT TYPES (I E INPATIENT OUTPATIENT, EMERGENCY ROOM), AND WOULD ONLY INCLUDE CHARGES OR RELATED COSTS THAT PERTAIN TO EACH RESPECTIVE AREA (I E CHARITY, MEDICAID, MANAGED CARE, PRIVATE INSURANCE, SELF PAY, UNINSURED, ETC) FOR UNREIMBURSED COSTS, THAT WOULD BE THE DIFFERENCE BETWEEN THE DETERMINED COSTS UTILIZING THE COST-TO-CHARGE RATIO LESS ANY PAYMENTS RECEIVED FOR THAT PARTIAL PAYOR GROUP THE COST-TO-CHARGE RATIO USED WAS NOT DERIVED FROM WORKSHEET 2, RATIO OF PATIENT CARE COST-TO-CHARGES SCHEDULE H, PART I, LINE 7G SUBSIDIZED HEALTH SERVICES \$1,025,000 IN COSTS ATTRIBUTABLE TO PHYSICIAN CLINICS WERE INCLUDED
COMMUNITY BUILDING ACTIVITIES	SCHEDULE H, PART II	OUR MISSION CALLS US TO IMPROVE HEALTH AND QUALITY OF LIFE IN THE COMMUNITIES WE SERVE A KEY EMPHASIS IS PUT ON DEVELOPING PROGRAMS THAT ADDRESS ROOT CAUSES OF HEALTH PROBLEMS KEY ISSUES FOR FISCAL YEAR 2013 CONTINUE TO BE ACCESS TO AFFORDABLE HOMES AND SERVING THE HOMELESS MISSION HOSPITAL HAS PARTNERED WITH KEY COMMUNITY STAKEHOLDERS TO HELP ADDRESS THESE LONG-TERM ISSUES ACCESS TO AFFORDABLE HOMES THE AFFORDABLE HOMES OUTCOME GOAL IS TO INCREASE AFFORDABLE HOMES IN SOUTH ORANGE COUNTY, WITH A SPECIAL FOCUS ON THE CITIES OF SAN CLEMENTE, SAN JUAN CAPISTRANO, LAKE FOREST, AND MISSION VIEJO IN 2008, MISSION HOSPITAL INITIATED A PARTNERSHIP WITH OVER A DOZEN AGENCIES TO CREATE THE SOUTH ORANGE COUNTY ALLIANCE FOR HOUSING OUR COMMUNITIES (SOCAHOC) TOGETHER, THE ALLIANCE WORKS TO INCREASING THE NUMBER OF PUBLIC OR PRIVATE POLICIES THAT SUPPORT AFFORDABLE HOMES, INCREASING BROAD-BASED COMMUNITY ADVOCACY ORGANIZATIONS THAT IDENTIFY AND ACT ON AFFORDABLE HOMES AS A PRIORITY, AND COLLABORATING TO CREATE NEW AFFORDABLE HOMES HOMELESS OUTREACH AFTER PURCHASING THE LAGUNA BEACH CAMPUS, THE LOCAL HEALTH NEEDS ASSESSMENT IDENTIFIED HOMELESS OUTREACH AS A PRIMARY NEED FOR THE COMMUNITY BEGINNING IN 2009, WE BEGAN COLLABORATING WITH LOCAL RESIDENTS AND AGENCIES WHO SERVE THE HOMELESS TO MEET THEIR NEEDS MISSION HOSPITAL PROVIDES A NUTRITIONALLY BALANCED LUNCH FOR UP TO 50 HOMELESS PEOPLE STAYING AT THE CITY'S ALTERNATIVE SLEEPING LOCATION 5 DAYS EACH WEEK (REPRESENTING \$42,000 ANNUALLY) IN ADDITION, WE PROVIDE \$5,000 TO A LOCAL SOUP KITCHEN IN CAPISTRANO BEACH SAFE RIDES TO TEENS TO AVOID TRAGEDY DUE TO DRUNK DRIVING, MISSION HOSPITAL SPONSORS AND COORDINATES THE SAFE RIDES PROGRAM, A FREE, ANONYMOUS SERVICE THAT PROVIDES TEENS A SAFE RIDE HOME SHOULD THEY NEED A RIDE ON FRIDAY OR SATURDAY EVENINGS PROJECT MISSION PROJECT MISSION IS A 9-MONTH INTERNSHIP PROGRAM THAT PROVIDES YOUNG ADULTS WITH INTELLECTUAL AND DEVELOPMENTAL DISABILITIES WITH JOB TRAINING OPPORTUNITIES AND DIRECT EXPOSURE TO WORK EXPERIENCE IN A STRUCTURED SETTING THIS IS A PARTNERSHIP BETWEEN MISSION HOSPITAL AND THE CAPISTRANO UNIFIED SCHOOL DISTRICT ADULT EDUCATION PROGRAM THIS PAST FY13, PROJECT MISSION ENROLLED 5 STUDENTS IN PROGRAM, 4 STUDENTS GRADUATED AND 1 STUDENT RECEIVED PERMANENT EMPLOYMENT SINCE MISSION SEARCH MISSION BEGAN IN 2007, 35 STUDENTS (18 TO 22 YEAR OLD) HAVE BEEN ENROLLED IN THE PROGRAM, 7 INTERNSHIP PROMOTIONS THEIR PROFESSIONAL AND SOCIAL DEVELOPMENT GAINS HAVE BEEN TRANSFERABLE TO OTHER JOBS AND SITUATIONS IN THE COMMUNITY 26 FORMER INTERNS HAVE BEEN EMPLOYED IN RETAIL, GOVERNMENT, HOSPITALITY AND HEALTH CARE JOBS 5 FORMER INTERNS ARE CURRENTLY EMPLOYED AT MISSION HOSPITAL IN THE ACCOUNTING AND NUTRITIONAL CARE SERVICES DEPARTMENTS INTERNS HAVE BECOME ROLE MODELS FOR OTHER STUDENTS AT CUSD ADULT TRANSITION PROGRAM SUCCESSFUL INDEPENDENCE LIVING CASES HAVE HELPED THE DREAMS OF STUDENTS AND PARENTS BECOME A REALITY

Identifier	ReturnReference	Explanation
SCHEDULE H, PART III, LINE 2		DISCOUNTS ON PATIENT ACCOUNTS IN BAD DEBT ANY ACCOUNT RETURNED TO THE HOSPITAL FROM A COLLECTION AGENCY THAT HAS DETERMINED THE PATIENT DOES NOT HAVE THE RESOURCES TO PAY HIS OR HER BILL, MAY BE DEEMED ELIGIBLE FOR CHARITY CARE WITHOUT ABSOLUTE REQUIREMENT FOR SUBMISSION OF A FINANCIAL ASSISTANCE APPLICATION ALL OUTSIDE COLLECTION AGENCIES CONTRACTED WITH SJHS TO PERFORM ACCOUNT FOLLOW-UP AND/OR BAD DEBT COLLECTION WILL UTILIZE THE FOLLOWING CRITERIA TO IDENTIFY A STATUS CHANGE FROM BAD DEBT TO CHARITY CARE - PATIENT ACCOUNTS MUST HAVE NO APPLICABLE INSURANCE (INCLUDING GOVERNMENTAL COVERAGE PROGRAMS OR OTHER THIRD PARTY PAYERS), AND - THE PATIENT MUST HAVE A CREDIT SCORE AND BEHAVIOR RATING WITHIN THE LOWEST 25TH PERCENTILE OF CREDIT SCORES FOR ANY CREDIT EVALUATION METHOD USED, AND - THE PATIENT HAS NOT MADE A PAYMENT WITHIN 150 DAYS OF ASSIGNMENT TO THE COLLECTION AGENCY, AND - THE COLLECTION AGENCY HAS DETERMINED THAT THE PATIENT IS UNABLE TO PAY, AND/OR - THE PATIENT DOES NOT HAVE A VALID SOCIAL SECURITY NUMBER AND/OR AN ACCURATELY STATED RESIDENCE ADDRESS IN ORDER TO DETERMINE A CREDIT SCORE ALL ACCOUNTS RETURNED FROM A COLLECTION AGENCY FOR RE-ASSIGNMENT FROM BAD DEBT TO CHARITY CARE WILL BE EVALUATED BY HOSPITAL PERSONNEL TO DETERMINE ELIGIBILITY FOR CHARITY CARE OR DISCOUNTED CARE PRIOR TO ANY RE-CLASSIFICATION WITHIN THE HOSPITAL ACCOUNTING SYSTEM AND RECORDS DOCUMENTATION OF THE PATIENT'S INABILITY TO PAY FOR SERVICES WILL BE MAINTAINED BY THE HOSPITAL
SCHEDULE H, PART III, SECTION A, LINE 4	BAD DEBT EXPENSE	PAGE 11 OF THE AUDITED FINANCIAL STATEMENTS - THE ORGANIZATION RECEIVES PAYMENT FOR SERVICES RENDERED TO PATIENTS FROM FEDERAL AND STATE GOVERNMENTS UNDER THE MEDICARE AND MEDICAID PROGRAMS, PRIVATELY SPONSORED MANAGED CARE PROGRAMS FOR WHICH PAYMENT IS MADE BASED ON TERMS DEFINED UNDER FORMAL CONTRACTS, AND OTHER PAYORS THE ORGANIZATION BELIEVES THERE ARE NO SIGNIFICANT RISKS ASSOCIATED WITH RECEIVABLES FROM GOVERNMENT PROGRAMS RECEIVABLES FROM CONTRACTED AND OTHERS ARE FROM VARIOUS PAYORS WHO ARE SUBJECT TO DIFFERING ECONOMIC CONDITIONS, AND DO NOT REPRESENT ANY CONCENTRATED RISKS TO THE ORGANIZATION THE ORGANIZATION ANALYZES ITS HISTORICAL EXPERIENCE AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS

Identifier	ReturnReference	Explanation
SCHEDULE H, PART III, SECTION B, LINE 8		AS A CATHOLIC HEALTH CARE MINISTRY, THE ORGANIZATION FOLLOWS THE CATHOLIC HEALTH ASSOCIATION'S COMMUNITY BENEFIT REPORTING GUIDELINES AND THEREFORE DOES NOT REPORT MEDICARE AS A COMMUNITY BENEFIT MEDICARE COSTS ARE DETERMINED USING THE MEDICARE COST REPORT
SCHEDULE H, PART III, SECTION C, LINE 9B		MISSION HOSPITAL REGIONAL MEDICAL CENTER PATIENT ACCOUNTS WERE NOT FORWARDED TO COLLECTION STATUS WHEN THE PATIENT MADE A GOOD FAITH EFFORT TO RESOLVE OUTSTANDING ACCOUNT BALANCES SUCH EFFORTS INCLUDE APPLYING FOR FINANCIAL ASSISTANCE, NEGOTIATING A PAYMENT PLAN, OR APPLYING FOR MEDICAID COVERAGE PRIOR TO ADVANCING ANY ACCOUNT FOR EXTERNAL COLLECTION, THE ORGANIZATION PERFORMED AN EVALUATION TO IDENTIFY IF THE ACCOUNT QUALIFIED FOR FINANCIAL ASSISTANCE ACCOUNTS FOR PATIENTS WHO QUALIFIED FOR FREE CARE (100 PERCENT FINANCIAL ASSISTANCE) WERE WRITTEN OFF AND COLLECTION EFFORTS WERE NOT PURSUED

Identifier	ReturnReference	Explanation
NAME OF ENTITY	SCHEDULE H, PART IV, COLUMN (A)	1 MISSION EDUCATION CONFERENCE CENTER, LLC 2 MISSION AMBULATORY SURGICENTER, LTD, DBA MISSION SURGERY CENTER
MISSION HOSPITAL REGIONAL MEDICAL CENTER (1)	SCHEDULE H, PART V, SECTION B, LINE 3	SIX COMMUNITY FORUMS WERE CONDUCTED WITH RESIDENTS IN THE CITIES OF SAN JUAN CAPISTRANO, SAN CLEMENTE, AND LAKE FOREST THERE WERE A TOTAL OF 63 PARTICIPANTS ACROSS ALL FORUMS, WITH EACH FORUM RANGING IN SIZE FROM 2 TO 21 AND AVERAGING 10 PARTICIPANTS THE MAJORITY OF PARTICIPANTS WERE WOMEN (N = 54) PARTICIPANTS WERE ALL ADULTS, MAINLY RESIDENTS AND A FEW STAKEHOLDERS (E G , SERVICE PROVIDERS, CITY EMPLOYEES, AND HOSPITAL EMPLOYEES) THE ENGLISH LANGUAGE FORUMS INCLUDED MOSTLY STAKEHOLDERS AND TO A LESSER EXTENT INCLUDED RESIDENTS, WHILE THE SPANISH LANGUAGE FORUMS INCLUDED MOSTLY RESIDENTS EACH FORUM LASTED ABOUT ONE AND A HALF HOURS PARTICIPANTS IDENTIFIED PRIORITY ISSUES THE RESULTS AGGREGATED ACROSS THE FORUMS INDICATE THAT THE FOUR PRIORITY HEALTH AND QUALITY OF LIFE ISSUES PERCEIVED BY THE PARTICIPANTS ARE AS FOLLOWS 1 OBESITY 2 LACK OF HEALTH INSURANCE 3 STRESS AND ANXIETY 4 ACCESS TO AFFORDABLE HOMES

Identifier	ReturnReference	Explanation
MISSION HOSPITAL REGIONAL MEDICAL CENTER (1)	SCHEDULE H, PART V, SECTION B, LINE 5A	THE WEB ADDRESS IS HTTP //WWW MISSION4HEALTH COM/DOCUMENTS/MH-CHNA-WRITTEN-REPORT_ALL_FINAL P DF
MISSION HOSPITAL REGIONAL MEDICAL CENTER (1)	SCHEDULE H, PART V, SECTION B, LINE 5C	MISSION HOSPITAL CONDUCTED PRESENTATIONS WITH LOCAL CITY COUNCIL MEMBERS AND CITY-APPOINTED COMMITTEES AND PROVIDED COPIES OF MISSION HOSPITAL'S CHNA TO PARTNER AGENCIES AND HOSPITAL STAFF

Identifier	ReturnReference	Explanation
MISSION HOSPITAL REGIONAL MEDICAL CENTER (1)	SCHEDULE H, PART V, SECTION B, LINE 7	THE FOLLOWING COMMUNITY HEALTH NEEDS IDENTIFIED IN THE MINISTRY CHNA WILL NOT BE ADDRESSED AND AN EXPLANATION IS PROVIDED BELOW HOMELESS PROGRAMS AND SHELTERS DURING THE 2010 HEALTH NEEDS ASSESSMENT CONDUCTED IN LAGUNA BEACH, CALIFORNIA, THE HOMELESS WERE A UNIQUE HIGH NEED COMMUNITY THAT REQUIRED SPECIFIC, ONGOING SUPPORT MISSION HOSPITAL PARTNERED WITH THE CITY OF LAGUNA BEACH TO ESTABLISH THE ALTERNATIVE SLEEPING LOCATION (ASL), AN OVERNIGHT SHELTER FOR THE CITY'S HOMELESS SINCE THAT TIME, WE HAVE PROVIDED ONE NUTRITIONALLY BALANCED MEAL TO EACH PERSON STAYING THE NIGHT AT THE SHELTER TO ENSURE THEY RECEIVED ONE MEAL EACH DAY A KEY NEED IDENTIFIED BY THE HOMELESS WAS THE NEED FOR JOB SKILLS AND STEADY WORK WHILE WE HAVE PARTNERED WITH LOCAL AGENCIES SUCH AS THE FRIENDSHIP SHELTER TO ADDRESS THIS NEED, RESOURCES LIMIT THE EFFECTIVENESS TO ADDRESS SUCH A LARGE ISSUE AND WHILE WE ARE LIMITED IN DIRECTLY ADDRESSING THE ISSUE OF HOMELESSNESS, WE PARTNER WITH SEVERAL ORGANIZATIONS THAT SERVE THE HOMELESS, INCLUDING PATHWAYS OF HOPE, COLLETES HOME, WTLC AND THE ILLUMINATION FOUNDATION HIGH CHOLESTEROL WHILE WE DO NOT CURRENTLY HAVE A SPECIFIC PROGRAM TO ADDRESS HIGH CHOLESTEROL NEEDS IN THE COMMUNITY, WE DO SUPPORT THE LOCAL NON-PROFIT CHAPTER OF THE AMERICAN HEART ASSOCIATION THROUGH THEIR ANNUAL AMERICAN HEART ASSOCIATION HEART WALKS TO RAISE AWARENESS AND EDUCATE THE PUBLIC ABOUT HEART DISEASE OUR EMPLOYEES FORM TEAMS TO WALK IN THE EVENT AND PERSONALLY RAISE DOLLARS AND AWARENESS THROUGHOUT THE COMMUNITY MISSION HOSPITAL PROVIDES SOUTH ORANGE COUNTY COMMUNITIES WITH HEALTH ACCESS THROUGH TWO CONVENIENT LOCATIONS, MISSION VIEJO AND LAGUNA BEACH THE HOSPITAL'S SERVICE AREA EXTENDS FROM THE JUNCTION OF THE 405 AND 5 FREEWAYS IN THE NORTH TO CAMP PENDLETON IN THE SOUTH GEOGRAPHICALLY, SOUTH COUNTY IS BORDERED BY THE PACIFIC OCEAN TO THE WEST, THE SANTA ANA MOUNTAINS TO THE NORTH AND EAST, AND THE MARINE BASE CAMP PENDLETON TO THE SOUTH OUR PRIMARY SERVICE AREA INCLUDES THE CITIES OF MISSION VIEJO, LAGUNA BEACH, LAGUNA NIGUEL, SAN JUAN CAPISTRANO, SAN CLEMENTE, RANCHO SANTA MARGARITA, LAKE FOREST, LAGUNA HILLS, DANA POINT, LADERA RANCH TRABUCO CANYON, CAPISTRANO BEACH AND ALISO VIEJO THIS INCLUDES A POPULATION OF APPROXIMATELY 623,000 PEOPLE, AN INCREASE OF 4% FROM THE PRIOR ASSESSMENT MISSION HOSPITAL'S SECONDARY SERVICE AREA INCLUDES LAGUNA WOODS, IRVINE, FOOTHILL RANCH AND SILVERADO SOUTH ORANGE COUNTY IS A RELATIVELY AFFLUENT COMMUNITY WITH A MEDIAN HOUSEHOLD INCOME OF \$95,506 COMPARED TO THE ORANGE COUNTY MEDIAN HOUSEHOLD INCOME OF \$79,132 (2000 US CENSUS QUICK FACTS) THE AVERAGE HOUSEHOLD SIZE IS 2.70 COMPARED TO THE ORANGE COUNTY WIDE HOUSEHOLD SIZE OF 3.06 DEMOGRAPHICALLY, THE AREA IS PRIMARILY CAUCASIAN (69.7%), WITH THE HISPANIC POPULATION REPRESENTING 17.9% IN GENERAL, MISSION HOSPITAL'S SERVICE AREA REFLECTS A HIGH DEGREE OF HEALTH AND QUALITY OF LIFE MISSION HOSPITAL PROVIDES BROAD COMMUNITY BENEFIT SERVICES TO ITS PRIMARY AND SECONDARY SERVICE AREA HOWEVER, ISOLATED AREAS OF HIGH NEED HAVE BEEN IDENTIFIED IN THE CITIES OF SAN CLEMENTE, DANA POINT, SAN JUAN CAPISTRANO, LAGUNA NIGUEL, MISSION VIEJO, LAKE FOREST AND RANCHO SANTA MARGARITA THESE AREAS WERE DETERMINED BASED ON KEY DRIVERS FOR COMMUNITY VULNERABILITY, WHICH INCLUDE MEDIAN HOUSEHOLD INCOME, NUMBER OF PEOPLE LIVING IN A HOME, HEALTH INSURANCE COVERAGE, HIGHEST EDUCATIONAL LEVEL, ETC ALTHOUGH HIGH NEEDS WERE IDENTIFIED IN THESE 7 AREAS, BASED ON HOSPITAL RESOURCES AND PARTNERSHIPS AND IN AN EFFORT TO SHOW SIGNIFICANT OUTCOMES AT THE END OF THE THREE-YEAR PLAN, A DECISION WAS MADE TO PRIMARILY FOCUS ON THE CITIES OF SAN CLEMENTE, DANA POINT, SAN JUAN CAPISTRANO, LAGUNA BEACH AND LAKE FOREST THIS DECISION WAS MADE IN PARTNERSHIP WITH COMMUNITY BENEFIT DEPARTMENT STAFF, THE HOSPITAL EXECUTIVE TEAM AND THE COMMUNITY BENEFIT COMMITTEE FOR FURTHER INFORMATION, PLEASE SEE THE IMPLEMENTATION STRATEGY FOUND AT HTTP://WWW.MISSION4HEALTH.COM/DOCUMENTS/MH_FY12-FY14_CB_PLAN_IMPLEMENTATIO N_STRATEGY_COMBINED PDF
MISSION HOSPITAL REGIONAL MEDICAL CENTER (1)	SCHEDULE H, PART V, SECTION B, LINE 12H	THE ORGANIZATION RECOGNIZES THAT A PORTION OF THE UNINSURED OR UNDERINSURED PATIENT POPULATION MAY NOT ENGAGE IN THE TRADITIONAL FINANCIAL ASSISTANCE APPLICATION PROCESS THEREFORE, THE ORGANIZATION ALSO USES AN AUTOMATED PREDICTIVE SCORING TOOL TO IDENTIFY AND QUALIFY PATIENTS FOR FINANCIAL ASSISTANCE FOR ACCOUNTS THAT ARE INITIALLY CLASSIFIED AS BAD DEBT

Identifier	ReturnReference	Explanation
MISSION HOSPITAL REGIONAL MEDICAL CENTER (1)	SCHEDULE H, PART V, SECTION B, LINE 14G	THE ORGANIZATION ADHERES TO STATE REGULATIONS IN PUBLICIZING ITS FINANCIAL ASSISTANCE POLICY THESE REGULATIONS INCLUDE THE POSTING OF THE FULL POLICY ON THE OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT (OSHDP) WEBSITE IN ADDITION, POLICY NOTICES ARE POSTED IN CONSPICUOUS AREAS SUCH AS EMERGENCY DEPARTMENTS, BILLING OFFICES, ADMISSIONS OFFICES AND OTHER OUTPATIENT SETTINGS INDIVIDUAL NOTICES OF FINANCIAL ASSISTANCE ARE INCLUDED WITH BILLINGS FOR PATIENTS WHO HAVE NOT PROVIDED PROOF OF THIRD-PARTY COVERAGE ALONG WITH CONTACT INFORMATION IN THE EVENT OF ADDITIONAL INQUIRIES NOTICES OF FINANCIAL ASSISTANCE ARE ALSO PROVIDED UPON INQUIRY WRITTEN NOTICES ARE PROVIDED IN ALL LANGUAGES SPOKEN BY 5% OR MORE OF THE HOSPITAL'S SERVICE AREA
MISSION HOSPITAL REGIONAL MEDICAL CENTER (1)	SCHEDULE H, PART V, SECTION B, LINE 18E	THE ORGANIZATION ADHERES TO STATE REGULATIONS IN PUBLICIZING ITS FINANCIAL ASSISTANCE POLICY THESE REGULATIONS INCLUDE THE POSTING OF THE FULL POLICY ON THE OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT (OSHDP) WEBSITE IN ADDITION, POLICY NOTICES ARE POSTED IN CONSPICUOUS AREAS SUCH AS EMERGENCY DEPARTMENTS, BILLING OFFICES, ADMISSIONS OFFICES AND OTHER OUTPATIENT SETTINGS INDIVIDUAL NOTICES OF FINANCIAL ASSISTANCE ARE INCLUDED WITH BILLINGS FOR PATIENTS WHO HAVE NOT PROVIDED PROOF OF THIRD-PARTY COVERAGE ALONG WITH CONTACT INFORMATION IN THE EVENT OF ADDITIONAL INQUIRIES NOTICES OF FINANCIAL ASSISTANCE ARE ALSO PROVIDED UPON INQUIRY WRITTEN NOTICES ARE PROVIDED IN ALL LANGUAGES SPOKEN BY 5% OR MORE OF THE HOSPITAL'S SERVICE AREA

