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

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

B Check if applicable ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending	C Name of organization THE QUEEN'S MEDICAL CENTER		D Employer identification number 99-0073524	
	Doing Business As			
	Number and street (or P O box if mail is not delivered to street address) 1301 PUNCHBOWL STREET Suite	Room/suite	E Telephone number (808) 538-9011	
	City or town, state or country, and ZIP + 4 HONOLULU, HI 96813			
			G Gross receipts \$ 1,308,644,500	
F Name and address of principal officer ARTHUR A USHIMJIMA 1301 PUNCHBOWL STREET HONOLULU, HI 96813			H(a) Is this a group return for affiliates? ☐ Yes ☒ No H(b) Are all affiliates included? ☐ Yes ☐ No If "No," attach a list (see instructions) H(c) Group exemption number ▶	
I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) () ◀ (Insert no) ☐ 4947(a)(1) or ☐ 527				
J Website: ▶ WWW.QUEENSMEDICALCENTER.NET				
K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶			L Year of formation 1859	M State of legal domicile HI

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities THE MISSION OF QMC IS TO FULFILL THE INTENT OF QUEEN EMMA AND KING KAMEHAMEHA IV TO PROVIDE IN PERPETUITY QUALITY HEALTHCARE SERVICES TO IMPROVE THE WELL-BEING OF NATIVE HAWAIIANS AND ALL THE PEOPLE OF HI			
	2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets			
	3	Number of voting members of the governing body (Part VI, line 1a)	3	19
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	14
	5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	4,406
6	Total number of volunteers (estimate if necessary)	6	320	
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	10,377,988	
b	Net unrelated business taxable income from Form 990-T, line 34	7b	1,112,707	
Revenue			Prior Year	Current Year
	8	Contributions and grants (Part VIII, line 1h)	31,438,975	35,766,583
	9	Program service revenue (Part VIII, line 2g)	683,616,214	715,307,816
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	17,069,781	77,910,258
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	19,044,676	27,586,656
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	751,169,646	856,571,313
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	2,480,742	2,003,912
	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)	356,361,527	394,716,782
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25)	85,685	
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	343,251,022	350,166,394
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	702,093,291	746,887,088
	19	Revenue less expenses Subtract line 18 from line 12	49,076,355	109,684,225
	Net Assets or Fund Balances			Beginning of Current Year
20		Total assets (Part X, line 16)	1,056,520,269	1,188,717,644
21		Total liabilities (Part X, line 26)	687,598,602	689,785,894
22		Net assets or fund balances Subtract line 21 from line 20	368,921,667	498,931,750

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			2014-05-13 Date	
	Robert Nobriga Treasurer 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 ▶ 4370 LA JOLLA VILLAGE DR STE 500 SAN DIEGO, CA 92122			Phone no (858) 535-7200	

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

Part III

Statement of Program Service Accomplishments

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

☐

1

Briefly describe the organization's mission

THE MISSION OF QMC IS TO FULFILL THE INTENT OF QUEEN EMMA AND KING KAMEHAMEHA IV TO PROVIDE IN PERPETUITY QUALITY HEALTHCARE SERVICES TO IMPROVE THE WELL-BEING OF NATIVE HAWAIIANS AND ALL THE PEOPLE OF HAWAII

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 \$ 722,959,391 including grants of \$ 2,003,912) (Revenue \$ 735,578,290)

THE QUEEN'S MEDICAL CENTER IS THE LARGEST PRIVATE, NONPROFIT, ACUTE CARE MEDICAL FACILITY IN HAWAII ITS STAFF IS DEDICATED TO PROVIDING QUALITY HEALTH CARE TO THE PEOPLE OF HAWAII AND THE PACIFIC SEE SCHEDULE O FOR MORE INFORMATION

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 ▶ 722,959,391

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 Yes	
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions) 	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II 	18 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	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

☐

		Yes	No			
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	535			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	2a	4,406			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes			
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a				No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a				No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b				No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c				
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a				No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b				
7 Organizations that may receive deductible contributions under section 170(c).						
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	Yes			
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	Yes			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8822?	7c				No
d	If "Yes," indicate the number of Forms 8822 filed during the year.	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e				No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f				No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g				
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h				
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8				
9 Sponsoring organizations maintaining donor advised funds.						
a	Did the organization make any taxable distributions under section 4966?	9a				
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b				
10 Section 501(c)(7) organizations. Enter						
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b				
11 Section 501(c)(12) organizations. Enter						
a	Gross income from members or shareholders.	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b				
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?						
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b				
13 Section 501(c)(29) qualified nonprofit health insurance issuers.						
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a				
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b				
c	Enter the amount of reserves on hand.	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a				No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b				

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	19	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	14	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization CLINTON YEE 1301 PUNCHBOWL STREET HONOLULU, HI (808) 538-9011

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

[illegible]