Identifier	ReturnReference	Explanation
MISSION HOSPITAL REGIONAL MEDICAL CENTER (1)	SCHEDULE H, PART V, SECTION B, LINE 20D	FOR PATIENTS WITH A FAMILY INCOME BETWEEN 201% AND 350% OF FEDERAL POVERTY GUIDELINES (FPG), THE HOSPITAL FACILITY USES MEDICARE RATES WHEN CALCULATING THE MAXIMUM AMOUNTS THAT CAN BE CHARGED FOR PATIENTS WITH A FAMILY INCOME BETWEEN 351% AND 500% OF FPG, THE AVERAGE OF NEGOTIATED COMMERCIAL INSURANCE RATES IS USED TO DETERMINE THE MAXIMUM AMOUNT THAT CAN BE CHARGED
NEEDS ASSESSMENT	SCHEDULE H, PART VI, LINE 2	FROM JANUARY - MAY 2011, MISSION HOSPITAL CONDUCTED ITS COMMUNITY HEALTH NEEDS ASSESSMENT IN THE CITIES OF SAN CLEMENTE, SAN JUAN CAPISTRANO AND LAKE FOREST (LAGUNA BEACH NEEDS ASSESSMENT WAS CONDUCTED IN 2010 JUST AFTER PURCHASING SOUTH COAST MEDICAL CENTER IN JULY 2009) THE 2011 CHNA WAS UPDATED IN 2012 TO ALIGN WITH THE PATIENT PROTECTION AND AFFORDABLE CARE ACT (PUB L 111-148) WHICH ADDED SECTION 501(R) TO THE INTERNAL REVENUE CODE SECTION 501(R) IMPOSES NEW REQUIREMENTS ON NON-PROFIT HOSPITALS SECTION 501(R)(3) REQUIRES A HOSPITAL ORGANIZATION TO CONDUCT A COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) EVERY THREE YEARS AND ADOPT AN IMPLEMENTATION STRATEGY TO MEET THE COMMUNITY HEALTH NEEDS IDENTIFIED THROUGH SUCH ASSESSMENT THE CHNA MUST (1) TAKE INTO ACCOUNT INPUT FROM PERSONS WHO REPRESENT THE BROAD INTERESTS OF THE COMMUNITY SERVED BY THE HOSPITAL FACILITY, INCLUDING THOSE WITH SPECIAL KNOWLEDGE OF OR EXPERTISE IN PUBLIC HEALTH AND (2) BE MADE WIDELY AVAILABLE TO THE PUBLIC SECTION 501(R)(3)(B) MISSION HOSPITAL RELIED ON NOTICE 2011-52 NOTICE AND REQUEST FOR COMMENTS REGARDING THE COMMUNITY HEALTH NEEDS ASSESSMENT REQUIREMENTS FOR TAX-EXEMPT HOSPITALS TO MEET THE REQUIREMENTS IN ORDER TO OBTAIN FEEDBACK FROM RESIDENTS IN THE COMMUNITY, MISSION HOSPITAL COLLECTS DATA IN THREE WAYS 1) TELEPHONE SURVEY, 2) KEY STAKEHOLDER PANELS, and 3) RESIDENT FORUMS TELEPHONE SURVEY CONDUCTED BY PROFESSIONAL RESEARCH CONSULTANTS (PRC), A TELEPHONE SURVEY OF 146 QUESTIONS FOCUSED ON ISSUES SUCH AS GENERAL HEALTH, CHRONIC DISEASE, INJURY AND VIOLENCE, HEALTH RISKS, PREVENTIVE CARE, ACCESS TO HEALTHCARE SERVICES AND BROAD COMMUNITY ISSUES THE SURVEY IS MODELED AFTER THE CENTERS FOR DISEASE CONTROL'S (CDC) BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM, WHICH ENABLES US TO BENCHMARK OUR RESULTS TO STATEWIDE AND NATIONAL RESULTS 919 SURVEYS WERE CONDUCTED IN EACH OF THE THREE TARGETED CITIES AND WERE DEMOGRAPHICALLY REPRESENTATIVE OF EACH OF THE COMMUNITIES VALIDITY OF RESULTS IS AT A 95% CONFIDENCE LEVEL (AND 95% WHEN LOOKING AT CITY-SPECIFIC DATA) KEY STAKEHOLDER PANELS TWO PANELS OF KEY STAKEHOLDERS WERE HELD IN SAN CLEMENTE AND SAN JUAN CAPISTRANO TO OBTAIN INPUT FROM LOCAL SERVICE PROVIDERS FROM A CROSS-SECTION OF DISCIPLINES WHO PROVIDE SERVICES TO LOCAL RESIDENTS 40 PEOPLE PARTICIPATED IN THESE TWO PANELS AND REPRESENTATION INCLUDED THE MEDICAL FIELD, EDUCATION, FAITH-BASED GROUPS, LOCAL RESIDENT LEADERS, NON-PROFIT AGENCIES AND COUNTY-FUNDED PROGRAMS RESIDENT FORUMS ONCE THE PRC SURVEYS WERE COMPLETE, SIX COMMUNITY FORUMS WERE CONDUCTED WITH RESIDENTS IN THE CITIES OF SAN JUAN CAPISTRANO, SAN CLEMENTE, AND LAKE FOREST THERE WERE A TOTAL OF 63 PARTICIPANTS ACROSS ALL FORUMS, WITH EACH FORUM RANGING IN SIZE FROM 2 TO 21 AND AVERAGING 10 PARTICIPANTS THE MAJORITY OF PARTICIPANTS WERE WOMEN (N = 54) PARTICIPANTS WERE ALL ADULTS, MAINLY RESIDENTS AND A FEW STAKEHOLDERS (E G , SERVICE PROVIDERS, CITY EMPLOYEES, AND HOSPITAL EMPLOYEES) THE ENGLISH LANGUAGE FORUMS INCLUDED MOSTLY STAKEHOLDERS AND TO A LESSER EXTENT INCLUDED RESIDENTS, WHILE THE SPANISH LANGUAGE FORUMS INCLUDED MOSTLY RESIDENTS EACH FORUM LASTED ABOUT ONE AND A HALF HOURS PARTICIPANTS IDENTIFIED 25 PRIORITY ISSUES THE RESULTS AGGREGATED ACROSS THE FORUMS INDICATE THAT THE FOUR PRIORITY HEALTH AND QUALITY OF LIFE ISSUES PERCEIVED BY THE PARTICIPANTS ARE AS FOLLOWS 1 OBESITY 2 LACK OF HEALTH INSURANCE 3 STRESS AND ANXIETY 4 ACCESS TO AFFORDABLE HOMES THERE WAS A NOTABLE DIFFERENCE BETWEEN THE ENGLISH LANGUAGE AND SPANISH LANGUAGE FORUMS, HOWEVER, IN THAT THE SPANISH LANGUAGE FORUM PARTICIPANTS BELIEVED UNAUTHORIZED IMMIGRATION STATUS IS A DETERMINANT TO HEALTH DISPARITY AND QUALITY OF LIFE FOR THE FULL REPORT, PLEASE VISIT OUR WEBSITE AT WWW.MISSION4HEALTH.COM THE NEEDS ASSESSMENT WAS MADE AVAILABLE ON THE WEBSITE AND BY REQUEST IN ADDITION, MISSION HOSPITAL STAFF PRESENTED TO CITY OFFICIALS AND SELECTED CITY COMMISSIONS IN ALL TARGETED CITIES AS WELL AS LOCAL COMMUNITY COALITIONS, MISSION HOSPITAL'S BOARD OF TRUSTEES AND COMMUNITY BENEFIT COMMITTEE, AND THE SAN CLEMENTE COMMUNITY RESOURCE CENTER AND SAN CLEMENTE COLLABORATIVE THE NEEDS ASSESSMENT AND RESIDENT FORUMS BROUGHT FORWARD OVER 25 ADDITIONAL HEALTH AND QUALITY OF LIFE ISSUES, INCLUDING CARDIOVASCULAR RISK, DENTAL SERVICES, ALCOHOL AND SUBSTANCE ABUSE, AND JOB TRAINING FOR YOUTH HOWEVER, BASED UPON HOSPITAL RESOURCES AND THE DESIRE TO FOCUS DEEPLY ON A FEW PRIORITIES VERSUS SPREADING RESOURCES TOO THINLY, MISSION HOSPITAL SELECTED FOUR PRIORITIES FOR ITS COMING FISCAL YEAR 2012-2014 COMMUNITY BENEFIT PLAN, TO INCLUDE CHILDHOOD OBESITY, MENTAL HEALTH, YOUTH ALCOHOL & SUBSTANCE USE, AND AFFORDABLE HOMES

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	SCHEDULE H, PART VI, LINE 3	THE ORGANIZATION POSTED NOTICES INFORMING THE PUBLIC OF THE FINANCIAL ASSISTANCE PROGRAM NOTICES WERE POSTED IN HIGH VOLUME INPATIENT AND OUTPATIENT SERVICE AREAS NOTICES WERE ALSO POSTED AT LOCATIONS WHERE A PATIENT COULD PAY THEIR BILL NOTICES INCLUDED CONTACT INFORMATION ON HOW A PATIENT COULD OBTAIN MORE INFORMATION ON FINANCIAL ASSISTANCE AS WELL AS WHERE TO APPLY FOR ASSISTANCE THESE NOTICES WERE POSTED IN ENGLISH AND SPANISH AND ANY OTHER LANGUAGES THAT WERE REPRESENTATIVE OF 5% OR GREATER OF PATIENTS IN THE HOSPITAL'S SERVICE AREA ALL PATIENTS WHO DEMONSTRATED LACK OF FINANCIAL COVERAGE BY THIRD PARTY INSURERS WERE OFFERED AN OPPORTUNITY TO COMPLETE THE FINANCIAL ASSISTANCE APPLICATION AND WERE OFFERED INFORMATION, ASSISTANCE, AND REFERRAL AS APPROPRIATE TO GOVERNMENT SPONSORED PROGRAMS FOR WHICH THEY MAY HAVE BEEN ELIGIBLE
COMMUNITY INFORMATION	SCHEDULE H, PART VI, LINE 4	MISSION HOSPITAL PROVIDES SOUTH ORANGE COUNTY COMMUNITIES WITH HEALTH ACCESS THROUGH TWO CONVENIENT LOCATIONS, MISSION VIEJO AND LAGUNA BEACH THE HOSPITAL'S SERVICE AREA EXTENDS FROM THE JUNCTION OF THE 405 AND 5 FREEWAYS IN THE NORTH TO CAMP PENDLETON IN THE SOUTH GEOGRAPHICALLY, SOUTH COUNTY IS BORDERED BY THE PACIFIC OCEAN TO THE WEST, THE SANTA ANA MOUNTAINS TO THE NORTH AND EAST, AND THE MARINE BASE CAMP PENDLETON TO THE SOUTH OUR PRIMARY SERVICE AREA INCLUDES THE CITIES OF MISSION VIEJO, LAGUNA BEACH, LAGUNA NIGUEL, SAN JUAN CAPISTRANO, SAN CLEMENTE, RANCHO SANTA MARGARITA, LAKE FOREST, LAGUNA HILLS, DANA POINT, LADERA RANCH TRABUCO CANYON, CAPISTRANO BEACH AND ALISO VIEJO THIS INCLUDES A POPULATION OF APPROXIMATELY 623,000 PEOPLE, AN INCREASE OF 4% FROM THE PRIOR ASSESSMENT MISSION HOSPITAL'S SECONDARY SERVICE AREA INCLUDES LAGUNA WOODS, IRVINE, FOOTHILL RANCH AND SILVERADO SOUTH ORANGE COUNTY IS A RELATIVELY AFFLUENT COMMUNITY WITH A MEDIAN HOUSEHOLD INCOME OF \$95,506 COMPARED TO THE ORANGE COUNTY MEDIAN HOUSEHOLD INCOME OF \$79,132 (2000 US CENSUS QUICK FACTS) THE AVERAGE HOUSEHOLD SIZE IS 2.70 COMPARED TO THE ORANGE COUNTY WIDE HOUSEHOLD SIZE OF 3.06 DEMOGRAPHICALLY, THE AREA IS PRIMARILY CAUCASIAN (69.7%), WITH THE HISPANIC POPULATION REPRESENTING 17.9% IN GENERAL, MISSION HOSPITAL'S SERVICE AREA REFLECTS A HIGH DEGREE OF HEALTH AND QUALITY OF LIFE MISSION HOSPITAL PROVIDES BROAD COMMUNITY BENEFIT SERVICES TO ITS PRIMARY AND SECONDARY SERVICE AREA HOWEVER, ISOLATED AREAS OF HIGH NEED HAVE BEEN IDENTIFIED IN THE CITIES OF SAN CLEMENTE, DANA POINT, SAN JUAN CAPISTRANO, LAGUNA NIGUEL, MISSION VIEJO, LAKE FOREST AND RANCHO SANTA MARGARITA THESE AREAS WERE DETERMINED BASED ON KEY DRIVERS FOR COMMUNITY VULNERABILITY, WHICH INCLUDE MEDIAN HOUSEHOLD INCOME, NUMBER OF PEOPLE LIVING IN A HOME, HEALTH INSURANCE COVERAGE, HIGHEST EDUCATIONAL LEVEL, ETC ALTHOUGH HIGH NEEDS WERE IDENTIFIED IN THESE 7 AREAS, BASED ON HOSPITAL RESOURCES AND PARTNERSHIPS AND IN AN EFFORT TO SHOW SIGNIFICANT OUTCOMES AT THE END OF THE THREE-YEAR PLAN, A DECISION WAS MADE TO PRIMARILY FOCUS ON THE CITIES OF SAN CLEMENTE, DANA POINT, SAN JUAN CAPISTRANO, LAGUNA BEACH AND LAKE FOREST THIS DECISION WAS MADE IN PARTNERSHIP WITH COMMUNITY BENEFIT DEPARTMENT STAFF, THE HOSPITAL EXECUTIVE TEAM AND THE COMMUNITY BENEFIT COMMITTEE THE FOLLOWING NON-PROFIT HOSPITALS ARE WITHIN THE MISSION HOSPITAL SERVICE AREA SADDLEBACK MEMORIAL-LAGUNA BEACH, SADDLEBACK MEMORIAL - SAN CLEMENTE, CHOC CHILDREN'S HOSPITAL OF ORANGE COUNTY AT MISSION HOSPITAL

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH	SCHEDULE H, PART VI, LINE 5	THE GOVERNING BODY IS COMPRISED OF A MAJORITY OF PERSONS WHO RESIDE IN THE HOSPITAL'S PRIMARY SERVICE AREA AND WHO ARE NOT EMPLOYEES, CONTRACTORS, OR FAMILY MEMBERS THE SUB-COMMITTEE OF THE BOARD OF TRUSTEES, KNOWN AS THE COMMUNITY BENEFIT COMMITTEE, OVERSAW THE DEVELOPMENT AND IMPLEMENTATION OF THE COMMUNITY HEALTH NEEDS ASSESSMENT REPORT AND COMMUNITY BENEFIT PLAN/IMPLEMENTATION STRATEGY REPORT EVERY THREE YEARS, AS WELL AS AN ANNUAL COMMUNITY BENEFIT REPORT THE COMMITTEE ALSO PROVIDED GENERAL DIRECTION TO MISSION HOSPITAL REGARDING 1) BUDGETING DECISIONS, 2) COMMUNITY BENEFIT PROGRAM CONTENT, 3) COMMUNITY BENEFIT PROGRAM DESIGN, 4) TARGET GEOGRAPHIC/POPULATION, 5) PROGRAM CONTINUATION OR DISCONTINUATION, 6) FUND DEVELOPMENT SUPPORT, AND 7) COMMUNITY-WIDE ENGAGEMENT MEDICAL STAFF PRIVILEGES ARE EXTENDED TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY GIVING BACK TO THE COMMUNITY IS HARDWIRED INTO EVERY ASPECT OF OUR ORGANIZATION AS A MEMBER OF THE FAITH-BASED HEALTH MINISTRY OF ST JOSEPH HEALTH, WE PROVIDE FREE AND DISCOUNTED CARE VIA OUR FINANCIAL ASSISTANCE PROGRAM AND HAVE A FUNDING STREAM TO ADDRESS THE NEEDS OF THE ECONOMICALLY POOR AND VULNERABLE IN THE COMMUNITIES WE SERVE OUR COMMITMENT TO COMMUNITY IS FURTHER DEMONSTRATED THROUGH OUR STRATEGIC COMMUNITY INVESTMENTS ON AN ANNUAL BASIS, TEN PERCENT OF OUR NET INCOME IS DEVOTED TO FUND COMMUNITY PROGRAMS FOR THE ECONOMICALLY POOR (CARE FOR THE POOR FUNDS) SPECIFICALLY, FUNDS ARE USED FOR OUTREACH PROGRAMS, DEFINED AS THOSE SERVICES THAT ADDRESS A SPECIFIC UNMET HEALTH NEED AND ARE SEPARATE FROM TRADITIONAL ACUTE CARE SERVICES THE FOLLOWING PROGRAMS IN FY13 WERE MADE POSSIBLE THROUGH CARE FOR THE POOR FUNDS AND EXEMPLIFY OUR COMMITMENT TO PROMOTE HEALTH AND ACCESS TO CARE TO THE LOW-INCOME OUR FY13 CARE FOR THE POOR PROGRAMS CAMINO HEALTH CENTER PROVIDES ESSENTIAL MEDICAL SERVICES TO SOUTH ORANGE COUNTY RESIDENTS WHO ARE UNINSURED OR UNDERINSURED SERVICES INCLUDE PRIMARY HEALTH CARE, DENTAL CARE SERVICES FOR PREGNANT WOMEN AND CHILDREN, SEVERAL WOMEN, INFANT & CHILDREN (WIC) CLINICS THROUGHOUT SOUTH COUNTY, AND TWO MOBILE VANS THAT PROVIDE ESSENTIAL ACCESS TO HEALTH CARE FOR THOSE WITHOUT TRANSPORTATION OPTIONS RECUPERATIVE CARE PROJECT A COUNTY-WIDE PROJECT TO SUPPORT HOMELESS RESIDENTS WHO HAVE EXPERIENCED A HOSPITAL STAY TO PROVIDE THEM WITH TEMPORARY HOUSING AND RECUPERATIVE SERVICES TO ENSURE THEY ARE AT A HEALTHY STATE PRIOR TO RETURNING TO THEIR NORMAL LIVING ENVIRONMENT HELPING HANDS PROGRAM OFFERS ONE-TIME ASSISTANCE TO PATIENTS WHO NEED FINANCIAL SUPPORT FOR MEDICAL EQUIPMENT OR PHARMACEUTICAL NEEDS THIS PROGRAM IS CONDUCTED THROUGH THE CARE MANAGEMENT TEAM WHO CONSIDERS A PATIENT'S SOCIO-ECONOMIC AND MEDICAL NEEDS PRIOR TO DISCHARGE WE ARE ALSO COMMITTED TO PROMOTING HEALTH AND ACCESS TO CARE FOR THE BROADER COMMUNITY THIS IS DEMONSTRATED THROUGH THE FOLLOWING PROGRAMS CHILDHOOD OBESITY PROGRAM ONE OF OUR COMMUNITY BENEFIT PRIORITY AREAS IN FY13 WAS TO ADDRESS CHILDHOOD OBESITY ACROSS SOUTH ORANGE COUNTY OUR GOAL IS TO REDUCE THE PREVALENCE OF YOUTH AGED 3-11 YEARS WHO ARE OVERWEIGHT OR OBESE YOUTH ALCOHOL PREVENTION PROGRAM IDENTIFIED AS A SIGNIFICANT NEED IN THE LAGUNA BEACH NEEDS ASSESSMENT AND SELECTED AS A COMMUNITY BENEFIT PRIORITY AREA, MISSION HOSPITAL FACILITATES THE LAGUNA BEACH COMMUNITY COALITION TO ADDRESS YOUTH ALCOHOL & SUBSTANCE USE PREVENTION THROUGH A VARIETY OF APPROACHES THE GOAL IS TO REDUCE 9TH GRADE YOUTH WHO REPORT CONSUMING ALCOHOL WITHIN 30 DAYS MISSION HOSPITAL BREAST CARE CENTER OFFERED ON THE CAMPUS OF MISSION VIEJO, MISSION HOSPITAL'S BREAST CARE CENTER OFFERS COMPREHENSIVE SERVICES TO BOTH PREVENT AND TREAT BREAST CANCER STATE OF THE ART DIAGNOSTIC SERVICES ARE AVAILABLE AS WELL AS NURSE NAVIGATOR ASSISTANCE FOR THOSE WITH A POSITIVE DIAGNOSIS IN ADDITION, PREVENTION EDUCATION IS CONDUCTED IN THE COMMUNITY TO REACH RESIDENTS IN THEIR OWN NEIGHBORHOODS FOR DETAILED INFORMATION ABOUT THESE PROGRAMS, PLEASE VISIT OUR WEBSITE AT WWW.MISSION4HEALTH.COM
AFFILIATED HEALTH CARE SYSTEM	SCHEDULE H, PART VI, LINE 6	MISSION HOSPITAL IS A HEALING MINISTRY OF ST JOSEPH HEALTH, AN INTEGRATED HEALTHCARE DELIVERY SYSTEM SPONSORED BY THE ST JOSEPH HEALTH MINISTRY ST JOSEPH HEALTH IS ORGANIZED INTO THREE REGIONS NORTHERN CALIFORNIA, SOUTHERN CALIFORNIA, AND WEST TEXAS/EASTERN NEW MEXICO THE SYSTEM INCLUDES 14 ACUTE CARE HOSPITALS, HOME HEALTH AGENCIES, HOSPICE CARE, OUTPATIENT SERVICES, COMMUNITY CLINICS, AND PHYSICIAN ORGANIZATIONS EACH ASSOCIATED MINISTRY WORKS TO LIVE OUT ITS MISSION TO EXTEND THE HEALING MINISTRY OF JESUS IN THE TRADITION OF THE SISTERS OF ST JOSEPH OF ORANGE BY CONTINUALLY IMPROVING THE HEALTH AND QUALITY OF LIFE OF THE COMMUNITIES IT SERVES IN 1986, ST JOSEPH HEALTH CREATED A PLAN AND BEGAN AN EFFORT TO FURTHER ITS COMMITMENT TO NEIGHBORS IN NEED WITH A VISION OF REACHING BEYOND THE WALLS OF ITS HEALTHCARE FACILITIES AND TRANSCENDING TRADITIONAL EFFORTS OF PROVIDING FINANCIAL ASSISTANCE FOR THOSE IN NEED OF ACUTE SERVICES, ST JOSEPH HEALTH CREATED THE ST JOSEPH HEALTH SYSTEM FOUNDATION TO IMPROVE THE HEALTH OF LOW-INCOME INDIVIDUALS RESIDING IN LOCAL COMMUNITIES OUR FOUNDATIONAL DOCUMENT, A VISION OF VALUES, FORMALIZES A POLICY THROUGH WHICH THE HOSPITAL MINISTRIES RETURN TEN PERCENT OF THEIR NET INCOME TO THE ST JOSEPH HEALTH SYSTEM FOUNDATION TO SUPPORT OUTREACH EFFORTS FOR THE MATERIALLY POOR THE FOUNDATION THEN FUNDS PROGRAMS IN COMMUNITIES SERVED BY ST JOSEPH HEALTH HOSPITALS THAT ALIGN WITH OUR MISSION AND EXEMPLIFY THE FOUR CORE VALUES OF ST JOSEPH HEALTH SERVICE, EXCELLENCE, DIGNITY, AND JUSTICE

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

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) ST JOSEPH HEALTH SYSTEM FOUNDATION 3345 MICHELSON DR IRVINE,CA 92612	33-0143024	501(C)(3)	5,325,200				CARE FOR THE POOR
(2) CAMINO HEALTH CENTER 30300 CAMINO CAPISTRANO SJC,CA 92675	33-0574214	501(C)(3)	2,074,186				PROGRAM SUPPORT
(3) NATIONAL HEALTH FOUNDATION 515 S FIGUEROA ST STE 1300 LA,CA 92675	23-7314808	501(C)(3)	59,000				PROGRAM SUPPORT
(4) ST MARGARET'S EPISCOPAL SCHOOL 31641 LA NOVIA SJC,CA 92675	95-3408913	501(C)(3)	5,700				PROGRAM SUPPORT
(5) SUSAN KOMEN FOR THE CURE 3191 AIRPORT LOOP DR COSTA MESA,CA 92626	75-2844659	501(C)(3)	18,500				PROGRAM SUPPORT
(6) THE ARTHRITIS FOUNDATION PO BOX 53490 IRVINE,CA 92619	95-1885447	501(C)(3)	6,500				PROGRAM SUPPORT
(7) TALLER SAN JOSE 801 NORTH BROADWAY SANTA ANA,CA 92701	59-3816355	501(C)(3)	10,000				PROGRAM SUPPORT
(8) ST TIMOTHY'S CATHOLIC CHURCH 29102 CROWN VALLEY LAGUNA NIGUEL,CA 92677	95-3656905	501(C)(3)		75,469 COST		FOOD BANK DONATION	FOOD DONATION
(9) ST KILLIAN CATHOLIC CHURCH 26872 ESTANCIERO MISSION VIEJO,CA 92691	95-2659054	501(C)(3)	2,500	3,579 COST		FOOD DONATION	PROGRAM SUPPORT

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) RECUPERATION-HELPING HANDS-ON BEHALF OF PATIENTS		22,159			
(2) INDIVIDUAL FUNERALS	4	3,745			
(3) PAYMENT FOR MEDICAL SERVICES	1	1,943			

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
DESCRIPTION OF ORGANIZATION'S PROCEDURES FOR MONITORING THE USE OF GRANTS	SCHEDULE I, PART I, LINE 2	MISSION HOSPITAL HAS AN AFFILIATION AGREEMENT WITH CAMINO HEALTH CENTER THAT CALLS FOR THE STEERING COMMITTEE, WHICH INCLUDES AN OFFICER FROM THE HOSPITAL, TO PROVIDE OVERSIGHT OF FUNDS GRANTED TO CAMINO BY THE HOSPITAL THE CARE FOR THE POOR FUNDS GIVEN TO THE ST JOSEPH HEALTH SYSTEM FOUNDATION IS GOVERNED BY THE HEALTH SYSTEM FOUNDATION THE DISBURSEMENT OF THE FUNDS FOLLOWS SPECIFICS SET FORTH BY THE HEALTH SYSTEM POLICY "CARE FOR THE POOR PROGRAM ACCOUNTING " THERE IS NO MONITORING DONE IN THE OTHER GRANTS

Software ID:

Software Version:

EIN: 95-1643360

Name: MISSION HOSPITAL REGIONAL MEDICAL CENTER

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ST JOSEPH HEALTH SYSTEM FOUNDATION 3345 MICHELSON DR IRVINE,CA 92612	33-0143024	501(C)(3)	5,325,200				CARE FOR THE POOR
CAMINO HEALTH CENTER 30300 CAMINO CAPISTRANO SJC,CA 92675	33-0574214	501(C)(3)	2,074,186				PROGRAM SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
NATIONAL HEALTH FOUNDATION515 S FIGUEROA ST STE 1300 LA,CA 92675	23-7314808	501(C)(3)	59,000				PROGRAM SUPPORT
ST MARGARET'S EPISCOPAL SCHOOL31641 LA NOVIA SJC,CA 92675	95-3408913	501(C)(3)	5,700				PROGRAM SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SUSAN KOMEN FOR THE CURE3191 AIRPORT LOOP DR COSTA MESA,CA 92626	75-2844659	501(C)(3)	18,500				PROGRAM SUPPORT
THE ARTHRITIS FOUNDATIONPO BOX 53490 IRVINE,CA 92619	95-1885447	501(C)(3)	6,500				PROGRAM SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
TALLER SAN JOSE801 NORTH BROADWAY SANTA ANA,CA 92701	59-3816355	501(C)(3)	10,000				PROGRAM SUPPORT
ST TIMOTHY'S CATHOLIC CHURCH29102 CROWN VALLEY LAGUNA NIGUEL,CA 92677	95-3656905	501(C)(3)		75,469	COST	FOOD BANK DONATION	FOOD DONATION

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ST KILLIAN CATHOLIC CHURCH26872 ESTANCIERO MISSION VIEJO, CA 92691	95-2659054	501(C)(3)	2,500	3,579	COST	FOOD DONATION	PROGRAM SUPPORT

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2012

Open to Public Inspection

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.

Name of the organization
MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number
95-1643360

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 ☐ Housing allowance or residence for personal use ☒ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☒ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2	No
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. ☐ Compensation committee ☐ Written employment contract ☐ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☐ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization: a Receive a severance payment or change-of-control payment? b Participate in, or receive payment from, a supplemental nonqualified retirement plan? c 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.	4a Yes	
		4b Yes	
		4c	No
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of: a The organization? b Any related organization? If "Yes," to line 5a or 5b, describe in Part III.	5a	No
		5b	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: a The organization? b Any related organization? If "Yes," to line 6a or 6b, describe in Part III.	6a	No
		6b	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.	7	Yes
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.	8	No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9	

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
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
SUPPLEMENTAL COMPENSATION INFORMATION	SCHEDULE J, PART I, LINE 1A	DISCRETIONARY SPENDING ACCOUNT EXECUTIVES RECEIVE A PERCENTAGE OF BASE COMPENSATION FOR DISCRETIONARY SPENDING. THESE AMOUNTS ARE INCLUDED IN OTHER REPORTABLE COMPENSATION. COMPANION TRAVEL: ST. JOSEPH HEALTH SYSTEM ALLOWS FOR COMPANION TRAVEL FOR CERTAIN PRE-APPROVED, MINISTRY SPONSORED EVENTS. COMPANION TRAVEL IS TREATED AS TAXABLE COMPENSATION IN MOST CASES. IN THE CASE THAT COMPANION TRAVEL IS NOT TREATED AS TAXABLE COMPENSATION, THE INDIVIDUAL IS PROVIDING A SERVICE TO THE HEALTH SYSTEM AS A REPRESENTATIVE WITH KNOWLEDGE OF THE COMMUNITIES AND MINISTRIES WE SERVE. MEMBERS OF THE BOARD AND EXECUTIVE MANAGEMENT TEAM ARE SELECTED TO PARTICIPATE IN AN ANNUAL PILGRIMAGE TO LEPUY, FRANCE, WHERE THE SISTER'S FIRST CONGREGATION WAS FORMED. THE PURPOSE OF THE PILGRIMAGE IS FOR THE ORGANIZATION'S LEADERS TO DEVELOP A DEEPER UNDERSTANDING OF THE ROOTS AND HERITAGE OF THE ORGANIZATION IN ORDER TO CARRY OUT THE MISSION. COMPANION TRAVEL IS CONSIDERED TO BE AN ESSENTIAL PART OF THIS EXPERIENCE AND THE COMPANION ACTS AS A REPRESENTATIVE WITH KNOWLEDGE OF THE COMMUNITIES AND MINISTRIES WE SERVE. THE FOLLOWING INDIVIDUALS LISTED ON PART VII RECEIVED A BENEFIT FOR COMPANION TRAVEL THAT WAS INTENDED TO BE COMPENSATION: EILEEN HAUBL \$3,804.
SCHEDULE J, PART I, LINE 3		THE ORGANIZATION'S CHIEF EXECUTIVE OFFICER IS PAID BY ITS TAX-EXEMPT PARENT, ST. JOSEPH HEALTH SYSTEM, AND IS DISCLOSED AS A PERSON PAID BY A RELATED ORGANIZATION.
SCHEDULE J, PART I, LINE 4A		THE FOLLOWING INDIVIDUALS RECEIVED SEVERANCE PAYMENTS FOR EITHER PART OR ALL OF THE YEAR: PETER BASTONE \$449,155; MARGARITA COWLEY \$258,098; SHIRLEY BARNES \$139,716; PAULA SERIOS \$187,262.
SCHEDULE J, PART I, LINE 4B		EXECUTIVES COULD PARTICIPATE IN A NON-QUALIFIED DEFERRED COMPENSATION PLAN UNDER INTERNAL REVENUE CODE 457(F). THE PLAN WAS FROZEN EFFECTIVE DECEMBER 31, 2007, AFTER WHICH TIME NO FURTHER CONTRIBUTIONS WERE PERMITTED TO THE PLAN. THIS PLAN WILL CEASE TO EXIST ONCE ALL BENEFITS HAVE BEEN DISTRIBUTED IN ACCORDANCE WITH PROVISIONS OF THE PLAN. THE FOLLOWING INDIVIDUALS RECEIVED PAYMENT FROM THE SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN (SERP): SHIRLEY BARNES \$420,284; MARGARITA COWLEY \$324,042.
SCHEDULE J, PART I, LINE 7		A PORTION OF EXECUTIVES' SALARIES ARE PLACED "AT-RISK" AND ARE NOT AWARDED UNLESS SPECIFIC STRATEGIC OBJECTIVE TARGETS ARE MET OR EXCEEDED. THE AT-RISK EXECUTIVE PLAN IS DESIGNED TO MOTIVATE AND REWARD EXECUTIVES FOR TEAM PERFORMANCE THAT SUPPORTS THE STRATEGIC GOALS AND SUCCESSFUL PERFORMANCE OF ST. JOSEPH HEALTH SYSTEM. AT-RISK PAY IS AWARDED TO ASSISTANT VICE PRESIDENTS, VICE PRESIDENTS, SENIOR VICE PRESIDENTS, EXECUTIVE VICE PRESIDENTS, AND THE CHIEF EXECUTIVE OFFICER BASED ON ACHIEVING OR SURPASSING SPECIFIC GOALS THAT ARE PREDETERMINED BY THE BOARD OF TRUSTEES PRIOR TO THE BEGINNING OF THE FISCAL YEAR. THE GOALS INCLUDE OUR STRATEGIC OBJECTIVES OF PERFECT CARE, SACRED ENCOUNTERS, AND HEALTHIEST COMMUNITIES, AS WELL AS FISCAL STEWARDSHIP. EACH OF THESE FACTORS IS TAKEN INTO CONSIDERATION WHEN DETERMINING THE PERCENTAGE OF AT-RISK PAY.

Software ID:
Software Version:
EIN: 95-1643360
Name: MISSION HOSPITAL REGIONAL MEDICAL CENTER

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
KENNETH MCFARLAND	(i)	0	0	0	0	0	0	0
	(ii)	472,378	310,808	178,778	22,317	32,305	1,016,586	0
LINDA JOHNSON	(i)	238,072	76,699	69,674	17,500	32,391	434,336	0
	(ii)	0	0	0	0	0	0	0
SHIRLEY BARNES	(i)	241,199	156,153	493,414	8,219	4,900	903,885	420,284
	(ii)	0	0	0	0	0	0	0
PAULA SERIOS	(i)	0	0	205,988	0	0	205,988	0
	(ii)	0	0	0	0	0	0	0
ANNETTE WALKER	(i)	0	0	0	0	0	0	0
	(ii)	418,127	120,668	111,896	11,152	38,549	700,392	0
CYNTHIA MUELLER	(i)	167,888	55,218	39,662	24,729	22,314	309,811	0
	(ii)	0	0	0	0	0	0	0
DAVID HALTERMAN	(i)	185,616	20,868	3,222	6,438	32,262	248,406	0
	(ii)	0	0	0	0	0	0	0
DENNIS HAGHIGHAT	(i)	260,215	87,900	67,018	12,500	10,938	438,571	0
	(ii)	0	0	0	0	0	0	0
EILEEN HAUBL	(i)	245,636	109,380	85,769	21,739	22,400	484,924	0
	(ii)	0	0	0	0	0	0	0
MARGARITA COWLEY	(i)	310,997	85,539	435,597	4,908	4,884	841,925	324,042
	(ii)	0	0	0	0	0	0	0
MICHAEL BECK	(i)	170,476	59,092	47,563	21,395	32,300	330,826	0
	(ii)	0	0	0	0	0	0	0
PETER BASTONE	(i)	0	0	0	0	0	0	0
	(ii)	0	0	449,155	0	0	449,155	0
TARA COWELL	(i)	0	0	0	0	0	0	0
	(ii)	235,671	49,688	63,044	14,997	19,561	382,961	0
TERRI FOX-COVERT	(i)	176,879	19,990	10,906	15,966	35,143	258,884	0
	(ii)	0	0	0	0	0	0	0
TODD LEMPERT MD	(i)	0	0	239,080	0	0	239,080	0
	(ii)	0	0	0	0	0	0	0
WINIFRED JOHNSON	(i)	191,392	67,436	62,205	22,305	27,293	370,631	0
	(ii)	0	0	0	0	0	0	0
WILLIAM MURIN	(i)	0	0	0	0	0	0	0
	(ii)	620,304	174,749	157,122	7,500	11,052	970,727	0
JOSEPH GAGLIARDO	(i)	166,809	23,297	5,250	12,810	1,235	209,401	0
	(ii)	0	0	0	0	0	0	0

Schedule L
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number
95-1643360

Part I

Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

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

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

2 Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958 ▶ \$

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ \$

Part II

Loans to and/or From Interested Persons.

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

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?	(i) Written agreement?	
			To	From			Yes	No		Yes	No
Total ▶ \$											

Part III

Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) ORANGE COUNTY NEUROSURGERY ASSOC	SEE PART V	479,452	ER CALL/PHYS ASST AGREEMENT		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
RELATIONSHIP BETWEEN INTERESTED PERSON AND THE ORGANIZATION	SCHEDULE L, PART IV, LINE (1), COLUMN (B)	DR MASSOUDI IS A BOARD MEMBER AND HAS A GREATER THAN 5% INTEREST IN ORANGE COUNTY NEUROSURGICAL ASSOCIATES WHICH HAS AN AGREEMENT FOR PROFESSIONAL SERVICES WITH THE HOSPITAL

SCHEDULE M
(Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number
95-1643360

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				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles	X	1	25,000	COST
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded	X	17	391,556	FMV
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 ► (GIFTS IN KIND)	X	636	0	SEE PART II
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

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

Yes

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

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

Cat No 51227J

Schedule M (Form 990) (2012)

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
OTHER - GIFTS IN KIND	SCHEDULE M, PART I, LINE 25	GIFTS IN KIND WITH AN ESTIMATED VALUE OF \$388,609 WERE RECEIVED DURING THE YEAR AND WERE NOT INCLUDED ON THE BOOKS VALUE WAS ESTIMATED FROM DONOR'S APPROXIMATION OF VALUE REVENUE FROM THE SALE OF THESE ITEMS IS INCLUDED IN FUNDRAISING REVENUE ON FORM 990, PART VIII, LINE 8A

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 MISSION HOSPITAL REGIONAL MEDICAL CENTER	Employer identification number 95-1643360
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Identifier	Return Reference	Explanation
ORGANIZATION'S MISSION	FORM 990, PART III, LINE 1	AS A MEMBER OF THE ST JOSEPH HEALTH SYSTEM (SJHS), MISSION HOSPITAL IS COMMITTED TO EXTENDING THE HEALING MINISTRY OF JESUS IN THE TRADITION OF THE SISTERS OF ST JOSEPH OF ORANGE BY CONTINUALLY IMPROVING THE HEALTH AND QUALITY OF LIFE OF PEOPLE IN THE COMMUNITIES WE SERVE.

Identifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, LINE 4A	REALIZING OUR MISSION MISSION HOSPITAL HAS BEEN MEETING THE HEALTH AND QUALITY OF LIFE NEEDS OF THE LOCAL COMMUNITY FOR OVER 40 YEARS. SERVING THE COMMUNITIES OF SOUTH ORANGE COUNTY, MISSION HOSPITAL IS AN ACUTE CARE, FULL SERVICE FACILITY THAT HOUSES THE REGION'S DESIGNATED TRAUMA CENTER, ONE OF ONLY THREE IN THE COUNTY. A COMPLETE ARRAY OF TOP-QUALITY HEALTHCARE SERVICES ARE OFFERED INCLUDING 24-HOUR EMERGENCY CARE, IMAGING, CARDIAC REHABILITATION AND CHEST PAIN CENTER, STROKE CENTER, MATERNITY CENTER. MISSION HOSPITAL ALSO OFFERS ORTHOPEDICS, REHABILITATION, CANCER, SPINE AND VASCULAR SERVICES. OUR LAGUNA BEACH HEALTHCARE SERVICES INCLUDE 24-HOUR EMERGENCY, MEDICAL-SURGICAL CARE AS WELL AS BEHAVIORAL HEALTH AND CHEMICAL AND PAIN MEDICATION DEPENDENCY TREATMENT. WITH OVER 2,700 EMPLOYEES COMMITTED TO REALIZING THE MISSION, MISSION HOSPITAL IS ONE OF THE LARGEST EMPLOYERS IN THE SOUTH ORANGE COUNTY REGION. AS A MEMBER OF ST. JOSEPH HEALTH, MISSION HOSPITAL IS COMMITTED TO EXTENDING THE HEALING MINISTRY OF JESUS IN THE TRADITION OF THE SISTERS OF ST. JOSEPH OF ORANGE. THIS MISSION HAS GUIDED OUR CATHOLIC HEALTHCARE MINISTRY SINCE THE OPENING OF OUR FIRST HOSPITAL IN EUREKA, CALIFORNIA 100 YEARS AGO. THE SISTERS OF ST. JOSEPH OF ORANGE TRACE THEIR ROOTS BACK TO 17TH CENTURY FRANCE AND THE UNIQUE VISION OF A JESUIT PRIEST NAMED JEAN-PIERRE MEDAILLE. HE SOUGHT TO ORGANIZE AN ORDER OF RELIGIOUS WOMEN WHO, RATHER THAN REMAINING SAFELY CLOISTERED IN A CONVENT, VENTURED OUT INTO THE COMMUNITY TO SEEK OUT "THE DEAR NEIGHBORS" AND MINISTER TO THEIR NEEDS. THE CONGREGATION MANAGED TO SURVIVE THE TURBULENCE OF THE FRENCH REVOLUTION AND EVENTUALLY EXPANDED, NOT ONLY THROUGHOUT FRANCE, BUT THROUGHOUT THE WORLD. IN 1912 A SMALL GROUP OF SISTERS OF ST. JOSEPH WENT TO EUREKA, CALIFORNIA, AT THE INVITATION OF THE LOCAL BISHOP, TO ESTABLISH A SCHOOL. A FEW YEARS LATER, THE GREAT INFLUENZA EPIDEMIC OF 1918 CAUSED THE SISTERS TO TEMPORARILY SET ASIDE THEIR EDUCATION EFFORTS TO CARE FOR THE ILL. THEY REALIZED IMMEDIATELY THAT THE SMALL COMMUNITY DESPERATELY NEEDED A HOSPITAL. THROUGH BOLD FAITH, FORESIGHT, AND FLEXIBILITY IN 1920, THE SISTERS OPENED THE 28-BED ST. JOSEPH HOSPITAL OF EUREKA, THE FIRST ST. JOSEPH HEALTH MINISTRY. THREE MISSION OUTCOMES STRATEGICALLY GUIDE OUR MINISTRY WORK. MISSION HOSPITAL IS COMMITTED TO THREE SYSTEM-WIDE MISSION OUTCOMES: 1) SACRED ENCOUNTERS, 2) PERFECT CARE, AND 3) HEALTHIEST COMMUNITIES. EVERY INTERACTION WILL BE EXPERIENCED AS A SACRED ENCOUNTER. THE GOAL OF SACRED ENCOUNTER HAS A DIRECT CONNECTION TO THE OVERALL MISSION. OUR VALUE OF DIGNITY CALLS FOR US TO RESPECT EACH PERSON AS AN INHERENTLY VALUABLE MEMBER OF THE HUMAN COMMUNITY AND AS A UNIQUE EXPRESSION OF LIFE. WE STRIVE TO DO THIS BY KEEPING AT THE FOREFRONT OF OUR MINDS THE UNDERSTANDING OF THE IMPACT WE CAN HAVE ON ONE ANOTHER WITH EVERY ACTION WE TAKE. SACRED MOMENTS SUPPORTS OUR MISSION OUTCOME OF SACRED ENCOUNTERS BY FOSTERING SACRED ENCOUNTERS THROUGHOUT THE PATIENT JOURNEY. OUR SACRED MOMENTS PROGRAM IS A PROACTIVE APPROACH TO 'HEALING BEYOND SCIENCE'. IT ATTEMPTS TO BRING THE SACRED INTO EVERYDAY INTERACTIONS BY PROVIDING A PRACTICAL STRUCTURE FOR FRONTLINE CAREGIVERS TO FOSTER SACRED ENCOUNTERS WITH THEIR PATIENTS, VISITORS, PHYSICIANS AND COLLEAGUES. EMPLOYEES ACROSS THE MINISTRY HAVE EACH PARTICIPATED IN 12-HOURS OF SACRED MOMENTS DESIGNS IN THEIR UNIT, AND HAVE ATTENDED A 90-MINUTE SACRED MOMENTS DEVELOPMENT SESSION. ALL PATIENTS WILL RECEIVE PERFECT CARE. IT IS OUR ATTENTION TO DETAIL AND THE SMALLEST IMPERFECTIONS OF EACH PATIENT'S EXPERIENCE THAT DRIVES A DEEPER UNDERSTANDING AND ULTIMATELY A SUSTAINABLE APPROACH TO THE ACHIEVEMENT OF PERFECT CARE. IN FY13, MISSION HOSPITAL ADOPTED A DAILY ROUNDING SYSTEM THROUGHOUT THE ORGANIZATION TO INCREASE COMMUNICATION AT ALL LEVELS OF THE ORGANIZATION AS WELL AS IMPLEMENTING A "CATCH OF THE DAY" PROGRAM WHERE FRONT-LINE STAFF IDENTIFY AREAS WITHIN A PRACTICE THAT COULD LEAD TO A NEGATIVE PATIENT OUTCOME. THIS PROCESS ENABLES CLINICIANS TO SPEAK OPENLY ABOUT HOW A PROCEDURE COULD BE IMPROVED TO CONTINUALLY IMPROVE OUR EFFORTS TOWARD PERFECT CARE. THE COMMUNITIES WE SERVE WILL BE AMONG THE HEALTHIEST IN OUR NATION. WE SEEK TO DEVELOP COMMUNITY HEALTH INITIATIVES THAT IMPACT LONG-TERM HEALTH ACROSS THE ENTIRE COMMUNITY. SINCE 2010, WE HAVE WORKED IN THE LAGUNA BEACH COMMUNITY TO REDUCE YOUTH ALCOHOL & SUBSTANCE USE, AS OVER 35% OF 9TH GRADERS REPORTED USING ALCOHOL WITHIN 30 DAYS IN 2008 (SOURCE: LAGUNA BEACH UNIFIED SCHOOL DISTRICT CALIFORNIA HEALTHY KIDS SURVEY 2008 RESULTS). OUR STRATEGIES WERE MULTI-FACETED, USING THE FOLLOWING THREE STRATEGIES: 1) INCREASE A CHILD'S OWN PROBLEM-SOLVING SKILLS, 2) INCREASE CARING RELATIONSHIPS AT HOME, AND 3) REDUCING ACCESS TO ALCOHOL. IN JULY 2012, WE BROUGHT ON A COMMUNITY DEVELOPMENT SPECIALIST TO SUPPORT THE LAGUNA BEACH COMMUNITY COALITION AND OUR EFFORTS AROUND YOUTH ALCOHOL USE PREVENTION. THE COALITION'S 20 MEMBERS SUPPORTED LAGUNA BEACH.

Identifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, LINE 4A	ACH UNIFIED SCHOOL DISTRICT IN CHANGING THE SCHOOL CURRICULUM TO ADDRESS RISKY BEHAVIORS THROUGH IMPLEMENTING THE EVIDENCED-BASED BOTVIN LIFE SKILLS CURRICULUM. THIS CURRICULUM HAS A SPECIAL FOCUS TO IMPROVE PROBLEM-SOLVING SKILLS TO STUDENTS IN VARIOUS GRADE LEVELS. THE FIRST HALF OF FY 13 WAS DEDICATED TO RAISING AWARENESS AND WORKING WITH RESIDENTS AND PARTNERING AGENCIES TO IMPLEMENT A SOCIAL HOST ORDINANCE IN LAGUNA BEACH. MISSION HOSPITAL AND THE LAGUNA BEACH COMMUNITY COALITION WORKED IN PARTNERSHIP WITH THE LAGUNA BEACH POLICE DEPARTMENT, LOCAL STUDENTS, AND RESIDENTS TO EDUCATE THE COMMUNITY ABOUT THE DRINKING RATES FOR LOCAL YOUTH. IN DECEMBER 2012, THE LAGUNA BEACH CITY COUNCIL PASSED A SOCIAL HOST ORDINANCE TO HOLD ADULTS RESPONSIBLE FOR HOSTING OR KNOWINGLY PROVIDING A PLACE FOR UNDERAGE DRINKING, MAKING IT MORE DIFFICULT FOR MINORS TO ACCESS TO ALCOHOL. ADDITIONAL RESULTS OF LOCAL EFFORTS FROM COALITION MEMBER AGENCIES INCLUDED - THE CREATION OF THE CATALYST CLUB BY YOUTH AT LAGUNA BEACH HIGH SCHOOL, WHERE STUDENTS WHO DON'T DRINK OR USE DRUGS FEEL SUPPORTED. THEY PLANNED AND IMPLEMENTED MONTHLY OUTINGS AND EVENTS TO SHOW THAT YOUTH CAN HAVE FUN AND MAKE FRIENDS IN A SAFE AND HEALTHY ENVIRONMENT - THE LAGUNA BEACH PRESCRIPTION DRUG AWARENESS PROGRAM CONDUCTED 2 NATIONAL TAKE BACK PRESCRIPTION DRUG EVENTS THIS YEAR AND WORKED WITH THE CITY COUNCIL TO SET UP A PERMANENT PRESCRIPTION DRUG DROP BOX AT THE LAGUNA BEACH POLICE DEPARTMENT - THE LAGUNA BEACH POLICE DEPARTMENT CONTINUES TO CONDUCT THE DECOY SHOULDER TAP PROGRAM TO DETER ADULTS FROM FURNISHING ALCOHOL TO MINORS OUTSIDE OF STORES AND THE MINOR DECOY PROGRAM TO REDUCE THE NUMBER OF RETAIL STORES FROM SELLING ALCOHOL TO MINORS. THEY ARE ALSO PROVIDING RESPONSIBLE BEVERAGE SERVICE TRAINING FOR LOCAL RESTAURANTS AND BARS. IN ADDITION, COALITION MEMBERS WORKED COLLABORATIVELY TO OFFER THE FIRST ANNUAL "RAISING THRIVING KIDS" PARENT EDUCATION PROGRAM AT LAGUNA BEACH ELEMENTARY AND MIDDLE SCHOOLS. A TOTAL OF 24 PARENTS ENROLLED IN THE PROGRAM. 17 PARENTS COMPLETED VARYING HOURS OF INSTRUCTION GEARED AT INCREASING CARING RELATIONSHIPS AT HOME. THIS COLLABORATIVE EFFORT INCLUDED ADVERTISING IN LOCAL MEDIA, PROMOTION AT THE SCHOOLS TO REACH PARENTS, PARENT INSTRUCTION, AND CHILD CARE FOR THE FAMILIES THAT ATTENDED THE EVENT.

Identifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS		FINANCIAL ASSISTANCE PROGRAM WE BELIEVE THAT NO ONE SHOULD DELAY SEEKING NEEDED MEDICAL CARE BECAUSE THEY LACK HEALTH INSURANCE. THAT IS WHY MISSION HOSPITAL HAS A PATIENT FINANCIAL ASSISTANCE PROGRAM THAT PROVIDES FREE AND/OR DISCOUNTED SERVICES TO ELIGIBLE PATIENTS. FACTORS USED IN DETERMINING ELIGIBILITY FOR PATIENT FINANCIAL ASSISTANCE INCLUDE INCOME LEVEL, ASSET LEVEL, AND MEDICAL INDIGENCE. MEDICAID AND OTHER MEANS TESTED PROGRAMS. MEDICAID, ALSO KNOWN AS MEDICAL IN CALIFORNIA, IS THE US HEALTH PROGRAM FOR PEOPLE WITH LOW INCOME. IT IS JOINTLY FUNDED BY THE STATE AND FEDERAL GOVERNMENTS, AND IS MANAGED BY THE STATES. MEDICAL SERVICES INITIATIVE (MSI) IS A FEDERAL, STATE AND COUNTY-FUNDED HEALTHCARE PROGRAM THAT PROVIDES A FULL RANGE OF MEDICAL SERVICES FOR PERSONS AGED 21 - 64 YEARS. FINANCIAL ELIGIBILITY IS BASED ON A CASE-BY-CASE BASIS, HOWEVER ONLY PERSONS WHOSE ANNUAL INCOME IS LESS THAN 200% OF THE FEDERAL POVERTY LEVEL ARE ELIGIBLE. IN APPLYING FOR THE PROGRAM, PROOF OF ORANGE COUNTY RESIDENCY AND U.S. CITIZENSHIP OR LEGAL RESIDENCY IS REQUIRED. MISSION HOSPITAL PARTICIPATES IN BOTH THE STATE AND COUNTY GOVERNMENT PROGRAMS. FOR A BREAK OUT ON EXPENSES FOR THESE PROGRAMS LISTED ABOVE REFER TO SCHEDULE H, PART I, LINES 7A, 7B, AND 7C. CARE FOR THE POOR PROGRAMS WE BELIEVE THAT ALL RESIDENTS IN THE COMMUNITY DESERVE ACCESS TO MEDICAL CARE. THAT IS WHY MISSION HOSPITAL DEDICATES 10% OF ITS NET INCOME TOWARD CARE FOR THE POOR TO SUPPORT LOCAL PROGRAMS SUCH AS CAMINO HEALTH CENTER, THE LOCAL FEDERALLY-QUALIFIED HEALTH CENTER THAT SERVES SOUTH COUNTY RESIDENTS WHO ARE UNINSURED OR UNDERINSURED. FURTHERMORE, MISSION HOSPITAL PROVIDES SERVICES FOR THE HOMELESS WHO ARE RECENTLY DISCHARGED FROM THE HOSPITAL TO ENSURE THEY HAVE THE NEEDED MEDICAL SUPPORT TO RETURN THEIR HEALTH TO THE OPTIMAL LEVEL. FOR MORE INFORMATION ABOUT MISSION HOSPITAL, PLEASE VISIT WWW.MISSION4HEALTH.ORG FOR MORE INFORMATION ABOUT ST. JOSEPH HEALTH SYSTEM, PLEASE VISIT WWW.STJHS.ORG

Identifier	Return Reference	Explanation
FORM 990, PART VI, QUESTION 4	SIGNIFICANT CHANGES TO GOVERNING DOCUMENTS	AS PART OF THE AFFILIATION AGREEMENT BETWEEN ST JOSEPH HEALTH SYSTEM AND HOAG MEMORIAL HOSPITAL PRESBYTERIAN, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, COVENANT HEALTH NETWORK, INC WAS CREATED MISSION HOSPITAL'S BYLAWS WERE AMENDED TO INCLUDE COVENANT HEALTH NETWORK, INC AS A CO-MEMBER ALONG WITH ST JOSEPH HEALTH SYSTEM

Identifier	Return Reference	Explanation
DESCRIPTION OF CLASSES OF MEMBERS OR STOCKHOLDERS	FORM 990, PART VI, QUESTION 6	ST JOSEPH HEALTH SY STEM AND COVENANT HEALTH NETWORK, INC ARE THE CORPORATE MEMBERS OF MISSION HOSPITAL

Identifier	Return Reference	Explanation
DESCRIPTION OF CLASSES OF PERSONS AND THE NATURE OF THEIR RIGHTS	FORM 990, PART VI, QUESTION 7A	MISSION HOSPITAL HAS A TIERED GOVERNANCE IN WHICH THE CORPORATE MEMBERS RESERVE THE RIGHT TO APPOINT TRUSTEES TO THE MISSION HOSPITAL BOARD. ALL TRUSTEE APPOINTMENTS THAT COME FROM THE MISSION HOSPITAL BOARD AS NOMINATIONS MUST BE APPROVED BY ST. JOSEPH HEALTH SYSTEM, AS A CORPORATE MEMBER, AND ST. JOSEPH HEALTH MINISTRY, AS THE ORGANIZATIONAL SPONSOR. THE TRUSTEES ARE THEN APPROVED AND ELECTED BY THE COVENANT HEALTH NETWORK, INC. BOARD.

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

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

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

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

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

Identifier	Return Reference	Explanation
FORM 990, PART IX, LINE 11G	OTHER FEES EXCEEDING 10%	PURCHASED SERVICES \$36,539,603 PROFESSIONAL FEES & MEDICAL PHYSICIANS 8,843,359 REGISTRIES 5,444,979 PURCHASED SERVICES - BIOMED 5,207,214 MEDICAL PURCHASED SERVICES 1,081,630 CONSULTING & MANAGEMENT 889,202 ----- TOTAL 58,005,987

Identifier	Return Reference	Explanation
OTHER CHANGES IN NET ASSETS OR FUND BALANCE	FORM 990, PART XI, LINE 5	CAPITAL CONTRIBUTION TO HERITAGE FOUNDATION (8,651,868) NET ASSET TRANSFER TO ST JOSEPH HERITAGE HEALTHCARE (RELATED 501(C)(3)) (103,622,593) INCOME FROM SUBSIDIARIES 1,532,595 REVENUE ON AFS BUT REPORTED ON PRIOR YEAR FORM 990 28,361 FOUNDATION OTHER ADJUSTMENT (60,995) OTHER RESEARCH GRANT ADJUSTMENT (43,703) ----- TOTAL (110,818,203)

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
MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number
95-1643360

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
See Additional Data Table							

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	
See Additional Data Table												

Part IV

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

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

Part V

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

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

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

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

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

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

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

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

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

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

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

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

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

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

1s

No

No

No

No

No

No

No

No

No

Yes

No

Yes

No

No

No

Yes

Yes

Yes

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
(1) ST JUDE HOSPITAL YORBA LINDA	B	8,651,868	ACCRUAL
(2) ST JOSEPH HEALTH SYSTEM FOUNDATION	C	1,708,422	ACCRUAL
(3) ST JOSEPH HEALTH SYSTEM FOUNDATION	B	5,325,200	ACCRUAL
(4) ST JUDE HOSPITAL YORBA LINDA	B	103,622,593	ACCRUAL

Schedule R (Form 990) 2012

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

[illegible]

Software ID:

Software Version:

EIN: 95-1643360

Name: MISSION HOSPITAL REGIONAL MEDICAL CENTER

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation
IDENTIFICATION OF RELATED ORGANIZATIONS TAXABLE AS A PARTNERSHIP	SCHEDULE R, PART III	ST JOSEPH HEALTH SYSTEM HOME HEALTH AGENCY EIN 33-0282945 ADDRESS 1845 W ORANGEWOOD AVENUE, STE 200 ORANGE, CA 92868-2012 ST JOSEPH HEALTH SYSTEM HOME CARE SERVICES EIN 33-0307672 ADDRESS 1845 W ORANGEWOOD AVENUE, STE 100 ORANGE, CA 92868-2012 METHODIST DIAGNOSTIC IMAGING EIN 75-2343261 ADDRESS 4005 24TH STREET LUBBOCK, TX 79410 SHA, LLC EIN 75-2569094 ADDRESS 12940 NORTH HIGHWAY 183 AUSTIN, TX 78750 LUBBOCK SURGERY CENTER, LTD EIN 75-2177401 ADDRESS 2301 QUAKER LUBBOCK, TX 79410 COVENANT LONG-TERM CARE, LP EIN 20-5033419 ADDRESS 4000 24TH STREET LUBBOCK, TX 79410 HERITAGE INVESTMENT GROUP I, LLC EIN 27-1000061 ADDRESS 3345 MICHELSON DRIVE, STE 100 IRVINE, CA 92612 MISSION AMBULATORY SURGICENTER, LTD EIN 33-0355575 ADDRESS 27800 MEDICAL CENTER ROAD, STE 362 MISSION VIEJO, CA 92691 COMPREHENSIVE IMAGING PARTNERS OF ORANGE COUNTY, LLC EIN 26-4591502 ADDRESS ONE CITY BOULEVARD WEST, SUITE 1100 ORANGE, CA 92868 ST JOSEPH PHYSICIAN VENTURES I, LLC EIN 45-4521884 ADDRESS 1100 WEST STEWART DRIVE ORANGE, CA 92868 NEWPORT IMAGING CENTER EIN 33-0191776 ADDRESS 360 SAN MIGUEL, NEWPORT BEACH, CA 92660 HOAG ORTHOPEDIC INSTITUTE EIN 61-1588294 ADDRESS 1 HOAG DRIVE, BOX 6100, NEWPORT BEACH, CA 92658 MAIN ST SPECIALTY SURGERY CENTER EIN 95-4813223 ADDRESS 280 MAIN STREET, ST 100, ORANGE, CA 92868 ORTHOPEDIC SURGERY CENTER OF OC, LLC EIN 33-0841806 ADDRESS 22 CORPORATE PLAZA, NEWPORT BEACH, CA 92660

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
ST JOSEPH HLTH SYS HOME HLTH SEE PART VII ORANGE, CA 928682012 33-0282945	HOME HEALTH	CA	NA	N/A								0 %
ST JOSEPH HLTH SYS HOME CARE SEE PART VII ORANGE, CA 928682012 33-0307672	HOME HEALTH	CA	NA	N/A								0 %
METHODIST DIAGNOSTIC IMAGING SEE PART VII LUBBOVK, TX 79410 75-2343261	HEALTHCARE SVCS	TX	NA	N/A								0 %
SHA LLC SEE PART VII AUSTIN, TX 78750 75-2569094	HEALTHCARE SVCS	TX	NA	N/A								0 %
LUBBOCK SURGERY CENTER LTD SEE PART VII LUBBOCK, TX 79410 75-2177401	HEALTHCARE SVCS	TX	NA	N/A								0 %
COVENANT LONG-TERM CARE LP SEE PART VII LUBBOCK, TX 79410 20-5033419	HEALTHCARE SVCS	TX	NA	N/A								0 %
HERITAGE INVESTMENT GROUP SEE PART VII ORANGE, CA 92868 27-1000061	INVESTMENT	CA	NA	N/A								0 %
MISSION AMBULATORY SURGICENTER SEE PART VII ORANGE, CA 92868 26-4591502	HEALTHCARE SVCS	CA	NA	N/A	1,279,062	2,114,843		No	0		No	43 312 %
COMPREHENSIVE IMAGING PARTNERS SEE PART VII ORANGE, CA 92868 45-4521884	HEALTHCARE SVCS	CA	NA	N/A								0 %
ST JOSEPH PHYSICIAN VENTURES SEE PART VII SANTA ROSA, CA 95404 26-2299255	REAL ESTATE	CA	NA	N/A								0 %
NEWPORT IMAGING CENTER SEE PART VII NEWPORT BEACH, CA 92658 61-1588294	HEALTHCARE SVCS	CA	NA	N/A								0 %
HOAG ORTHOPEDIC INSTITUTE SEE PART VII ORANGE, CA 92868 95-4813223	HEALTHCARE SVCS	CA	NA	N/A								0 %
MAIN ST SPECIALTY SURGERY CNTR SEE PART VII NEWPORT BEACH, CA 92660 33-0841806	HEALTHCARE SVCS	CA	NA	N/A								0 %
ORTHOPEDIC SURGERY CNTR OF OC SEE PART VII NEWPORT BEACH, CA 92658 33-1127904	HEALTHCARE SVCS	CA	NA	N/A								0 %

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end- of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
ST JOSEPH PROF SVCS ENTERPRISES INC 3345 MICHELSON DR STE 100 IRVINE, CA 92612 33-0155323	HEALTHCARE SVCS	CA	NA	C CORP					
AMERICAN UNITY GROUP LTD 58 PAR-LA-VILLE ROAD HAMILTON HM HX BD	CAPTIVE INSURANCE	BD	NA	C CORP					
ALLIANCE PHYSICIAN SERVICES	INACTIVE	CA	NA	C CORP					
MISSION VIEJO MEDICAL VENTURES 27800 MEDICAL CENTER RD 354 MISSION VIEJO, CA 92691 33-0212905	HEALTHCARE SVCS	CA	NA	C CORP	30,495	284,622	100 000 %	Yes	
MISSION MEDICAL CENTER ASSOCIATION 27800 MEDICAL CENTER RD 354 MISSION VIEJO, CA 92691 33-0201044	HEALTHCARE SVCS	CA	NA	C CORP	0	0	100 000 %	Yes	
ST JOSEPH YORBA PARK	INACTIVE	CA	NA	C CORP					
LUBBOCK METHODIST HOSP SVCS PO BOX 1201 LUBBOCK, TX 79410 75-2118585	HEALTHCARE SVCS	TX	NA	C CORP					
LUBBOCK METHODIST HOSP PRACTICE MGMT 2107 OXFORD STREET SUITE 300 LUBBOCK, TX 79410 75-2578995	INACTIVE	TX	NA	C CORP					
ST JOSEPH HEALTH SOURCE INC 3345 MICHELSON DR STE 100 IRVINE, CA 92612 46-1900168	HEALTHCARE SVCS	CA	NA	C CORP					
HOAG MANAGEMENT SERVICES INC 1 HOAG DR BOX 6100 NEWPORT BEACH, CA 92658 33-0731587	HEALTHCARE SVCS	CA	NA	C CORP					
COASTAL MANAGEMENT SERVICES ORG 1 HOAG DR BOX 6100 NEWPORT BEACH, CA 92658 33-0676831	HEALTHCARE SVCS	CA	NA	C CORP					
DATU HEALTH INC 16150 MAIN CIRCLE DR STE 250 CHESTERFIELD, MO 63017 46-3070062	IT SVCS	MO	NA	C CORP					
HOAG MEDICAL FOUNDATION 1 HOAG DR BOX 6100 NEWPORT BEACH, CA 92663 45-3583707	HEALTHCARE SVCS	CA	NA	C CORP					

AUDITED CONSOLIDATED FINANCIAL
STATEMENTS AND SUPPLEMENTARY
INFORMATION

St Joseph Health System and Affiliates,
A St Joseph Health Ministry Corporation
Years Ended June 30, 2013 and 2012
With Report of Independent Auditors

Ernst & Young LLP

 **ERNST & YOUNG**

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

Audited Consolidated Financial Statements
and Supplementary Information

Years Ended June 30, 2013 and 2012

Contents

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

Report of Independent Auditors

Board of Trustees
St Joseph Health System and Affiliates

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Supplementary Information

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

Ernst & Young LLP

September 27, 2013

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

Consolidated Balance Sheets
(In Thousands)

	June 30	
	2013	2012
Assets		
Current assets		
Cash and equivalents	\$ 329,513	\$ 199,940
Short-term marketable securities	782,752	784,811
Patient accounts receivable, less allowance for doubtful accounts (\$262,282 and \$179,588 as of June 30, 2013 and 2012, respectively)	607,548	485,499
Other assets	294,900	174,030
Total current assets	2,014,713	1,644,280
Long-term marketable securities	990,317	936,487
Assets limited as to use		
Board designated	1,350,270	188,267
Held in trust	127,810	196,066
Total assets limited as to use	1,478,080	384,333
Property and equipment, net	3,641,852	2,388,782
Investments and other	115,250	55,042
Collateral held for swap counterparty	8,926	40,402
Notes receivable	23,152	4,711
Deferred financing costs, net	23,247	20,781
Goodwill and other intangibles, net	255,935	42,280
	426,510	163,216
Total assets	\$ 8,551,472	\$ 5,517,098
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 176,866	\$ 121,428
Accrued compensation and related liabilities	309,424	234,086
Accrued liabilities	366,648	292,230
Payable to third-party payors	75,873	64,045
Current maturities of long-term debt	202,453	39,238
Total current liabilities	1,131,264	751,027
Interest rate swaps	85,983	72,629
Other liabilities	252,227	178,597
Long-term debt, less current maturities	2,118,137	1,633,784
Total liabilities	3,587,611	2,636,037
Net assets		
Unrestricted		
Controlling interest	4,598,399	2,709,675
Noncontrolling interests in subsidiaries	76,418	35,920
Temporarily restricted	223,370	125,865
Permanently restricted	65,674	9,601
	4,963,861	2,881,061
Total liabilities and net assets	\$ 8,551,472	\$ 5,517,098

See accompanying notes

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

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

	Year Ended June 30	
	2013	2012
Revenues		
Patient service, net of contractual allowances and discounts	\$ 4,088,718	\$ 3,729,930
Provision for doubtful accounts	236,897	221,400
Net patient service, net of provision for doubtful accounts	3,851,821	3,508,530
Premium	943,634	740,468
Other	160,245	133,809
Total revenues	4,955,700	4,382,807
Expenses		
Compensation and benefits	2,179,898	1,974,224
Supplies and other	1,048,765	897,381
Professional fees and purchased services	1,369,459	1,087,812
Depreciation and amortization	235,496	189,468
Interest	72,346	64,197
Total expenses	4,905,964	4,213,082
Operating income	49,736	169,725
Nonoperating gains (losses), net	159,584	(47,995)
Contribution from affiliation	1,712,981	—
Excess of revenues over expenses	1,922,301	121,730
Less: Excess of revenues over expenses attributable to noncontrolling interests	41,314	4,324
Excess of revenues over expenses attributable to controlling interests	\$ 1,880,987	\$ 117,406
Unrestricted net assets		
Excess of revenues over expenses attributable to controlling interests	\$ 1,880,987	\$ 117,406
Net assets released from restrictions and other attributable to controlling interests	7,737	6,485
Excess of revenues over expenses attributable to noncontrolling interests	41,314	4,324
Net assets released from restrictions and other attributable to noncontrolling interests	(816)	1,841
Increase in unrestricted net assets	1,929,222	130,056
Temporarily and permanently restricted net assets		
Restricted net assets released from restrictions, restricted contributions and other, net, attributable to controlling interests	16,597	25,244
Restricted net assets contribution from affiliation	136,981	—
Increase in net assets	2,082,800	155,300
Net assets at beginning of year	2,881,061	2,725,761
Net assets at end of year	\$ 4,963,861	\$ 2,881,061

See accompanying notes

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

Consolidated Statements of Cash Flows
(In Thousands)