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: 924

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Hawaii Residency Programs Inc , 1356 Lusitana Street 510 HONOLULU HI 96813	MEDICAL SERVICES	8,208,247
Xerox Business Service LLC , PO Box 201322 DALLAS TX 753201322	INFO/SYSTIM OUTSOURCE	8,201,106
UCERA , 677 Ala Moana Boulevard 1003 HONOLULU HI 96813	MEDICAL SERVICES	7,847,813
Affiliated Computer Services , PO Box 201322 DALLAS TX 753201322	INFO/SYSTIM OUTSOURCE	4,953,065
Sodexo Inc Affiliates , 1301 Punchbowl Street HONOLULU HI 96813	MANAGEMENT SERVICE	3,739,171

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 ►132

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c	430,433			
	d	Related organizations	1d	34,125,580			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	1,210,570			
	g	Noncash contributions included in lines 1a-1f \$		5,592			
	h	Total. Add lines 1a-1f		35,766,583			
Program Service Revenue	2a	NET PATIENT REVENUE	Business Code 622110	706,765,629	706,765,629		
	b	INTERCO PURCHASED	561000	8,542,187	5,726,478	2,815,709	
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		715,307,816			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		9,313,374		1,121,203
4		Income from investment of tax-exempt bond proceeds		0			
5		Royalties		0			
6a		Gross rents	(i) Real 850,401	(ii) Personal			
b		Less rental expenses					
c		Rental income or (loss)	850,401	0			
d		Net rental income or (loss)		850,401			850,401
7a		Gross amount from sales of assets other than inventory	(i) Securities 520,582,030	(ii) Other 9,100			
b		Less cost or other basis and sales expenses	450,629,427	1,364,819			
c		Gain or (loss)	69,952,603	-1,355,719			
d		Net gain or (loss)		68,596,884			68,596,884
8a		Gross income from fundraising events (not including \$ 430,433 of contributions reported on line 1c) See Part IV, line 18					
a			103,646				
b		Less direct expenses	b	78,941			
c		Net income or (loss) from fundraising events		24,705			24,705
9a		Gross income from gaming activities See Part IV, line 19					
a							
b		Less direct expenses	b				
c		Net income or (loss) from gaming activities		0			
10a		Gross sales of inventory, less returns and allowances					
a							
b		Less cost of goods sold	b				
c	Net income or (loss) from sales of inventory		0				
	Miscellaneous Revenue	Business Code					
11a	OTHER SERVICES	621500	8,769,355	3,765,583	5,003,772		
b	RESEARCH	621500	2,656,768	2,656,768			
c	OTHER OPERATING REVENUE	621500	15,285,427	13,848,123	1,437,304		
d	All other revenue						
e	Total. Add lines 11a-11d		26,711,550				
12	Total revenue. See Instructions		856,571,313	732,762,581	10,377,988	77,664,161	

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.	2,003,912	2,003,912		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	0			
4	Benefits paid to or for members.	0			
5	Compensation of current officers, directors, trustees, and key employees.	964,512	755,458	209,054	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	0			
7	Other salaries and wages.	304,942,957	297,046,971	7,895,986	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	31,215,199	30,325,423	889,776	
9	Other employee benefits.	36,796,076	35,498,613	1,297,463	
10	Payroll taxes.	20,798,038	20,202,660	595,378	
11	Fees for services (non-employees):				
a	Management.	0			
b	Legal.	1,198,712	558,793	639,919	
c	Accounting.	325,058		325,058	
d	Lobbying.	95,122		95,122	
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	0			
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	87,777,168	85,116,644	2,660,524	
12	Advertising and promotion.	867,075	839,240	27,835	
13	Office expenses.	2,533,198	2,477,528	54,979	691
14	Information technology.	421,359	415,340	6,019	
15	Royalties.	0			
16	Occupancy.	18,328,463	18,101,607	226,856	
17	Travel.	1,428,189	1,339,983	88,206	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	1,730	1,730		
20	Interest.	8,402,169	8,402,169		
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	32,771,043	32,434,453	336,590	
23	Insurance.	6,062,984	1	6,062,983	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	MEDICAL SUPPLIES	117,585,961	117,585,961		
b	INTERCOMPANY CHARGES	40,118,619	39,480,305	638,314	
c	TAXES	17,722,521	17,721,183	1,338	
d	EDUCATION	2,733,003	2,717,972	15,031	
e	All other expenses	11,794,020	9,933,445	1,775,581	84,994
25	Total functional expenses. Add lines 1 through 24e.	746,887,088	722,959,391	23,842,012	85,685
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		31,716	1	30,023
	2	Savings and temporary cash investments		20,134,272	2	7,817,721
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		82,911,301	4	112,977,803
	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		9,378,099	8	9,983,534
	9	Prepaid expenses and deferred charges		12,981,849	9	12,928,112
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a725,839,368			
	b	Less accumulated depreciation	10b439,843,333	234,378,725	10c	285,996,035
	11	Investments—publicly traded securities		478,654,707	11	248,728,391
	12	Investments—other securities See Part IV, line 11		84,623,132	12	364,199,187
	13	Investments—program-related See Part IV, line 11		5,591,825	13	6,397,864
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		127,834,643	15	139,658,974
	16	Total assets. Add lines 1 through 15 (must equal line 34)		1,056,520,269	16	1,188,717,644
Liabilities	17	Accounts payable and accrued expenses		280,390,717	17	258,561,108
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		261,830,000	20	248,895,000
	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	17,500,000
	24	Unsecured notes and loans payable to unrelated third parties		1,077,953	24	121,863
	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		144,299,932	25	164,707,923
	26	Total liabilities. Add lines 17 through 25		687,598,602	26	689,785,894
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		349,513,521	27	480,717,282
	28	Temporarily restricted net assets		13,457,332	28	12,263,654
	29	Permanently restricted net assets		5,950,814	29	5,950,814
	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		368,921,667	33	498,931,750
	34	Total liabilities and net assets/fund balances		1,056,520,269	34	1,188,717,644