	Year Ended June 30	
	2013	2012
Cash flows from operating activities and nonoperating gains		
Increase in net assets	\$ 2,082,800	\$ 155,300
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities and nonoperating gains		
Contribution from Hoag affiliation	(1,849,962)	—
Provision for doubtful accounts	236,897	221,400
Depreciation and amortization	235,496	189,468
Amortization of deferred financing costs	891	894
Change in fair value of investments designated as trading	2,976	36,002
Restricted contributions and other, net	(16,597)	(25,244)
Change in fair value of interest rate swap agreements	(34,720)	36,717
Swap agreement cancellations	—	(9,052)
Changes in operating assets and liabilities		
Patient accounts receivable	(263,340)	(251,626)
Investments designated as trading	69,795	(346,257)
Other assets	(73,502)	(35,331)
Accounts payable	32,453	(6,080)
Accrued compensation and related liabilities	22,239	(23,869)
Accrued liabilities	56,199	63,203
Payable to third-party payors	11,085	(12,074)
Other liabilities	12,770	(706)
Net cash provided by (used in) operating activities and nonoperating gains	525,480	(7,255)
Investing activities		
Purchase of property and equipment	(472,060)	(336,351)
Increase in investments and other	1,883	12,127
Decrease (increase) in collateral held for swap counterpart	31,476	(30,063)
(Increase) decrease in notes receivable	(18,441)	682
Cash contribution from Hoag affiliation	147,078	—
Acquisitions, net of cash acquired	(145,210)	—
Net cash used in investing activities	(455,274)	(353,605)
Financing activities		
Restricted contributions and other	16,597	25,244
Proceeds from line of credit	121,000	67,152
Repayment of line of credit	(40,000)	—
Proceeds from long-term debt	2,646	303,144
Repayment of long-term debt	(41,115)	(84,134)
Decrease (increase) in deferred financing costs	239	(1,318)
Net cash provided by financing activities	59,367	310,088
Increase (decrease) in cash and equivalents	129,573	(50,772)
Cash and equivalents at beginning of year	199,940	250,712
Cash and equivalents at end of year	\$ 329,513	\$ 199,940
Supplemental disclosure of non-cash information		
Construction obligation	\$ 36,474	\$ —
Capital lease obligation	\$ 13,835	\$ —

See accompanying notes

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

Notes to Consolidated Financial Statements

June, 30, 2013

1. Summary of Significant Accounting Policies

Organization

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

Hoag Memorial Hospital Presbyterian and Affiliates

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

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

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

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Lubbock Methodist Hospital System and Affiliates

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

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

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

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

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

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

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

Basis of Consolidation

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

Use of Estimates

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

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

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Cash and Equivalents

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

Marketable Securities

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

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

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

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

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

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Patient Accounts Receivable

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

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

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

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

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

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

Other Assets

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

Other assets consist of the following as of June 30:

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

Assets Limited as to Use

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

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

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Property and Equipment

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

Deferred Financing Costs

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

Goodwill and Other Intangibles

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

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

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Self-Insurance

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

Workers' Compensation Insurance

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

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

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Other Liabilities

Other liabilities consist of the following as of June 30

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

Temporarily and Permanently Restricted Net Assets

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

Donor-Restricted Gifts

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

Net Patient Service Revenues

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

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

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

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

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

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

	2013	2012
	<i>(In Thousands)</i>	
Government	\$ 1,519,596	\$ 1,468,779
Contracted	2,066,329	1,901,663
Self-pay and others	502,793	359,488
	<u>\$ 4,088,718</u>	<u>\$ 3,729,930</u>

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

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

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Premium Revenues

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

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

Charity Care

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

Operating Income

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

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

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

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

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

Income Taxes

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

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

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

Acquisitions and Affiliations

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

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

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

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

Hoag Memorial Hospital Presbyterian and Affiliates

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

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

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

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

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

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

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

	2013		2012	
	Actual	Pro forma (Unaudited)	Actual	Pro forma (Unaudited)
Total revenues	\$4,955,700	\$5,610,129	\$4,382,807	\$5,314,681
Operating income	49,736	104,637	169,725	218,291
Excess of revenues over expenses	1,922,301	335,792	121,730	1,970,844

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

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

Mission Internal Medical Group

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

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

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

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

High Desert Primary Care

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

California Hospital Quality Assurance Program

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

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

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

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

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

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

Electronic Health Records Incentive Payments

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

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

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

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

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

Adoption of New Accounting Pronouncements

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

Recent Accounting Pronouncements

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

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

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

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

Subsequent Events

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

2. Fair Value Measurements

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

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

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

Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

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

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

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

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

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

Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

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

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

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

Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

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

	June 30, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Method Investments	Equity Method Investments	Valuation Technique (a,b,c)
<i>(In Thousands)</i>							
Current assets							
Cash and equivalents	\$ 329,513	\$ 300,792	\$ 28,721	\$ —	\$ 329,513	\$ —	a
Short-term marketable securities							
Money market funds	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	a
U.S. Treasury securities	285,681	—	285,681	—	285,681	—	a
Corporate debt securities	276,226	74,305	201,921	—	276,226	—	a,c
Corporate equity securities	218,972	218,972	—	—	218,972	—	a
Other	1,873	1,306	567	—	1,873	—	a
	<u>\$ 782,752</u>	<u>\$ 294,583</u>	<u>\$ 488,169</u>	<u>\$ —</u>	<u>\$ 782,752</u>	<u>\$ —</u>	
Long-term marketable securities							
Money market funds	\$ 1,557	\$ 1,557	\$ —	\$ —	\$ 1,557	\$ —	a
U.S. Treasury securities	60,229	—	60,229	—	60,229	—	a
Corporate debt securities	152,201	104,581	45,631	1,989	152,201	—	a
Corporate equity securities	460,206	460,101	105	—	460,206	—	a
Other	316,124	—	—	—	—	316,124	
	<u>\$ 990,317</u>	<u>\$ 566,239</u>	<u>\$ 105,965</u>	<u>\$ 1,989</u>	<u>\$ 674,193</u>	<u>\$ 316,124</u>	
Assets limited as to use							
Board designated							
Money market funds	\$ 318,197	\$ 318,197	\$ —	\$ —	\$ 318,197	\$ —	a
U.S. Treasury securities	128,698	—	128,698	—	128,698	—	a
Corporate debt securities	286,108	129,621	156,487	—	286,108	—	a
Corporate equity securities	210,571	209,207	—	1,364	210,571	—	a
Other	406,696	20,040	—	—	20,040	386,656	
	<u>\$ 1,350,270</u>	<u>\$ 677,065</u>	<u>\$ 285,185</u>	<u>1,364</u>	<u>\$ 963,614</u>	<u>\$ 386,656</u>	
Held in trust							
Money market funds	\$ 1,147	\$ 1,147	\$ —	\$ —	\$ 1,147	\$ —	a
U.S. Treasury securities	3,053	—	3,053	—	3,053	—	a
Corporate debt securities	18,137	13,276	4,861	—	18,137	—	a
Corporate equity securities	26,652	26,652	—	—	26,652	—	a
Other	78,821	855	9,412	1	10,268	68,553	
	<u>\$ 127,810</u>	<u>\$ 41,930</u>	<u>\$ 17,326</u>	<u>\$ 1</u>	<u>\$ 59,257</u>	<u>\$ 68,553</u>	
Cash collateral held by swap counterparty							
U.S. Treasury securities	\$ 8,926	\$ —	\$ 8,926	\$ —	\$ 8,926	\$ —	a
Liabilities							
Interest rate swaps	\$ 85,983	\$ —	\$ 85,983	\$ —	\$ 85,983	\$ —	c

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

Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

	June 30, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Method Investments	Equity Method Investments	Valuation Technique (a,b,c)
<i>(In Thousands)</i>							
Current assets							
Cash and equivalents	\$ 199,940	\$ 199,940	\$ —	\$ —	\$ 199,940	\$ —	a
Short-term marketable securities							
Money market funds	\$ 12,813	\$ 6,499	\$ 6,314	\$ —	\$ 12,813	\$ —	a
U S Treasury securities	318,948	7,912	311,036	—	318,948	—	a
Corporate debt securities	212,446	20,184	192,262	—	212,446	—	a,c
Corporate equity securities	240,604	240,604	—	—	240,604	—	a
	<u>\$ 784,811</u>	<u>\$ 275,199</u>	<u>\$ 509,612</u>	<u>\$ —</u>	<u>\$ 784,811</u>	<u>\$ —</u>	
Long-term marketable securities							
Money market funds	\$ 53,984	\$ 14,541	\$ 39,443	\$ —	\$ 53,984	\$ —	a
U S Treasury securities	142,388	342	142,046	—	142,388	—	a
Corporate debt securities	79,863	—	77,888	1,975	79,863	—	a
Corporate equity securities	421,568	417,402	4,166	—	421,568	—	a
Other	238,684	—	—	—	—	238,684	
	<u>\$ 936,487</u>	<u>\$ 432,285</u>	<u>\$ 263,543</u>	<u>\$ 1,975</u>	<u>\$ 697,803</u>	<u>\$ 238,684</u>	
Assets limited as to use							
Board designated							
Money market funds	\$ 93,749	\$ 93,749	\$ —	\$ —	\$ 93,749	\$ —	a
U S Treasury securities	8,932	—	8,932	—	8,932	—	a
Corporate debt securities	51,242	—	51,242	—	51,242	—	a
Corporate equity securities	32,986	32,986	—	—	32,986	—	a
Other	1,358	—	—	—	—	1,358	
	<u>\$ 188,267</u>	<u>\$ 126,735</u>	<u>\$ 60,174</u>	<u>\$ —</u>	<u>\$ 186,909</u>	<u>\$ 1,358</u>	
Held in trust							
Money market funds	\$ 194,505	\$ 183,583	\$ 10,922	\$ —	\$ 194,505	\$ —	a
Corporate debt securities	254	254	—	—	254	—	a
Corporate equity securities	1,307	1,307	—	—	1,307	—	a
	<u>\$ 196,066</u>	<u>\$ 185,144</u>	<u>\$ 10,922</u>	<u>\$ —</u>	<u>\$ 196,066</u>	<u>\$ —</u>	
Cash collateral held by swap counterparty							
U S Treasury securities	\$ 40,402	\$ —	\$ 40,402	\$ —	\$ 40,402	\$ —	a
Liabilities							
Interest rate swaps	\$ 72,629	\$ —	\$ 72,629	\$ —	\$ 72,629	\$ —	c

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

Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

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

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

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

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

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

Investment Gains and Losses

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

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

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

Notes to Consolidated Financial Statements (continued)

3. Property and Equipment

Property and equipment consists of the following at June 30

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

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

Lease Financing Obligations

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

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

Notes to Consolidated Financial Statements (continued)

3. Property and Equipment (continued)

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

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

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

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

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

Notes to Consolidated Financial Statements (continued)

4. Credit Facilities

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

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

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

5. Long-Term Debt

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

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

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

Long-term debt consists of the following at June 30

	2013	2012
	<i>(In Thousands)</i>	
CSCDA Series 1999, 2000, and 2007A-F fixed rate tax-exempt bonds, net of unamortized premium of \$2,232, due in varying amounts through 2047, coupon rates of 4.50% to 5.75%	\$ 606,342	\$ 619,290
LHFDC Series 2008A multi-annual three-year put bonds due in 2030, coupon rate of 3.05%	45,375	46,750
LHFDC Series 2008B fixed rate tax-exempt bonds, due in varying amounts through 2023, coupon rates of 4.00% to 5.00%	94,425	105,385
CHFFA Series 2009A fixed rate tax-exempt bonds, net of unamortized discount of \$2,626, due in varying amounts through 2039, coupon rates of 5.50% and 5.75%	182,469	182,368
CHFFA Series 2009BCD fixed rate multi-annual three-, five- and seven-year put bonds, net of unamortized premium of \$7,154, due in varying amounts through 2034, coupon rates of 4.00% to 5.25%	237,429	243,260
CHFFA Series 2011ABCD variable rate tax-exempt bonds with credit facility liquidity, due in varying amounts through 2041, interest rates varying from 0.01% to 0.24%	302,110	302,110
CNB Series 2008C variable rate tax-exempt bonds with self-liquidity, due in varying amounts through 2040, interest rates varying from 0.06% to 0.15%	70,095	—
CNB Series 2008DEF variable rate tax-exempt bonds with credit facility liquidity, due in varying amounts through 2040, interest rates varying from 0.07% to 0.20%	244,890	—
CNB Series 2009A fixed rate tax-exempt term bonds, due in varying amounts through 2024, interest rate of 4.22%	62,384	—
CNB Series 2009DE fixed rate private placement tax-exempt bonds, due in varying amounts through 2038, interest rate of 0.61%	70,980	—

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

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

	2013	2012
	<i>(In Thousands)</i>	
CNB Series 2011A fixed rate tax-exempt bonds, due in varying amounts through 2040, interest rate of 6.00%	\$ 104,495	\$ —
Bank line of credit, balloon payment due July 2016, interest rates of 0.93% to 1.01%	131,000	50,000
Bank line of credit, balloon payment due March 2014, interest rate of 0.75%	39,000	47,000
Lease financing obligation (see Note 3)	66,569	66,981
Fair value adjustment from Hoag affiliation	29,534	—
Capitalized leases	17,746	4,134
Other	15,747	5,744
	2,320,590	1,673,022
Less current portion of long-term debt	(202,453)	(39,238)
	<u>\$ 2,118,137</u>	<u>\$ 1,633,784</u>

The effective interest rate on tax-exempt debt was 4.72% and 5.02% at June 30, 2013 and 2012, respectively.

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

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

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

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

In July 2011, the Health System issued \$302,110,000 of CHFFA variable rate tax-exempt demand bonds with interest rates reset daily or weekly and liquidity supported by irrevocable credit facilities that extend through July 13, 2016, unless renewed or extended. Proceeds of this issuance are being used to finance prospective projects and reimburse prior capital spending at various hospitals. In addition, the Health System converted \$105,385,000 of LHFDC variable rate demand bonds with liquidity supported by an irrevocable credit facility into fixed rate revenue bonds at interest rates varying from 4.00% to 5.00%.

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

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

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

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

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

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

In July 2013, the Health System issued \$654,840,000 of CHFFA fixed rate revenue bonds, of which \$324,840,000, net of unamortized premium of \$4,624,000, is due in varying amounts through 2037 at coupon rates of 4.00% to 5.00% and \$330,000,000 of multi-annual four-, six-, and seven-year put bonds, net of unamortized premium of \$42,255,000, is due in varying amounts through 2043 at coupon rates of 4.15% to 4.26%. The proceeds of the issuance were used to refund Hoag's outstanding obligations of \$552,844,000, to reimburse certain prior expenditures and to prospectively finance projects at various hospitals. Effective with the issuance of the CHFFA fixed rate revenue bonds, Hoag Hospital Newport Beach and Irvine entered the Health System's Obligated Group and St. Joseph Home Health North exited the group.

Debt Covenants

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

If the Health System does not have a maximum annual debt service coverage ratio at the end of any fiscal year, including June 30, 2013, ranging from at least 2.0 to 1.0, pursuant to its trust indentures for the tax-exempt bonds issued through CSCDA, CHFFA, and LHFDC, the Health System is required to fund the applicable debt service reserve fund seven days after the required reporting date.

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

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

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

Interest Cost

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

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

6. Children's Hospital of Orange County

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

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

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

Notes to Consolidated Financial Statements (continued)

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

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

7. Employee Benefit Plans

Retirement Plan

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

Postretirement Health

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

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

Notes to Consolidated Financial Statements (continued)

7. Employee Benefit Plans (continued)

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

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

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

	2013	2012
Weighted-average discount rate for benefit obligation	4.05%	3.65%
Weighted-average discount rate for net periodic benefit cost	3.65%	4.85%

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

Notes to Consolidated Financial Statements (continued)

7. Employee Benefit Plans (continued)

The assumed annual health care cost trend rate for the retiree health plan is 8.00% for 2013, gradually decreasing to 5.00% in 2019 and remaining at that level thereafter.

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

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

8. Functional Expenses

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

	2013	2012
	<i>(In Thousands)</i>	
Health care services	\$ 4,020,490	\$ 3,494,233
General and administrative	885,474	718,849
	<u>\$ 4,905,964</u>	<u>\$ 4,213,082</u>

9. Charity Care

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

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

Notes to Consolidated Financial Statements (continued)

9. Charity Care (continued)

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

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

10. Community Benefits (Unaudited)

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

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

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

Notes to Consolidated Financial Statements (continued)

10. Community Benefits (Unaudited) (continued)

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

	Total Community Benefit Expense, at Cost			Unponsored Community Benefit Expense, at Cost	
		% of Total Expenses	Direct Offsetting Revenue		% of Total Expenses
2013	Amount			Amount	
(In Thousands)					
Benefits for the poor					
Traditional charity care (audited)	\$ 92,735	1.9%	\$ —	\$ 92,735	1.9%
Community services for the poor	42,547	0.9%	4,349	38,198	0.8%
Unpaid cost of state and local programs	657,805	13.4%	492,333	165,472	3.4%
Total quantifiable benefits for the poor	793,087	16.2%	496,682	296,405	6.1%
Benefits for the broader community					
Community services for the broader community	42,237	0.9%	812	41,425	0.8%
Total quantifiable benefits for the broader community	42,237	0.9%	812	41,425	0.8%
Total community benefits	\$ 835,324	17.1%	\$ 497,494	\$ 337,830	6.9%

	Total Community Benefit Expense, at Cost			Unponsored Community Benefit Expense, at Cost	
		% of Total Expenses	Direct Offsetting Revenue		% of Total Expenses
2012 (Audited)	Amount			Amount	
(In Thousands)					
Benefits for the poor					
Traditional charity care	\$ 92,936	2.2%	\$ 9,410	\$ 83,526	2.0%
Community services for the poor	47,009	1.1%	4,230	42,779	1.0%
Unpaid cost of state and local programs	589,726	14.0%	429,149	160,577	3.8%
Total quantifiable benefits for the poor	729,671	17.3%	442,789	286,882	6.8%
Benefits for the broader community					
Community services for the broader community	34,820	0.8%	543	34,277	0.8%
Total quantifiable benefits for the broader community	34,820	0.8%	543	34,277	0.8%
Total community benefits	\$ 764,491	18.1%	\$ 443,332	\$ 321,159	7.6%

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

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

Notes to Consolidated Financial Statements (continued)

10. Community Benefits (Unaudited) (continued)

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

11. Temporarily and Permanently Restricted Net Assets

A summary of net assets at June 30 follows:

	2013	2012
	<i>(In Thousands)</i>	
Unrestricted	\$ 4,674,817	\$ 2,745,595
Temporarily restricted	223,370	125,865
Permanently restricted	65,674	9,601
Total net assets	<u>\$ 4,963,861</u>	<u>\$ 2,881,061</u>

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

Endowments

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

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

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

Notes to Consolidated Financial Statements (continued)

11. Temporarily and Permanently Restricted Net Assets (continued)

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

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

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

		2013			
		Temporarily		Permanently	Total
		Unrestricted	Restricted	Restricted	
Board-designated endowment funds	\$	56,425	\$ 13,819	\$ —	\$ 70,244
Donor-restricted endowment funds		—	29,873	65,674	95,547
Total funds	\$	56,425	\$ 43,692	\$ 65,674	\$ 165,791

		2012			
		Temporarily		Permanently	Total
		Unrestricted	Restricted	Restricted	
Board-designated endowment funds	\$	19,074	\$ 4,897	\$ —	\$ 23,971
Donor-restricted endowment funds		—	717	9,601	10,318
Total funds	\$	19,074	\$ 5,614	\$ 9,601	\$ 34,289

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

Notes to Consolidated Financial Statements (continued)

11. Temporarily and Permanently Restricted Net Assets (continued)

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

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

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2011	\$ 19,595	\$ 4,203	\$ 7,483	\$ 31,281
Realized investment gains	882	157	467	1,506
Unrealized losses	(1,179)	(327)	—	(1,506)
Contributions, net	571	1,850	1,661	4,082
Appropriation of endowment assets for expenditure	(795)	(269)	(10)	(1,074)
Endowment net assets, June 30, 2012	\$ 19,074	\$ 5,614	\$ 9,601	\$ 34,289

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

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

Notes to Consolidated Financial Statements (continued)

11. Temporarily and Permanently Restricted Net Assets (continued)

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

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

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

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

Notes to Consolidated Financial Statements (continued)

12. Commitments and Contingencies

Operating Leases

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

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

Litigation

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

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

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

Notes to Consolidated Financial Statements (continued)

12. Commitments and Contingencies (continued)

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

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

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

Seismic Compliance (Unaudited)

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

Supplementary Information

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

Consolidating Balance Sheet
(In Thousands)

June 30, 2013

	Consolidated	Eliminations	Total Regional Entities	American Unity Group	Professional Services Enterprises	Heritage Investment Group I	Revenue Cycle Services	Innovation Institute	St Joseph Health System Foundation	Obligated Group	Non- Obligated Group
Assets											
Current assets:											
Cash and equivalents	\$ 329,513	\$ (14,956)	\$ 299,774	\$ 11,789	\$ 2,755	\$ 1,556	\$ 507	\$ 20,469	\$ 7,619	\$ 73,780	\$ 255,733
Short-term marketable securities	782,752	-	715,344	-	-	-	-	-	67,408	605,291	177,461
Patent accounts receivable less allowance for doubtful accounts	607,548	-	607,548	-	-	-	-	-	-	451,452	156,096
Other assets	294,900	-	294,956	1,117	1	61	21	(458)	2	215,354	79,546
Total current assets	2,014,713	(14,956)	1,916,822	12,906	2,756	1,617	528	20,011	75,029	1,345,877	668,836
Long-term marketable securities	990,317	-	925,621	64,696	-	-	-	-	-	870,179	120,138
Assets limited as to use											
Board designated	1,350,270	-	1,319,971	-	-	-	-	-	30,299	158,330	1,191,940
Held in trust	127,810	-	127,810	-	-	-	-	-	-	118,282	9,528
Total assets limited as to use	1,478,080	-	1,447,781	-	-	-	-	-	30,299	276,612	1,201,468
Property and equipment net	3,641,852	(26,781)	3,615,334	-	11,608	12,362	63	1,266	-	2,677,248	964,604
Investments and other	115,250	(45,143)	140,941	269	11,042	7,724	-	417	-	96,933	18,317
Collateral held for swap counterparty	8,926	-	8,926	-	-	-	-	-	-	8,926	-
Notes receivable	23,152	-	23,152	-	-	-	-	-	-	22,222	930
Deferred financing costs net	23,247	-	23,247	-	-	-	-	-	-	19,521	3,726
Goodwill and other intangibles net	255,935	(6,594)	261,460	-	-	-	-	1,069	-	41,770	214,165
Total assets	426,510	(51,737)	457,726	269	11,042	7,724	-	1,486	-	189,372	237,138
	\$ 8,551,472	\$ (93,474)	\$ 8,391,284	\$ 77,871	\$ 25,406	\$ 21,703	\$ 591	\$ 22,763	\$ 105,328	\$ 5,359,288	\$ 3,192,184
Liabilities and net assets (deficit)											
Current liabilities:											
Accounts payable	\$ 176,866	\$ (196)	\$ 174,180	\$ 608	\$ -	\$ -	\$ -	\$ 2,201	\$ 73	\$ 126,095	\$ 50,771
Accrued compensation and related liabilities	309,424	-	303,921	-	-	-	2,919	2,584	-	223,820	85,604
Accrued liabilities	366,648	(1,461)	342,844	21,655	-	2,253	1,357	-	-	201,732	164,916
Payable to third-party payors	75,873	-	75,873	-	-	-	-	-	-	73,800	2,073
Current maturities of long-term debt	202,453	-	202,453	-	-	-	-	-	-	41,340	161,113
Total current liabilities	1,131,264	(1,657)	1,099,271	22,263	-	2,253	4,276	4,785	73	666,787	464,477
Interest rate swaps	85,983	-	85,983	-	-	-	-	-	-	48,655	37,328
Other liabilities	252,227	-	241,511	10,716	-	-	-	-	-	151,130	101,097
Notes payable and interest due (from) to affiliates	-	(14,757)	(3,824)	113	-	12,757	6,527	(1,361)	545	(148,416)	148,416
Long-term debt less current maturities	2,118,137	(38,330)	2,136,101	-	20,366	15,010	-	-	-	1,712,710	405,427
Total liabilities	3,587,611	(54,744)	3,559,042	33,092	20,366	15,010	10,803	3,424	618	2,430,866	1,156,745
Net assets (deficit)											
Long-term debt less current maturities	4,887,443	(42,062)	4,759,156	44,779	5,040	6,693	(10,212)	19,339	104,710	2,928,422	1,959,021
Controlling interest	76,418	3,332	73,086	-	-	-	-	-	-	-	76,418
Noncontrolling interests in subsidiaries	4,963,861	(38,730)	4,832,242	44,779	5,040	6,693	(10,212)	19,339	104,710	2,928,422	2,035,439
Total liabilities and net assets	\$ 8,551,472	\$ (93,474)	\$ 8,391,284	\$ 77,871	\$ 25,406	\$ 21,703	\$ 591	\$ 22,763	\$ 105,328	\$ 5,359,288	\$ 3,192,184

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

Consolidating Balance Sheet of Regional Entities
(In Thousands)

June 30, 2013

	Total Regional Entities	Eliminations	Southern California Region	Northern California Region	Texas Region	System Office
Assets						
Current assets						
Cash and equivalents	\$ 299,774	\$ (23,352)	\$ 215,042	\$ 41,382	\$ 66,702	\$ –
Short-term marketable securities	715,344	–	372,270	154,923	87,870	100,281
Patient accounts receivable less allowance for doubtful accounts	607,548	–	370,454	119,394	117,700	–
Other assets	294,156	–	180,909	56,129	39,131	17,987
Total current assets	1,916,822	(23,352)	1,138,675	371,828	311,403	118,268
Long-term marketable securities	925,621	2,365	449,284	165,623	178,111	130,238
Assets limited as to use						
Board designated	1,319,971	–	1,298,382	6,941	14,648	–
Held in trust	127,810	–	3,050	28,572	13,188	83,000
Total assets limited as to use	1,447,781	–	1,301,432	35,513	27,836	83,000
Property and equipment net	3,643,334	122,716	2,457,893	631,651	287,035	144,039
Investments and other	140,941	–	78,762	5,144	23,793	33,242
Collateral held for swap counterparty	8,926	–	–	–	–	8,926
Notes receivable	23,152	–	2,832	–	21	20,299
Deferred financing costs net	23,247	–	16,099	5,111	1,186	851
Goodwill and other intangibles net	261,460	26,782	234,409	269	–	–
Total assets	4,577,226	26,782	3,321,102	1,052,4	25,000	63,318
	\$ 8,391,284	\$ 128,511	\$ 5,679,386	\$ 1,215,139	\$ 829,385	\$ 538,863
Liabilities and net assets						
Current liabilities						
Accounts payable	\$ 174,180	\$ (1)	\$ 97,328	\$ 27,829	\$ 20,360	\$ 28,664
Accrued compensation and related liabilities	303,921	–	146,983	57,740	43,103	56,095
Accrued liabilities	342,844	–	142,540	32,416	68,817	99,071
Payable to third-party payors	75,873	–	43,412	22,809	9,652	–
Current maturities of long-term debt	202,453	(30,969)	174,202	4,631	13,582	41,007
Total current liabilities	1,099,271	(30,970)	604,465	145,425	155,514	224,837
Interest rate swaps	85,983	–	37,328	–	–	48,655
Other liabilities	241,511	–	82,277	1,939	31,831	125,464
Notes payable and interest due (from) to affiliates	(3,824)	1,342,264	101,865	38,493	(18,603)	(1,467,843)
Long-term debt less current maturities	2,136,101	(1,308,112)	1,348,153	334,598	147,483	1,610,979
Total liabilities	3,559,042	6,182	2,174,088	520,455	316,225	542,092
Net assets (deficit)						
Controlling interest	4,759,156	122,329	3,450,598	694,656	494,802	(3,229)
Noncontrolling interests in subsidiaries	73,086	–	54,700	28	18,358	–
Total liabilities and net assets	4,832,242	122,329	3,505,298	694,684	513,160	(3,229)
	\$ 8,391,284	\$ 128,511	\$ 5,679,386	\$ 1,215,139	\$ 829,385	\$ 538,863

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

Consolidating Balance Sheet of Southern California Region
(In Thousands)

June 30, 2013

	Southern California Region	Eliminations	St. Joseph Orange	St. Jude Medical Center	Mission Hospital	St. Mary Medical Center	Hoag Hospital	Hoag Orthopedic Institute	Hoag Foundation	Newport Healthcare Center	St. Joseph Home Health South	Heritage Foundation Southern California	Other
Assets													
Current assets													
Cash and equivalents	\$ 215,042	\$ -	\$ -	\$ -	\$ 0,405	\$ 14,063	\$ 121,332	\$ 20,744	\$ 15,305	\$ 7,310	\$ -	\$ 8,700	\$ 15,108
Short-term marketable securities	372,270	-	45,014	127,025	81,082	31,153	68,260	-	2,864	-	-	15,063	-
Patient accounts receivable less allowance for doubtful accounts	370,454	-	70,104	49,002	81,258	47,737	80,490	10,244	0,300	-	0,710	18,018	5,382
Other assets	180,900	(0,070)	45,257	21,511	20,601	18,510	31,504	357	0,300	14,081	324	11,555	580
Total current assets	1,138,675	(0,070)	160,375	100,538	100,246	111,460	301,505	37,345	27,550	22,300	7,043	51,002	28,070
Long-term marketable securities	440,284	-	181,171	246,290	-	21,823	-	-	-	-	-	-	-
Assets limited as to use	1,298,382	-	55,246	10,014	70,030	681	1,027,000	-	118,602	-	-	1,101	-
Board designated	3,050	-	3,050	-	-	-	-	-	-	-	-	-	-
Held in trust	1,301,432	-	58,206	10,014	70,030	681	1,027,000	-	118,602	-	-	1,101	-
Total assets limited as to use	2,457,893	(50,480)	502,444	548,338	320,507	135,577	742,550	0,234	-	128,043	2,930	75,000	35,821
Property and equipment net	787,62	(285,021)	15,086	4,051	20,122	1,101	230,104	55,847	25,054	10	-	2,232	120
Investments and other	-	-	-	-	-	-	-	-	-	-	-	-	-
Collateral held for swap counterparty	2,832	-	1,902	-	-	-	-	-	-	-	-	30	891
Notes receivable	10,000	-	4,826	4,305	2,736	410	3,726	-	-	-	-	-	-
Deferred financing costs net	234,400	30,227	-	1,002	13,717	-	-	520	-	-	-	132,035	50,308
Goodwill and other intangibles net	332,102	(254,704)	21,814	0,448	45,575	1,577	233,920	50,367	25,054	10	-	134,006	57,310
Total assets	\$ 5,670,386	\$ (314,950)	\$ 824,100	\$ 1,022,428	\$ 650,427	\$ 271,127	\$ 2,305,773	\$ 800,046	\$ 172,115	\$ 151,250	\$ 0,073	\$ 265,000	\$ 121,210
Liabilities and net assets (deficit)													
Current liabilities													
Accounts payable	\$ 07,328	\$ (31)	\$ 22,504	\$ 8,506	\$ 14,528	\$ 0,252	\$ 20,960	\$ 3,015	\$ 142	\$ 132	\$ 330	\$ 8,891	\$ 2,481
Accrued compensation and related liabilities	146,983	(2,560)	20,807	20,778	20,205	11,582	56,380	2,182	225	-	1,303	7,075	2,022
Accrued liabilities	142,540	(4,128)	15,028	12,018	22,003	8,200	54,160	7,075	81	457	433	24,485	772
Payable to third-party payors	43,412	-	508	0,503	18,001	10,626	360	-	-	-	-	1,408	-
Current maturities of long-term debt	174,202	(200)	0,145	3,075	3,070	044	157,071	1,533	-	-	-	200	504
Total current liabilities	604,465	(7,024)	70,002	52,680	78,887	46,070	295,846	14,405	448	580	2,075	43,058	5,830
Interest rate swaps	37,328	-	-	-	-	-	37,328	-	-	-	-	-	-
Other liabilities	82,277	(2,660)	0,370	4,500	3,564	5	55,487	3,220	2,137	-	30	7401	2,105
Notes payable and interest due (from)	101,805	-	(3,213)	(1,300)	84,670	7,006	(22,033)	146	1,830	-	8,854	4,364	20,002
Long-term debt less current maturities	1,348,153	(267,20)	358,551	354,150	180,050	34,375	304,873	5,710	-	-	-	45,362	803
Total liabilities	2,174,088	(36,403)	432,700	410,000	348,080	887,46	701,501	23,481	4,424	580	10,068	100,185	20,730
Net assets (deficit)	3,450,598	(333,247)	401,301	612,368	302,338	182,381	1,544,272	70,465	107,691	150,670	(005)	165,784	91,480
Controlling interest	547,700	547,700	-	-	-	-	-	-	-	-	-	-	-
Noncontrolling interests in subsidiaries	3,505,298	(278,547)	401,301	612,368	302,338	182,381	1,544,272	70,465	107,691	150,670	(005)	165,784	91,480
Total liabilities and net assets	\$ 5,670,386	\$ (314,950)	\$ 824,100	\$ 1,022,428	\$ 650,427	\$ 271,127	\$ 2,305,773	\$ 800,046	\$ 172,115	\$ 151,250	\$ 0,073	\$ 265,000	\$ 121,210

St Joseph Health System and Affiliates
A St Joseph Health Ministry Corporation
Consolidating Balance Sheet of Northern California Region
(In Thousands)

June 30, 2013

	Northern California Region	Eliminations	Queen of the Valley	Santa Rosa Memorial	Petaluma Valley	St. Joseph Eureka	Redwood Memorial	Heritage Foundation Northern California	St. Joseph Home Health North	Redwood Memorial Foundation	Advanced Surgery Institute	Queen of the Valley Foundation
Assets												
Current assets												
Cash and equivalents	\$ 41,382	\$ -	\$ 18,308	\$ 3,310	\$ 0,127	\$ -	\$ -	\$ 58,755	\$ 1,270	\$ -	\$ 144	\$ 3,274
Short-term marketable securities	154,023	-	70,010	63,004	-	-	150	18,020	-	-	2,530	-
Patient accounts receivable less allowance for doubtful accounts	110,304	-	30,042	45,300	0,007	23,050	5,345	3,358	0,70	-	414	-
Other assets	50,120	-	10,001	10,410	3,100	14,323	2,500	1,452	30	-	120	1,401
Total current assets	371,828	-	130,520	128,048	21,384	38,432	31,800	0,080	1,000	2,805	684	4,075
Long-term marketable securities	105,023	-	80,124	58,430	131	523	23,545	-	-	-	-	2,870
Assets limited as to use												
Board designated	0,041	-	-	3,050	1,705	1,190	-	-	-	-	-	-
Held in trust	28,572	-	22,070	-	-	-	-	-	-	-	-	0,400
Total assets limited as to use	35,513	-	22,070	3,050	1,705	1,190	-	-	-	-	-	0,400
Property and equipment net	631,051	-	204,317	178,887	17,085	212,513	10,300	4,105	1,001	227	2,047	113
Investments and other	5,144	(20)	817	1,081	-	2,774	-	-	-	478	23	-
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-
Deferred financing costs net	5,111	-	1,403	2,010	1,001	605	23	-	-	-	-	-
Goodwill and other intangibles net	200	-	-	-	-	200	-	-	-	-	-	-
Total assets	10,524	(20)	2,220	3,100	1,001	3,048	23	-	-	478	23	-
	\$ 1,215,130	\$ (20)	\$ 445,207	\$ 373,015	\$ 42,350	\$ 250,312	\$ 65,074	\$ 10,245	\$ 2,001	\$ 3,300	\$ 2,554	\$ 14,154
Liabilities and net assets (deficit)												
Current liabilities												
Accounts payable	\$ 27,820	\$ (1)	\$ 8,601	\$ 0,530	\$ 1,004	\$ 5,480	\$ 052	\$ 074	\$ 20	\$ -	\$ 634	\$ 14
Accrued compensation and related liabilities	57740	-	10772	21,181	5,114	11,317	2,508	317	411	-	30	-
Accrued liabilities	32,410	-	0,004	13,850	2,420	7,002	570	352	131	-	101	81
Payable to third-party payors	22,800	-	(283)	0,302	00	12770	3,503	208	-	-	-	-
Current maturities of long-term debt	4,031	-	1,203	2,255	00	-	00	-	-	-	005	-
Total current liabilities	145,425	(1)	33,387	53,190	0,327	37,484	7758	1,041	508	-	1,070	05
Other liabilities	1,030	-	-	-	-	355	-	180	-	-	-	1,404
Notes payable and interest due (from) to affiliates	38,493	-	(5,738)	(34,302)	22,322	34,078	322	10,010	5,000	4	-	(019)
Long-term debt less current maturities	334,508	-	152,404	118,074	342	60,823	1,838	-	-	-	1,027	-
Total liabilities	520,455	(1)	180,143	130,878	31,001	132740	0,018	19,037	0,408	4	2,007	580
Net assets (deficit)												
Controlling interest	004,050	(50)	205,124	230,137	10,305	123,572	55750	(8702)	(4377)	3,200	57	13,574
Noncontrolling interests in subsidiaries	28	28	-	-	-	-	-	-	-	-	-	-
	004,084	(28)	205,124	230,137	10,305	123,572	55750	(8702)	(4377)	3,200	57	13,574
Total liabilities and net assets	\$ 1,215,130	\$ (20)	\$ 445,207	\$ 373,015	\$ 42,350	\$ 250,312	\$ 65,074	\$ 10,245	\$ 2,001	\$ 3,300	\$ 2,554	\$ 14,154

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

Consolidating Balance Sheet of Texas Region
(In Thousands)

June 30, 2013

Assets	Texas Region	Eliminations	Covenant Lubbock	Covenant Levelland	Covenant Plainview	Covenant LTAC	Covenant Medical Group		Methodist Medical Group	Covenant Surgecenter	Covenant Diagnostic Imaging	Hospice of Lubbock	Covenant Health Partners	First Care	Methodist Service Provider Organization		Covenant Foundation
Current assets	\$ 66,702	\$ -	\$ 25,593	\$ 1,700	\$ 12,083	\$ 2,320	\$ 1,530	\$ -	\$ -	\$ -705	\$ 200	\$ 3,008	\$ 2,047	\$ 10,500	\$ 301	\$ -	\$ 4,201
Cash and equivalents	87,870	-	62,813	3,710	15	-	92	-	-	1,092	-	-	-	20,142	-	-	-
Short-term marketable securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term marketable securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes receivable	117,700	-	80,005	1,901	4,924	2,812	733	-	-	1,800	752	609	280	17,410	-	-	-
Accounts receivable	30,131	-	28,634	333	270	172	2,318	-	-	623	146	184	280	1,777	-	-	-
Other assets	311,403	-	107,045	710	17,901	5,313	11,277	-	-	4,310	1,158	4,701	2,027	40,034	2,000	-	1,680
Total current assets	178,111	-	125,530	-	-	-	-	-	-	-	-	-	-	42,911	3,000	-	5,077
Long-term marketable securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets limited as to use	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Board designated	14,048	-	371	30	-	-	-	-	-	-	-	-	-	-	-	-	14,238
Held in trust	13,188	-	10,150	-	-	-	-	-	-	-	-	-	-	-	-	-	3,032
Total assets limited as to use	27,236	-	10,521	30	-	-	-	-	-	-	-	-	-	-	-	-	17,270
Property and equipment, net	287,035	-	260,551	1,800	7,050	695	932	-	-	1,920	638	330	-	10,687	2,049	-	8
Investments and other	23,703	(34,003)	9,004	-	(6)	-	20,502	-	475	103	-	110	-	-	27,530	-	-
Notes receivable	21	-	-	21	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred financing costs, net	1,180	-	1,180	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill and other intangibles, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 829,385	\$ (34,003)	\$ 604,452	\$ 9,630	\$ 24,051	\$ 6,308	\$ 32,801	\$ 475	\$ -	\$ 6,303	\$ 1,790	\$ 5,210	\$ 2,027	\$ 103,532	\$ 32,078	\$ -	\$ 32,910
Liabilities and net assets (deficit)																	
Current liabilities	\$ 20,360	\$ -	\$ 15,415	\$ 208	\$ 752	\$ 142	\$ 123	\$ 123	\$ -	\$ 200	\$ 30	\$ 284	\$ 10	\$ 414	\$ -	\$ -	\$ 2,001
Accounts payable	43,103	-	26,553	632	3,685	490	600	-	-	180	170	123	2,800	174	-	-	35
Accrued compensation and related liabilities	68,817	-	8,535	-	-	117	1705	-	-	-	34	-	-	58,152	-	-	184
Payable to third-party payors	952	-	745	52	1,655	-	-	-	-	-	-	-	-	-	-	-	-
Current maturities of long-term debt	13,582	-	13,442	-	-	-	-	-	-	-	-	-	-	140	-	-	-
Total current liabilities	155,514	-	71,190	1,652	6,092	755	8,585	-	-	380	252	407	2,825	60,453	-	-	2,010
Other liabilities	31,831	-	10,704	-	-	-	20,502	475	-	-	-	-	-	-	-	-	-
Notes payable and interest due (from) to affiliates	(18,003)	-	(141,509)	(511)	8,898	218	78,450	-	-	307	-	65	(3,450)	-	38,187	-	745
Long-term debt less current maturities	147,483	-	145,237	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	310,225	-	85,682	1,141	14,940	973	107,633	475	-	687	252	472	(634)	62,600	38,104	-	3,055
Net assets (deficit)	499,160	(34,003)	518,770	8,489	9,961	5,335	(74,832)	-	-	5,700	1,544	477	3,561	40,833	(5,510)	-	29,201
Controlling interest	513,160	(34,003)	518,770	8,489	9,961	5,335	(74,832)	-	-	5,700	1,544	477	3,561	40,833	(5,510)	-	29,201
Noncontrolling interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities and net assets	\$ 829,385	\$ (34,003)	\$ 604,452	\$ 9,630	\$ 24,051	\$ 6,308	\$ 32,801	\$ 475	\$ -	\$ 6,303	\$ 1,790	\$ 5,210	\$ 2,027	\$ 103,532	\$ 32,078	\$ -	\$ 32,910

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

Consolidating Statements of Operations
(In Thousands)

For the Year Ended June 30, 2013

	Consolidated	Eliminations	Total Regional Entities	American Unity Group	Professional Services Enterprises	Heritage Investment Group I	Revenue Cycle Services	Innovation Institute	St. Joseph Health System Foundation	Obligated Group	Non- Obligated Group
Revenues											
Patient service net of contractual allowances and discounts	\$ 4,088,718	\$ -	\$ 4,088,718	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,494,088	\$ 594,630
Provision for doubtful accounts	236,897	-	236,897	-	-	-	-	-	-	211,144	25,753
Net patient service net of provision for doubtful accounts	3,851,821	-	3,851,821	-	-	-	-	-	-	3,282,944	568,877
Premium	943,634	-	943,634	-	-	-	-	-	-	154,241	789,393
Other	160,245	(69,956)	83,497	15,741	3,348	3,360	78,976	45,279	-	88,325	71,920
Total revenues	4,955,700	(69,956)	4,878,952	15,741	3,348	3,360	78,976	45,279	-	3,525,510	1,430,190
Expenses											
Compensation and benefits	2,179,898	(16,906)	2,131,904	-	-	-	48,617	16,283	-	1,694,796	485,102
Supplies and other	1,048,765	(19,216)	1,048,433	9,604	357	1,092	2,704	5,791	-	827,593	221,172
Professional fees and purchased services	1,369,459	(32,057)	1,340,191	151	-	38	33,347	27,789	-	620,547	748,912
Depreciation and amortization	235,496	(1,185)	235,211	-	648	340	278	204	-	193,018	42,478
Interest	72,346	(6,304)	75,144	-	2,753	753	-	-	-	65,781	6,565
Total expenses	4,905,964	(75,668)	4,830,883	9,755	3,758	2,223	84,946	50,067	-	3,401,735	1,504,229
Operating income (loss)	49,736	5,712	48,069	5,986	(410)	1,137	(5,970)	(4,788)	-	123,775	(74,039)
Nonoperating gains (losses) net	159,584	(20,299)	171,426	-	570	8	21	42	7,816	158,824	760
Contribution from affiliation	1,712,981	-	1,712,981	-	-	-	-	-	-	1,712,981	-
Excess (deficiency) of revenues over expenses	1,922,301	(14,587)	1,932,476	5,986	160	1,145	(5,949)	(4,746)	7,816	1,995,580	(73,279)
Less: Excess of revenues over expenses attributable to noncontrolling interests	41,314	570	40,744	-	-	-	-	-	-	43,128	(1,814)
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 1,880,987	\$ (15,157)	\$ 1,891,732	\$ 5,986	\$ 160	\$ 1,145	\$ (5,949)	\$ (4,746)	\$ 7,816	\$ 1,952,452	\$ (71,465)

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

Consolidating Statements of Operations of Regional Entities
(In Thousands)

For the Year Ended June 30, 2013

	Total Regional Entities	Eliminations	Southern California Region	Northern California Region	Texas Region	System Office
Revenues						
Patient service, net of contractual allowances and discounts	\$ 4,088,718	\$ -	\$ 2,298,585	\$ 1,026,997	\$ 763,136	\$ -
Provision for doubtful accounts	236,897	-	97,942	61,534	77,421	-
Net patient service, net of provision for doubtful accounts	3,851,821	-	2,200,643	965,463	685,715	-
Premium	943,634	-	451,717	9,452	482,465	-
Other	83,497	(255,874)	9,532	28,865	39,518	261,456
Total revenues	4,878,952	(255,874)	2,661,892	1,003,780	1,207,698	261,456
Expenses						
Compensation and benefits	2,131,904	(29,325)	1,101,022	483,227	426,565	150,415
Supplies and other	1,048,433	(17,219)	601,660	213,904	212,228	37,860
Professional fees and purchased services	1,340,191	(209,330)	690,870	221,335	540,629	96,687
Depreciation and amortization	235,211	2,445	134,658	55,179	34,619	8,310
Interest	75,144	-	49,120	12,815	8,611	4,598
Total expenses	4,830,883	(253,429)	2,577,330	986,460	1,222,652	297,870
Operating income (loss)	48,069	(2,445)	84,562	17,320	(14,954)	(36,414)
Nonoperating gains, net	171,426	-	83,372	25,181	20,620	42,253
Contribution from affiliation	1,712,981	1,712,981	-	-	-	-
Excess of revenues over expenses	1,932,476	1,710,536	167,934	42,501	5,666	5,839
Less: Excess (deficiency) of revenues over expenses attributable to noncontrolling interests	40,744	43,128	716	(34)	(3,066)	-
Excess of revenues over expenses attributable to controlling interests	\$ 1,891,732	\$ 1,667,408	\$ 167,218	\$ 42,535	\$ 8,732	\$ 5,839

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

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

For the Year Ended June 30, 2013

	Southern California Region	Elmuruons	St Joseph Orange	St Jude Medical Center	Mission Hospital	St Mary Medical Center	Hong Hospital	Hong Orthopedic Institute	Hong Foundation	Newport Healthcare Center	St Joseph Home Health South	Heritage Foundation Southern California	Other
Revenues													
Patient service net of contractual allowances and discounts	\$ 2,298,585	\$ 15,398	\$ 601,059	\$ 422,586	\$ 484,291	\$ 288,327	\$ 238,815	\$ 26,562	\$ -	\$ -	\$ 40,952	\$ 160,306	\$ 20,289
Provision for doubtful accounts	97,942	-	21,243	18,194	12,244	32,290	9,213	-	-	-	1,413	3,007	338
Net patient service net of provision for doubtful accounts	2,200,643	15,398	579,816	404,392	472,047	256,037	229,602	26,562	-	-	39,539	157,299	19,951
Premium other	451,717	-	60,004	64,628	3,143	17,535	31,158	-	-	-	-	275,249	-
	9,532	(83,684)	12,657	7,444	10,780	5,344	19,188	777	4,068	3,789	-	10,106	19,063
Total revenues	2,661,892	(68,286)	652,477	476,464	485,970	278,916	279,948	27,339	4,068	3,789	39,539	442,654	39,014
Expenses													
Compensation and benefits	1,101,022	(1,038)	280,708	208,919	196,482	134,482	125,502	6,912	-	-	26,326	104,344	18,385
Supplies and other	601,660	(1,234)	154,843	99,556	115,788	56,996	68,932	13,329	8,292	1,109	8,688	63,742	11,619
Professional fees and purchased services	690,870	(63,112)	141,939	102,577	88,947	62,061	45,161	5,155	-	644	4,721	297,924	4,853
Depreciation and amortization	134,658	(1,621)	38,181	25,718	22,507	10,401	24,882	357	-	916	759	9,725	2,833
Interest	49,120	(986)	15,331	13,480	9,401	1,778	6,170	69	-	-	12	3,806	59
Total expenses	2,577,330	(67,991)	631,002	450,250	433,135	265,718	270,647	25,822	8,292	2,669	40,506	479,541	37,749
Operating income (loss)	84,562	(295)	21,475	26,214	52,845	13,198	9,301	1,517	(4,224)	1,120	(967)	(36,887)	1,265
Nonoperating gains (losses) net	83,372	(7,692)	21,839	36,562	6,089	4,643	20,139	652	528	45	23	490	54
Excess (deficiency) of revenues over expenses	167,934	(7,987)	43,314	62,776	58,934	17,841	29,440	2,169	(3,696)	1,165	(944)	(36,397)	1,319
Less: Excess of revenues over expenses attributable to noncontrolling interests	716	716	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 167,218	\$ (8,703)	\$ 43,314	\$ 62,776	\$ 58,934	\$ 17,841	\$ 29,440	\$ 2,169	\$ (3,696)	\$ 1,165	\$ (944)	\$ (36,397)	\$ 1,319

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

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

For the Year Ended June 30, 2013

	Northern California Region	Eliminations	Queen of the Valley	Santa Rosa Memorial	Petaluma Valley	St Joseph Eureka	Redwood Memorial	Heritage Foundation Northern California	St Joseph Home Health North	Redwood Memorial Foundation	Advanced Surgery Institute	Queen of the Valley Foundation
Revenues												
Patient service net of contractual allowances and discounts	\$ 1,026,997	\$ (588)	\$ 260,854	\$ 379,041	\$ 87,307	\$ 208,702	\$ 47,906	\$ 31,341	\$ 9,968	\$ -	\$ 2,436	\$ -
Provision for doubtful accounts	61,534	-	11,997	22,265	8,055	12,222	5,641	965	389	-	-	-
Net patient service net of provision for doubtful accounts	965,463	(588)	248,851	356,776	79,252	196,480	42,265	30,376	9,579	-	2,436	-
Premium	9,452	-	7,993	938	-	-	-	521	-	-	-	-
Other	28,865	5,047	8,218	3,181	2,443	2,205	958	6,813	-	-	-	-
Total revenues	1,003,780	4,459	265,068	360,895	81,695	198,685	43,223	37,710	9,579	-	2,436	-
Expenses												
Compensation and benefits	483,227	2,663	136,159	174,761	47,579	82,714	19,740	10,958	8,031	-	622	-
Supplies and other	213,904	6,433	55,304	74,379	14,550	48,268	6,007	6,175	1,531	-	1,257	-
Professional fees and purchased services	221,335	(1,459)	44,531	72,699	16,921	41,101	9,630	36,520	1,131	-	261	-
Depreciation and amortization	55,179	58	17,502	19,145	4,085	11,308	1,615	867	295	-	304	-
Interest	12,815	33	3,901	6,091	26	2,398	96	-	209	-	61	-
Total expenses	986,460	7,228	257,397	347,075	83,161	185,789	37,088	54,520	11,197	-	2,505	-
Operating income (loss)	17,320	(3,239)	7,671	13,820	(1,466)	12,896	6,135	(16,810)	(1,618)	-	(69)	-
Nonoperating gains (losses) net	25,181	2,949	10,712	8,904	143	(281)	2,739	4	-	140	-	(129)
Excess (deficiency) of revenues over expenses	42,501	(290)	18,383	22,724	(1,323)	12,615	8,874	(16,806)	(1,618)	140	(69)	(129)
Less: Deficiency of revenues over expenses attributable to noncontrolling interests	(34)	(34)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 42,535	\$ (256)	\$ 18,383	\$ 22,724	\$ (1,323)	\$ 12,615	\$ 8,874	\$ (16,806)	\$ (1,618)	\$ 140	\$ (69)	\$ (129)

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

Consolidating Statements of Operations of Texas Region
(In Thousands)

For the Year Ended June 30, 2013

	Texas Region	Eliminations	Covenant Lubbock	Covenant Leveland	Covenant Plainview	Covenant LTAC	Covenant Medical Group	Covenant Surgecenter	Covenant Diagnostic Imaging	Hospice of Lubbock	Covenant Health Partners	First Care	Methodist Service Provider Organization	Covenant Foundation
Revenues														
Patient service, net of contractual allowances and discounts	\$ 763,136	\$ (57,983)	\$ 620,072	\$ 20,278	\$ 30,056	\$ 18,851	\$ 88,378	\$ 12,430	\$ 5,011	\$ 7,143	\$ -	\$ -	\$ -	\$ -
Provision for doubtful accounts	--421	-	57,027	2,100	-467	(203)	9,098	440	517	60	-	-	-	-
Net patient service, net of provision for doubtful accounts	685,715	(57,983)	572,045	18,169	31,589	19,054	88,380	11,990	5,304	7,077	-	-	-	-
Premium	482,465	(11,847)	24,337	3,400	3,556	1	26,810	-	40	-	-	484,312	-	-
Other	30,518	(30,375)	596,382	18,509	35,145	19,055	105,190	11,990	5,443	7,261	4,522	10,094	-	-
Total revenues	1,207,698	(90,205)	1,222,652	57,081	74,282	34,652	129,214	10,129	3,870	6,557	4,760	513,881	944	-
Expenses														
Compensation and benefits	426,565	603	246,828	11,567	16,952	8,602	100,379	3,650	2,277	2,830	1,336	31,412	-	-
Supplies and other	212,228	1,996	150,284	3,613	9,406	4,828	16,801	4,015	869	1,384	216	17,944	872	-
Professional fees and purchased services	540,629	(96,050)	130,224	5,061	7,197	2,915	11,785	1,940	577	2,153	3,198	462,629	-	-
Depreciation and amortization	34,610	-	29,957	437	1,667	249	249	524	147	181	-	1,726	72	-
Interest	8,611	-	8,468	3	-	-	-	-	-	-	-	140	-	-
Total expenses	1,222,652	(93,361)	574,741	20,681	34,652	16,594	129,214	10,129	3,870	6,557	4,760	513,881	944	-
Operating (loss) income	(14,954)	3,156	21,611	(2,172)	493	2,461	(24,024)	1,861	1,573	704	(228)	(19,475)	(944)	-
Nonoperating gains (losses), net	20,620	3,664	19,028	571	81	6	29	486	27	27	51	3,203	(10,902)	436
Excess (deficiency) of revenues over expenses	5,090	6,820	40,669	(1,601)	574	2,467	(23,995)	2,347	1,573	731	(177)	(16,272)	(11,846)	436
Less: Deficiency of revenues over expenses attributable to noncontrolling interests		(3,000)												-
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 8,732	\$ 9,886	\$ 40,669	\$ (1,601)	\$ 574	\$ 2,467	\$ (23,995)	\$ 2,347	\$ 1,573	\$ 731	\$ (177)	\$ (16,272)	\$ (11,846)	\$ 436

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

Consolidating Balance Sheet

(In Thousands)

June 30, 2012

	Consolidated	Eliminations	Total Regional Entities	American Unit Group	Professional Services Enterprises	Heritage Investment Group I	Revenue Cycle Services	Innovation Institute	St. Joseph Health System Foundation	Obligated Group	Non-Obligated Group
Assets											
Current assets											
Cash and equivalents	\$ 100,040	\$ (22,368)	\$ 181,772	\$ 5,960	\$ -	\$ -	\$ 2,980	\$ 21,500	\$ 5,311	\$ 60,350	\$ 100,590
Short-term marketable securities	784,811	-	725,322	-	-	-	-	-	50,480	686,206	98,515
Prepaid accounts receivable less allowance for doubtful accounts	485,400	-	485,400	-	-	-	-	-	-	-	48,288
Other assets	174,030	-	172,097	1,117	-	-	61	154	-	158,720	15,310
Total current assets	1,644,280	(22,368)	1,568,290	7,086	-	-	3,050	21,654	64,801	1,381,577	262,703
Long-term marketable securities	936,487	-	874,484	62,003	-	-	-	-	-	824,984	111,503
Assets limited as to use											
Board designated	188,267	-	161,038	-	-	-	-	-	27,220	147,106	41,161
Held in trust	196,060	-	196,060	-	-	-	-	-	-	189,967	6,093
Total assets limited as to use	384,333	-	357,104	-	-	-	-	-	27,220	337,073	47,260
Property and equipment net	2,388,782	(24,982)	2,388,768	-	12,257	12,614	60	65	-	2,310,963	68,810
Investments and other	55,042	(37,872)	74,735	322	10,513	7,344	-	-	-	92,324	(37,282)
Collateral held for swap counterparty	40,402	-	40,402	-	-	-	-	-	-	40,402	-
Notes receivable	4,711	-	4,711	-	-	-	-	-	-	4,711	-
Deferred financing costs net	20,781	-	20,781	-	-	-	-	-	-	20,781	-
Goodwill and other intangibles net	42,280	(5,524)	47,804	-	-	-	-	-	-	15,527	26,753
Total assets	1,632,116	(43,306)	1,884,433	322	10,513	7,344	-	-	-	173,745	410,520
	\$ 5,517,098	\$ (60,746)	\$ 5,377,070	\$ 60,411	\$ 22,770	\$ 23,008	\$ 1,827	\$ 21,710	\$ 92,030	\$ 5,037,342	\$ 479,756
Liabilities and net assets (deficit)											
Current liabilities											
Accounts payable	\$ 121,428	\$ (193)	\$ 119,950	\$ 801	\$ -	\$ -	\$ -	\$ 870	\$ -	\$ 107,305	\$ 14,033
Accrued compensation and related liabilities	234,086	-	227,258	-	-	-	-	404	-	211,376	22,710
Accrued liabilities	292,230	(1,502)	273,540	18,167	-	1,914	101	1	-	194,060	98,164
Payable to third-party payors	64,045	-	64,045	-	-	-	-	-	-	62,005	2,040
Current maturities of long-term debt	30,238	-	30,238	-	-	-	-	-	-	30,098	140
Total current liabilities	751,027	(1,695)	721,040	18,968	-	1,914	635	1,365	-	613,940	137,087
Interest rate swaps	72,620	-	72,620	-	-	-	-	-	-	72,620	-
Other liabilities	178,507	-	167,056	11,535	6	-	-	-	-	144,710	33,887
Notes payable and interest due (from) to affiliates	-	(22,503)	14,767	113	(2,238)	14,725	(344)	333	(4,863)	(116,969)	116,969
Long-term debt less current maturities	1,633,784	(37,873)	1,651,535	-	20,122	-	-	-	-	1,630,227	3,557
Total liabilities	2,630,037	(62,071)	2,630,027	30,616	17,900	16,030	691	1,698	-	2,344,537	291,500
Net assets (deficit)											
Controlling interest	2,845,141	(31,846)	2,714,303	38,795	4,870	6,360	(4,264)	20,021	96,893	2,692,805	152,336
Noncontrolling interests in subsidiaries	35,920	3,171	32,749	-	-	-	-	-	-	-	35,920
Total liabilities and net assets	2,881,061	(28,675)	2,747,052	38,795	4,870	6,360	(4,264)	20,021	96,893	2,692,805	188,256
	\$ 5,517,098	\$ (60,746)	\$ 5,377,070	\$ 60,411	\$ 22,770	\$ 23,008	\$ 1,827	\$ 21,710	\$ 92,030	\$ 5,037,342	\$ 479,756

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

Consolidating Balance Sheet of Regional Entities
(In Thousands)

June 30, 2012

	Total Regional Entities	Eliminations	Southern California Region	Northern California Region	Texas Region	System Office
Assets						
Current assets						
Cash and equivalents	\$ 184,772	\$ (31,344)	\$ 58,785	\$ 29,274	\$ 102,225	\$ 25,832
Short-term marketable securities	725,322	—	350,725	189,617	104,601	80,379
Patient accounts receivable less allowance for doubtful accounts	485,499	—	249,976	128,041	107,482	—
Other assets	172,697	—	86,898	57,918	20,154	7,727
Total current assets	1,568,290	(31,344)	746,384	404,850	334,462	113,938
Long-term marketable securities	874,484	2,365	454,459	108,900	177,296	131,464
Assets limited as to use						
Board designated	161,038	—	142,081	6,586	12,371	—
Held in trust	196,066	—	65,023	54,716	13,584	62,743
Total assets limited as to use	357,104	—	207,104	61,302	25,955	62,743
Property and equipment net	2,388,768	—	1,441,863	578,097	258,027	110,781
Investments and other	74,735	—	24,639	2,872	20,115	27,109
Collateral held for swap counterparty	40,402	—	—	—	—	40,402
Notes receivable	4,711	—	4,485	77	149	—
Deferred financing costs net	20,781	—	12,938	5,581	1,368	894
Goodwill and other intangibles net	47,804	—	46,996	808	—	—
Total assets	188,433	—	89,058	9,338	21,632	68,405
	\$ 5,377,079	\$ (28,979)	\$ 2,938,868	\$ 1,162,487	\$ 817,372	\$ 487,331
Liabilities and net assets (deficit)						
Current liabilities						
Accounts payable	\$ 119,950	\$ (2)	\$ 69,022	\$ 24,858	\$ 18,127	\$ 7,945
Accrued compensation and related liabilities	227,258	—	90,644	55,459	34,530	46,625
Accrued liabilities	273,549	—	76,635	29,076	70,695	97,143
Payable to third-party payors	64,045	—	34,094	20,395	9,556	—
Current maturities of long-term debt	39,238	(29,865)	13,849	3,604	13,070	38,580
Total current liabilities	724,040	(29,867)	284,244	133,392	145,978	190,293
Interest rate swaps	72,629	—	—	—	—	72,629
Other liabilities	167,056	—	14,661	1,787	29,788	120,820
Notes payable and interest due (from) to affiliates	14,767	1,364,566	56,719	44,282	(13,948)	(1,436,852)
Long-term debt less current maturities	1,651,535	(1,366,043)	961,454	337,412	161,130	1,557,582
Total liabilities	2,630,027	(31,344)	1,317,078	518,873	322,948	504,472
Net assets (deficit)						
Controlling interest	2,714,303	2,365	1,609,340	645,614	474,125	(17,141)
Noncontrolling interests in subsidiaries	32,749	—	12,450	—	20,299	—
Total liabilities and net assets	2,747,052	2,365	1,621,790	645,614	494,224	(17,141)
	\$ 5,377,079	\$ (28,979)	\$ 2,938,868	\$ 1,162,487	\$ 817,372	\$ 487,331

St Joseph Health System and Affiliates
A St Joseph Health Ministry Corporation
Consolidating Balance Sheet of Southern California Region
(In Thousands)

June 30, 2012

	Southern California Region	Eliminations	St Joseph Orange	St Jude Medical Center	Mission Hospital	St Mary Medical Center	Heritage Foundation Southern California	St Joseph Imaging	St Joseph Physician Ventures	Mission Ambulatory Services	Mission Viejo Medical Ventures	Mission Education Conference Center	St Joseph Home Health South
Assets													
Current assets													
Cash and equivalents	\$ 58,785	\$ -	\$ -	\$ 13,916	\$ 16,634	\$ 7,624	\$ 11,106	\$ 5	\$ 6,805	\$ 2,264	\$ 251	\$ 180	\$ -
Short-term marketable securities	350,725	-	73,552	131,793	101,614	29,501	14,265	-	-	-	-	-	-
Patient accounts receivable, less allowance for doubtful accounts	249,976	-	53,648	48,740	73,475	52,304	12,546	-	1	2,183	-	-	7,069
Other assets	86,898	-	26,900	9,190	16,422	27,760	5,663	243	-	508	-	29	183
Total current assets	746,384	-	154,100	203,649	208,145	117,189	43,880	248	6,806	4,955	251	209	7,252
Long-term marketable securities	454,459	-	184,315	222,229	-	47,915	-	-	-	-	-	-	-
Assets limited as to use	142,081	-	53,194	16,991	69,390	650	1,856	-	-	-	-	-	-
Board designated	65,023	-	2,873	62,150	-	-	-	-	-	-	-	-	-
Held in trust	207,104	-	56,067	79,141	69,390	650	1,856	-	-	-	-	-	-
Total assets limited as to use	1,441,863	(49,341)	492,064	458,821	319,993	120,318	67,222	1,295	20,456	880	-	5,960	4,195
Property and equipment, net	24,639	(30,693)	15,122	6,409	29,885	1,659	1,448	758	-	-	51	-	-
Investments and other	4,485	-	4,485	-	-	-	-	-	-	-	-	-	-
Notes receivable	12,938	-	5,038	4,598	2,860	442	-	-	-	-	-	-	-
Deferred financing costs, net	46,996	29,969	-	1,002	13,717	-	-	-	2,308	-	-	-	-
Goodwill and other intangibles, net	89,058	(724)	24,645	12,009	46,462	2,101	1,448	758	2,308	-	51	-	-
Total assets	\$ 2,938,868	\$ (50,065)	\$ 911,191	\$ 975,849	\$ 643,990	\$ 288,173	\$ 114,106	\$ 2,301	\$ 29,570	\$ 5,835	\$ 302	\$ 6,169	\$ 11,447
Liabilities and net assets (deficit)													
Current liabilities													
Accounts payable	\$ 69,022	\$ (41)	\$ 26,423	\$ 9,288	\$ 13,899	\$ 9,865	\$ 8,415	\$ 644	\$ -	\$ 492	\$ -	\$ -	\$ -
Accrued compensation and related liabilities	90,644	-	31,268	20,838	20,634	10,659	6,048	-	-	232	-	-	965
Accrued liabilities	76,635	-	18,976	13,483	21,640	6,265	15,231	-	68	447	-	110	415
Payable to third-party payors	34,094	-	635	12,187	10,093	9,738	1,441	-	-	-	-	-	-
Current maturities of long-term debt	13,849	(244)	6,168	3,801	2,969	911	244	-	-	-	-	-	-
Total current liabilities	284,244	(248)	83,470	59,597	69,235	37,438	31,379	644	68	1,171	-	110	1,380
Other liabilities	14,661	-	3,141	4,531	3,638	3	1,752	1,385	136	-	-	-	75
Notes payable and interest due (from) to affiliates	56,719	1	2,277	(5,608)	31,514	12,809	(1,682)	900	6,510	165	-	(216)	10,042
Long-term debt, less current maturities	961,454	(27,262)	364,787	358,151	184,097	35,367	45,450	864	-	-	-	-	-
Total liabilities	1,317,078	(27,509)	453,675	416,671	288,484	85,617	76,899	3,793	6,714	1,336	-	(106)	11,497
Net assets (deficit)													
Controlling interest	1,609,340	(35,006)	457,516	559,178	355,506	202,556	37,207	(1,492)	22,856	4,499	295	6,275	(50)
Noncontrolling interests in subsidiaries	12,450	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities and net assets	\$ 2,938,868	\$ (50,065)	\$ 911,191	\$ 975,849	\$ 643,990	\$ 288,173	\$ 114,106	\$ 2,301	\$ 29,570	\$ 5,835	\$ 302	\$ 6,169	\$ 11,447

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

Consolidating Balance Sheet of Northern California Region
(In Thousands)

June 30, 2012

	Northern California Region	Eliminations	Queen of the Valley	Santa Rosa Memorial	Petaluma Valley	St. Joseph Eureka	Redwood Memorial	Heritage Foundation Northern California	St. Joseph Home Health North	Redwood Memorial Foundation	Queen of the Valley Foundation
Assets											
Current assets											
Cash and equivalents	\$ 29,274	\$ -	\$ 14,937	\$ 909	\$ 2,642	\$ -	\$ -	\$ 597	\$ -	\$ 161	\$ 6,719
Short-term marketable securities	189,617	-	86,306	87,411	-	142	13,177	-	-	2,091	490
Patient accounts receivable less allowance for doubtful accounts	128,041	-	32,615	53,270	9,127	21,978	6,636	3,592	823	-	-
Other assets	57,918	-	5,797	22,297	3,598	20,306	4,034	809	69	-	1,008
Total current assets	404,850	-	139,655	163,887	15,367	42,426	27,156	4,998	892	2,252	8,217
Long-term marketable securities	108,900	-	62,187	26,446	75	471	17,446	-	-	-	2,275
Assets limited as to use											
Board designated	6,586	-	-	3,617	1,930	925	-	-	-	-	114
Held in trust	54,716	-	50,503	3,617	1,930	925	-	-	-	-	4,213
Total assets limited as to use	61,302	-	50,503	3,617	1,930	925	-	-	-	-	4,327
Property and equipment net	578,097	-	175,234	168,202	16,175	205,123	9,985	2,764	229	227	158
Investments and other	2872	-	702	145	-	2,025	-	-	-	-	-
Notes receivable	--	-	-	-	--	-	-	-	-	-	-
Deferred financing costs net	5,581	-	1,467	2,101	1,360	628	25	-	-	-	-
Goodwill and other intangibles net	808	-	-	-	-	808	-	-	-	-	-
Total assets	\$ 9,338	-	\$ 2,169	\$ 2,246	\$ 1,437	\$ 3,461	\$ 25	\$ -	\$ -	\$ -	\$ -
	\$ 1,162,487	\$ -	\$ 429,748	\$ 364,398	\$ 34,984	\$ 252,406	\$ 54,612	\$ 77,762	\$ 1,121	\$ 2,479	\$ 14,977
Liabilities and net assets											
Current liabilities											
Accounts payable	\$ 24,858	\$ (2)	\$ 6,850	\$ 9807	\$ 1,772	\$ 4,609	\$ 850	\$ 963	\$ -	\$ -	\$ 9
Accrued compensation and related liabilities	55,459	-	17,998	19,447	4,382	10,135	2,562	248	687	-	-
Accrued liabilities	29,076	-	7,452	12,230	2,166	6,443	274	435	43	-	33
Payable to third-party payors	20,395	-	1,329	8,731	(17)	9,435	318	599	-	-	-
Current maturities of long-term debt	3,604	-	1,261	2,181	95	-	67	-	-	-	-
Total current liabilities	133,392	(2)	34,890	52,396	8,398	30,622	4,071	2,245	730	-	42
Other liabilities	178	-	-	-	-	366	-	111	-	-	1,310
Notes payable and interest due (from) to affiliates	44,282	1	(5,800)	(29,850)	14,572	39,436	(853)	24,253	3,141	3	(621)
Long-term debt less current maturities	337,412	1	153,839	120,394	446	60,789	1,909	-	-	-	34
Total liabilities	516,873	-	182,929	142,940	23,416	131,213	5,127	26,609	3,871	3	765
Net assets (deficit)											
Controlling interest	645,614	-	246,819	221,458	11,568	121,193	49,485	(18,847)	(2,750)	2,476	14,212
Noncontrolling interests in subsidiaries	645,614	-	246,819	221,458	11,568	121,193	49,485	(18,847)	(2,750)	2,476	14,212
Total liabilities and net assets	\$ 1,162,487	\$ -	\$ 429,748	\$ 364,398	\$ 34,984	\$ 252,406	\$ 54,612	\$ 77,762	\$ 1,121	\$ 2,479	\$ 14,977

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

Consolidating Balance Sheet of Texas Region
(In Thousands)

June 30, 2012

Texas Region	Eliminations	Covenant Lubbock	Covenant Levelland	Covenant Plainsview	Covenant LTAC	Covenant Medical Group	Methodist Medical Group	Covenant Surgcenter	Covenant Diagnostic Imaging	Hospice of Lubbock	Covenant Health Partners	First Care	Methodist Service Provider Organization	Covenant Foundation
Cash and equivalents		\$ 32,844	\$ 3,007	\$ 8,381	\$ 1,134	\$ 1,881	\$ 84	\$ 553	\$ 600	\$ 1,788	\$ 1,304	\$ 3,587	\$ 980	\$ 4,271
Short-term marketable securities		78,225	4,181	15	-	-	-	1,087	-	604	-	20,015	-	-
Patent accounts receivable less allowance for doubtful accounts		-	1,053	4,910	3,177	-	-	2,020	483	-	-	8,725	-	-
Other assets		-	13,075	328	177	1,417	-	620	189	255	322	1,635	58	830
Total current assets		334,462	10,129	13,630	4,488	11,189	-	4,280	1,338	3,52	1,626	66,218	9,021	5,101
Long-term marketable securities		130,296	-	-	-	-	-	-	-	-	-	37,956	-	9,209
Assets limited as to use		-	-	-	-	-	-	-	-	-	-	-	-	-
Board designated		12,371	30	-	-	-	-	-	-	-	-	-	-	11,962
Field in trust		13,584	-	-	-	-	-	-	-	-	-	-	-	1,880
Total assets limited as to use		25,955	30	-	-	-	-	-	-	-	-	-	-	13,848
Property and equipment net		258,027	17,441	415	1,241	833	-	2,304	234	524	-	718	2,125	10
Investments and other		20,115	885	411	-	17,143	434	180	-	118	-	-	32,554	-
Notes receivable		140	-	-	-	-	-	-	-	-	-	-	-	-
Deferred financing costs net		1,368	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill and other intangibles net		-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets		\$ 817,372	\$ 12,061	\$ 21,456	\$ 5,720	\$ 29,165	\$ 434	\$ 6,764	\$ 1,572	\$ 4,301	\$ 1,626	\$ 111,922	\$ 41,600	\$ 28,228
Liabilities and net assets (deficit)														
Current liabilities		\$ 18,127	\$ 527	\$ 1,257	\$ 92	\$ 303	\$ -	\$ 107	\$ 59	\$ 149	\$ 3	\$ 164	\$ -	\$ 1,090
Accounts payable		-	620	894	531	4,701	-	161	160	120	835	1,863	-	17
Accrued compensation and related liabilities		-	-	-	109	1,056	-	-	39	-	-	60,463	-	280
Accrued liabilities		9,556	8,941	24	-	-	-	-	-	-	-	-	-	-
Payable to third-party payors		13,070	-	-	-	-	-	-	-	-	-	-	-	-
Current maturities of long-term debt		145,078	68,748	2,175	732	9,900	-	328	288	269	838	62,630	907	1,390
Total current liabilities		207,881	122,140	12,156	1,266	17,143	434	6,764	1,572	4,301	1,626	111,922	41,600	28,228
Other liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-
Notes payable and interest due (from) to affiliates		-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term debt less current maturities		(13,048)	(110,437)	(893)	(474)	(50,708)	-	(203)	-	(108)	(2,940)	-	(37,473)	(200)
Total liabilities		161,130	(158,010)	(893)	(1,266)	(30,768)	434	(203)	288	(108)	(2,940)	2,220	(37,473)	(200)
Net assets (deficit)		322,948	123,432	12,061	4,458	29,165	-	6,561	1,004	3,993	1,000	109,700	40,000	27,028
Controlling interest		474,125	46,571	10,094	4,523	(50,836)	-	6,233	1,314	4,017	3,734	47,072	6,330	26,500
Noncontrolling interests in subsidiaries		20,299	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities and net assets		\$ 817,372	\$ 12,061	\$ 21,456	\$ 5,720	\$ 29,165	\$ 434	\$ 6,764	\$ 1,572	\$ 4,301	\$ 1,626	\$ 111,922	\$ 41,600	\$ 28,228

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

Consolidating Statements of Operations
(In Thousands)

For the Year Ended June 30, 2012

	Consolidated	Eliminations	Total Regional Entities	American Unity Group	Professional Services Enterprises	Heritage Investment Group I	Revenue Cycle Services	Innovation Institute	St. Joseph Health System Foundation	Obligated Group	Non- Obligated Group
Revenues											
Patient service net of contractual allowances and discounts	\$ 3 729 930	\$ -	\$ 3 729 930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3 486 124	\$ 243 806
Provision for doubtful accounts	221 400	-	221 400	-	-	-	-	-	-	207 004	14 396
Net patient service net of provision for doubtful accounts	3 508 530	-	3 508 530	-	-	-	-	-	-	3 279 120	229 410
Premium	740 468	-	740 468	-	-	-	-	-	-	141 604	598 864
Other	133 809	(29 944)	129 548	9 496	4 646	3 360	4 124	12 579	-	92 841	40 968
Total revenues	4 382 807	(29 944)	4 378 546	9 496	4 646	3 360	4 124	12 579	-	3 513 565	869 242
Expenses											
Compensation and benefits	1 974 224	(5 359)	1 968 908	-	-	-	9 316	5 359	-	1 707 320	266 904
Supplies and other	897 381	(9 786)	899 219	3 985	1 762	1 097	309	795	-	796 994	100 387
Professional fees and purchased services	1 087 812	(8 407)	1 089 201	184	23	32	375	6 404	-	556 487	531 325
Depreciation and amortization	189 468	(1 185)	189 633	-	648	336	36	-	-	179 882	9 586
Interest	64 197	(6 150)	67 064	-	2 431	852	-	-	-	63 936	261
Total expenses	4 213 082	(30 887)	4 210 025	4 169	4 864	2 317	10 036	12 558	-	3 304 619	908 463
(Operating income (loss))	169 725	943	168 521	5 327	(218)	1 043	(5 912)	21	-	208 946	(39 221)
Nonoperating (losses) gains net	(47 995)	(19 523)	(55 178)	-	21 019	7	1	-	5 679	(21 757)	(26 238)
Excess (deficiency) of revenues over expenses	121 730	(18 580)	113 343	5 327	20 801	1 050	(5 911)	21	5 679	187 189	(65 459)
Less: Excess of revenues over expenses attributable to noncontrolling interests	4 324	523	3 801	-	-	-	-	-	-	-	4 324
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 117 406	\$ (19 103)	\$ 109 542	\$ 5 327	\$ 20 801	\$ 1 050	\$ (5 911)	\$ 21	\$ 5 679	\$ 187 189	\$ (69 783)

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

Consolidating Statements of Operations of Regional Entities

(In Thousands)

For the Year Ended June 30, 2012

	Total Regional Entities	Eliminations	Southern California Region	Northern California Region	Texas Region	System Office
Revenues						
Patient service, net of contractual allowances and discounts	\$ 3,729,930	\$ -	\$ 1,970,680	\$ 995,927	\$ 763,323	\$ -
Provision for doubtful accounts	221,400	-	101,996	49,970	69,434	-
Net patient service, net of provision for doubtful accounts	3,508,530	-	1,868,684	945,957	693,889	-
Premium	740,468	-	382,894	8,050	349,524	-
Other	129,548	(239,084)	48,223	19,320	57,492	243,597
Total revenues	4,378,546	(239,084)	2,299,801	973,327	1,100,905	243,597
Expenses						
Compensation and benefits	1,964,908	(30,774)	984,330	486,944	402,286	122,122
Supplies and other	899,219	(16,371)	487,979	194,931	205,175	27,505
Professional fees and purchased services	1,089,201	(191,939)	575,028	199,342	401,931	104,839
Depreciation and amortization	189,633	-	93,194	47,657	42,705	6,077
Interest	67,064	-	42,268	11,563	9,151	4,082
Total expenses	4,210,025	(239,084)	2,182,799	940,437	1,061,248	264,625
Operating income (loss)	168,521	-	117,002	32,890	39,657	(21,028)
Nonoperating (losses) gains, net	(55,178)	-	(25,663)	5,357	(8,746)	(26,126)
Excess (deficiency) of revenues over expenses	113,343	-	91,339	38,247	30,911	(47,154)
Less: Excess of revenues over expenses attributable to noncontrolling interests	3,801	-	2,511	-	1,290	-
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 109,542	\$ -	\$ 88,828	\$ 38,247	\$ 29,621	\$ (47,154)

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

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

For the Year Ended June 30, 2012

	Southern California Region	Eliminations	St Joseph Orange	St Jude Medical Center	Mission Hospital	St Mary Medical Center	Heritage Foundation Southern California	St Joseph Imaging	St Joseph Physician Ventures	Mission Ambulatory Services	Mission Viejo Medical Ventures	Mission Education Conference Center	St Joseph Home Health South
Revenues													
Patient service net of contractual allowances and discounts	\$ 1 970 680	\$ -	\$ 581 593	\$ 428 912	\$ 481 308	\$ 312 794	\$ 118 616	\$ -	\$ -	\$ 12 054	\$ -	\$ -	\$ 35 403
Provision for doubtful accounts	101 996	-	111 354	26 768	25 966	33 957	2 868	-	-	436	-	-	647
Net patient service net of provision for doubtful accounts	1 868 684	-	570 239	402 144	455 342	278 837	115 748	-	-	11 618	-	-	34 756
Premium	382 894	-	56 729	56 298	1 590	19 302	248 975	-	-	-	-	-	-
Other	48 223	(2 558)	11 412	6 212	14 708	4 033	8 394	4 079	301	-	-	1 642	-
Total revenues	2 299 801	(2 558)	638 380	464 654	471 640	302 172	373 117	4 079	301	11 618	-	1 642	34 756
Expenses													
Compensation and benefits	984 330	6 955	301 220	217 420	212 657	133 435	83 023	1 112	-	3 152	-	-	25 356
Supplies and other	487 979	(5 026)	160 972	93 168	112 210	59 196	55 272	1 902	73	3 485	1	367	6 359
Professional fees and purchased services	575 028	(1 748)	107 916	86 159	77 287	56 890	242 726	508	137	1 289	45	55	3 764
Depreciation and amortization	93 194	(887)	30 757	25 896	21 391	9 094	5 836	324	65	319	-	183	216
Interest	42 268	(993)	14 798	13 026	9 586	1 958	3 808	68	-	-	-	-	17
Total expenses	2 182 799	(1 699)	615 663	435 669	433 131	260 573	390 665	3 914	275	8 245	46	605	35 712
Operating income (loss)	117 002	(859)	22 717	28 985	38 509	41 599	(17 548)	165	26	3 373	(46)	1 037	(956)
Nonoperating (losses) gains, net	(25 663)	(20 071)	(8 316)	3 675	(711)	(406)	104	-	-	10	35	1	16
Excess (deficiency) of revenues over expenses	91 339	(20 930)	14 401	32 660	37 798	41 193	(17 444)	165	26	3 383	(11)	1 038	(940)
Less: Excess of revenues over expenses attributable to noncontrolling interests	2 511	2 511	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 88 828	(23 441)	\$ 14 401	\$ 32 660	\$ 37 798	\$ 41 193	\$ (17 444)	\$ 165	\$ 26	\$ 3 383	\$ (11)	\$ 1 038	\$ (940)

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

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

For the Year Ended June 30, 2012

	Northern California Region	Eliminations	Queen of the Valley	Santa Rosa Memorial	Petaluma Valley	St Joseph Eureka	Redwood Memorial	Heritage Foundation Northern California	St Joseph Home Health North	Redwood Memorial Foundation	Queen of the Valley Foundation
Revenues											
Patient service net of contractual allowances and discounts	\$ 995,927	\$ (655)	\$ 240,626	\$ 378,036	\$ 87,763	\$ 206,119	\$ 50,821	\$ 23,050	\$ 10,167	\$ -	\$ -
Provision for doubtful accounts	49,970	-	10,590	18,936	6,345	9,340	3,742	539	478	-	-
Net patient service net of provision for doubtful accounts	945,957	(655)	230,036	359,100	81,418	196,779	47,079	22,511	9,689	-	-
Premium	8,050	-	7,686	-	-	-	-	364	-	-	-
Other	19,320	(1,585)	5,889	6,982	1,538	1,626	742	4128	-	-	-
Total revenues	973,327	(2,240)	243,611	366,082	82,956	198,405	47,821	27,003	9,689	-	-
Expenses											
Compensation and benefits	486,944	1,432	137,304	173,683	47,789	86,232	22,079	9,355	9,070	-	-
Supplies and other	194,931	243	51,827	70,528	14,687	45,494	5,576	5,133	1,443	-	-
Professional fees and purchased services	199,342	(1,527)	41,420	59,683	17,750	43,247	10,165	27,188	1,416	-	-
Depreciation and amortization	47,657	9	16,359	18,094	3,651	7,405	1,533	545	61	-	-
Interest	11,563	-	4,024	6,288	43	1,041	92	-	75	-	-
Total expenses	940,437	157	250,934	328,276	83,920	183,419	39,445	42,221	12,065	-	-
Operating income (loss)	32,890	(2,397)	(7,323)	37,806	(964)	14,986	8,376	(15,218)	(2,376)	-	-
Nonoperating gains (losses) net	5,357	2,397	375	2,933	41	(800)	39	2	16	70	284
Excess (deficiency) of revenues over expenses	38,247	-	(6,948)	40,739	(923)	14,186	8,415	(15,216)	(2,360)	70	284
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 38,247	\$ -	\$ (6,948)	\$ 40,739	\$ (923)	\$ 14,186	\$ 8,415	\$ (15,216)	\$ (2,360)	\$ 70	\$ 284

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

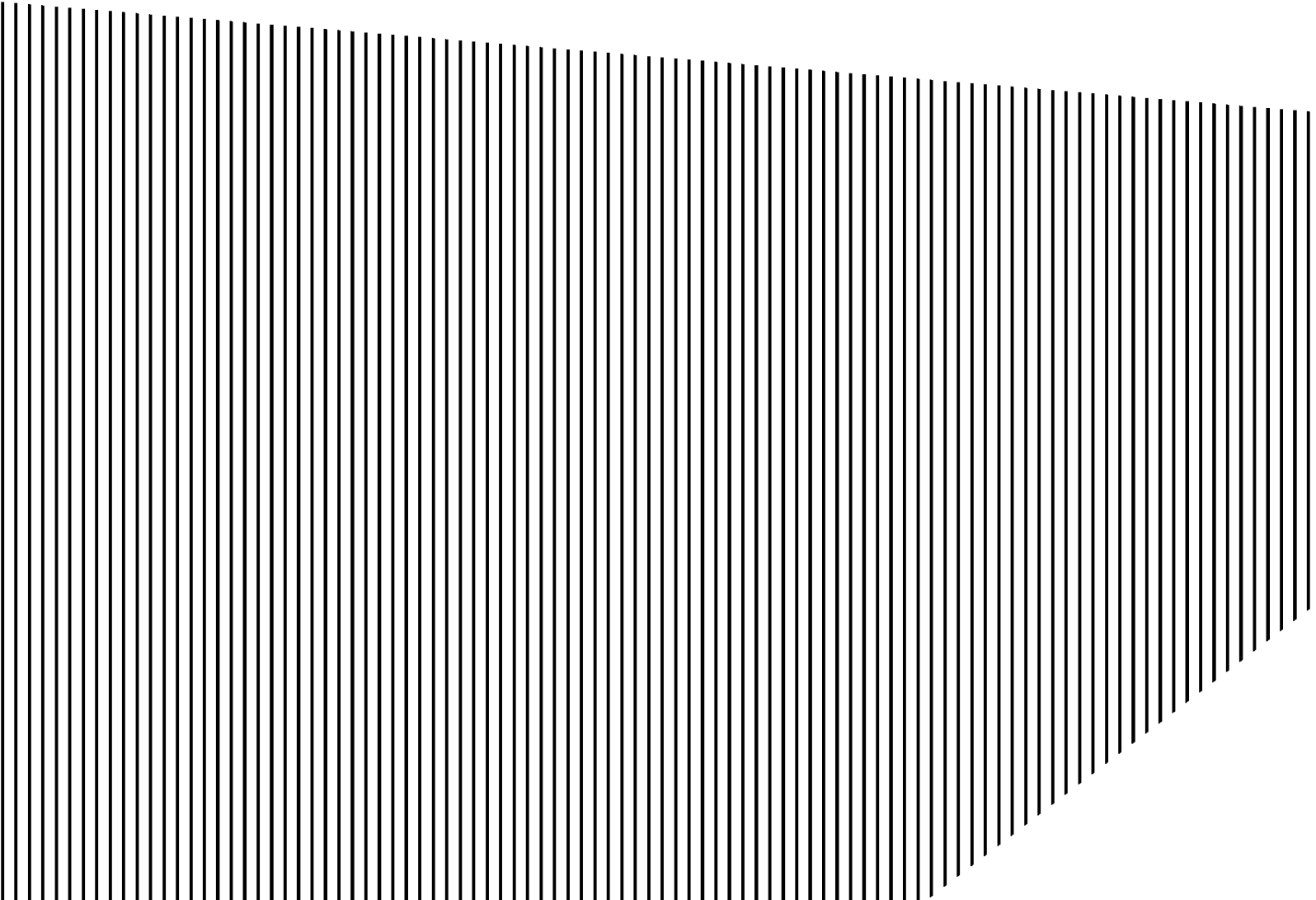
Consolidating Statements of Operations of Texas Region
(In Thousands)

For the Year Ended June 30, 2012

	Texas Region	Eliminations	Covenant Lubbock	Covenant Levelland	Covenant Plainview	Covenant LTAC	Covenant Medical Group	Covenant Surgecenter	Covenant Diagnostic Imaging	Hospice of Lubbock	Covenant Health Partners	First Care	Methodist Service Provider Organization	Covenant Foundation
Revenues														
Patient service, net of contractual allowances and discounts	\$ 763,323	\$ (68,123)	\$ 653,133	\$ 21,850	\$ 33,057	\$ 16,880	\$ 80,350	\$ 12,507	\$ 6,787	\$ 6,213	\$ -	\$ -	\$ -	\$ -
Provision for doubtful accounts	69,434	-	52,508	2,170	4,842	426	8,500	204	510	100	-	-	-	-
Net patient service, net of provision for doubtful accounts	693,889	(68,123)	600,625	19,671	28,815	16,454	71,850	12,273	6,268	6,113	-	-	-	-
Premium	349,524	(1,800)	-	-	-	-	-	-	-	-	-	351,324	-	-
Other	57,492	(11,548)	28,184	968	3,870	-	22,030	-	50	255	1,721	11,048	-	-
Total revenues	1,100,905	(81,471)	628,809	20,639	32,684	16,454	94,722	12,273	6,324	6,368	1,721	362,372	-	-
Expenses														
Compensation and benefits	402,286	(1,248)	240,513	11,395	15,021	9,003	92,067	3,751	2,143	2,842	680	25,180	-	-
Supplies and other	205,175	(888)	15,924	3,624	7,553	5,103	15,475	3,674	657	1,265	71	6,507	730	-
Professional fees and purchased services	401,931	(84,835)	129,087	4,870	7,691	3,701	11,080	1,623	648	1,894	1,268	324,706	-	-
Depreciation and amortization	42,705	-	38,027	530	653	306	407	507	102	52	-	1,740	72	-
Interest	9,151	-	8,923	-	-	102	-	-	-	-	-	126	-	-
Total expenses	1,061,248	(86,071)	574,504	20,437	31,218	18,395	119,038	9,555	3,850	6,053	2,038	361,430	802	-
Operating income (loss)	39,657	5,500	54,305	202	1,476	(1,941)	(25,216)	2,718	2,474	315	(307)	933	(802)	-
Nonoperating (losses) gains, net	(8,746)	(6,678)	(1,030)	184	42	8	0	433	1	2	0	(2,151)	162	200
Excess (deficiency) of revenues over expenses	30,911	(1,178)	53,275	386	1,518	(1,933)	(25,216)	3,151	2,475	317	(301)	(1,218)	(640)	200
Less: Excess of revenues over expenses attributable to noncontrolling interests														
Excess (deficiency) of revenues over expenses attributable to controlling interests	1,290	1,290												
	\$ 29,621	\$ (2,468)	\$ 53,275	\$ 386	\$ 1,518	\$ (1,933)	\$ (25,216)	\$ 3,151	\$ 2,475	\$ 317	\$ (301)	\$ (1,218)	\$ (640)	\$ 200

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Name: MISSION HOSPITAL REGIONAL MEDICAL CENTER

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			
KENNETH MCFARLAND BOARD MEMBER, CEO & PRESIDENT	50 0 2 0	X		X				0	961,964	54,622
ANNETTE WALKER BOARD MEMBER	2 0 50 0	X						0	650,691	49,701
BETH SCHIMMEL BOARD MEMBER	2 0 0 0	X						0	0	0
ED JORDAN BOARD MEMBER	2 0 0 0	X						0	0	0
ELLEN LEWIS MSN FAAN BOARD MEMBER	2 0 0 0	X						0	0	0
FARZAD MASSOUDI MD BOARD MEMBER	2 0 0 0	X						71,280	0	0
JOSEPH ROBBER BOARD MEMBER	2 0 0 0	X						0	0	0
MICHELE STAUNTON MD BOARD MEMBER (PART YEAR)	2 0 0 0	X						0	0	0
OSCAR FLORES BOARD MEMBER (PART YEAR)	2 0 0 0	X						0	0	0
R CLIFFORD CARPER BOARD MEMBER	2 0 0 0	X						0	0	0
ROBERT WINOKUR MD BOARD CHAIR	2 0 0 0	X						0	0	0
RUDY MARQUEZ MD BOARD MEMBER	2 0 0 0	X						0	0	0
SISTER CECILIA MAGLADRY BOARD VICE CHAIR	2 0 0 0	X						0	0	0
SISTER CHRISTINE RAY BOARD MEMBER (PART YEAR)	2 0 0 0	X						0	0	0
SISTER EILEEN MCNERNEY BOARD MEMBER	2 0 0 0	X						0	0	0
SISTER MARYANNE HUEPPER BOARD MEMBER	2 0 0 0	X						0	0	0
TODD LEMPET MD BOARD MEMBER	2 0 0 0	X						239,080	0	0
WILLIAM MURIN BOARD MEMBER (PART YEAR)	2 0 50 0	X						0	952,175	18,552
CYNTHIA MUELLER VP MISSION INTEGRATION/SEC	50 0 0 0			X				262,768	0	47,043
EILEEN HAUBL VP & CHIEF FINANCIAL OFFICER	50 0 0 0			X				440,785	0	44,139
TARA COWELL VP/ASSOCIATE GENERAL COUNSEL	2 0 50 0			X				0	348,403	34,558
LINDA JOHNSON VP PATIENT CARE SERVICES	50 0 0 0				X			384,445	0	49,891
DENNIS HAGHIGHAT VP MEDICAL AFFAIRS	50 0 0 0				X			415,133	0	23,438
MARGARITA COWLEY EVP / COO (PART YEAR)	50 0 0 0				X			832,133	0	9,792
MICHAEL BECK VP OPERATIONS - LAGUNA BEACH	50 0 0 0				X			277,131	0	53,695

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			
SHIRLEY BARNES SR VP HUMAN RESOURCE (PART YR)	50 0 0 0					X		890,766	0	13,119
DAVID HALTERMAN DIRECTOR OF PHARMACY	50 0 0 0					X		209,706	0	38,700
TERRI FOX-COVERT VP HUMAN RESOURCES	50 0 0 0					X		207,775	0	51,109
WINIFRED JOHNSON CHIEF DEVELOPMENT OFFICER	50 0 0 0					X		321,033	0	49,598
JOSEPH GAGLIARDO EXEC DIR IMAGING & INNOV TECH	50 0 0 0					X		195,356	0	14,045
PETER BASTONE FORMER CEO (5/11)	0 0 0 0						X	0	449,155	0
PAULA SERIOS FORMER HCE (8/11)	0 0 0 0						X	205,988	0	0