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	856,571,313
2	Total expenses (must equal Part IX, column (A), line 25)	2	746,887,088
3	Revenue less expenses Subtract line 2 from line 1	3	109,684,225
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	368,921,667
5	Net unrealized gains (losses) on investments	5	-28,819,248
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	49,145,106
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	498,931,750

Part XII Financial Statements and Reporting

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

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

Additional Data

Software ID:

Software Version:

EIN: 99-0073524

Name: THE QUEEN'S 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			
Maenette Benham EdD Trustee	1 0	X						0	0	0
Diane Cecchettini RN Trustee	1 0	X						0	0	0
Ernest Fukeda Jr Trustee	1 0	X						0	0	0
Christine M Gayagas Trustee	1 0	X						0	0	0
Peter Halford MD Trustee/On-Call Phys(Part Yr)	22 0	X						134,922	0	0
Peter K Hanashiro Trustee	1 0	X						0	0	0
Neil J Hannahs Trustee	1 0	X						0	0	0
Lyle Harada Trustee	1 0	X						0	0	0
Robert Hong MD Trustee/Chief of Staff	50 0	X						496,634	0	21,064
Stanley Kuriyama Trustee	1 0	X						0	0	0
Noreen Mokuau DSW Chair/Trustee (Part Year)	1 0	X		X				0	0	0
Robert K Nobriga Trustee	1 0	X						0	0	0
William G Obana MD Trustee/Vice Chair/Physician	12 0	X		X				113,264	0	0
Caroline Ward Oda Trustee	1 0	X						0	0	0
Robb K Ohtani MD Trustee/On-Call Physician	13 0	X						54,593	0	0
James Kimo Steinwascher Trustee	1 0	X						0	0	0
Arthur A Ushijima President/Trustee	32 0	X		X				0	1,184,114	449,263
Jenai S Wall Trustee	1 0	X						0	0	0
Barry M Weinman Trustee	1 0	X						0	0	0
Julia C Wo Trustee	1 0	X						0	0	0
Eric K Yeaman Trustee	1 0	X						0	0	0
Susan Haramoto Assistant Secretary	8 0			X				0	58,882	0
Richard Keene Treasurer	20 0			X				0	569,831	70,775
Sharlene Tsuda Secretary	2 0			X				0	266,174	61,866
Mark Yamakawa Vice President	41 0			X				0	649,808	160,979

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			
Clinton Yee Assistant Treasurer	40 0 15 0			X				183,976	0	35,449
Paula Yoshioka Exec Vice Pres/CAO	54 0 1 0			X				0	483,257	65,620
Sung Bae Lee Neurointerventional Surgeon	50 0 0 0					X		678,186	0	34,677
David J Fergusson MD Cardiologist	50 0 0 0					X		543,483	0	11,183
Nicholas Dang MD Cardiothoracic Surgeon	50 0 0 0					X		507,691	0	954
Christopher Aoki MD Gastroenterologist	50 0 0 0					X		485,705	0	40,436
Christian Spies MD Cardiologist	50 0 0 0					X		481,413	0	36,142

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
THE QUEEN'S MEDICAL CENTER

Employer identification number
99-0073524

Part I

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

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

- 1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9

☐

An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

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

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☐

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

☐

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

☐

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

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

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

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

h

☐

Provide the following information about the supported organization(s)
- | | Yes | No |
|----------|-----|----|
| 11g(i) | | |
| 11g(ii) | | |
| 11g(iii) | | |
- | (i) Name of supported organization | (ii) EIN | (iii) Type of organization (described on lines 1 - 9 above or IRC section (see instructions)) | (iv) Is the organization in col (i) listed in your governing document? | | (v) Did you notify the organization in col (i) of your support? | | (vi) Is the organization in col (i) organized in the U S ? | | (vii) Amount of monetary support |
|------------------------------------|----------|---|--|----|---|----|--|----|----------------------------------|
| | | | Yes | No | Yes | No | Yes | No | |
| | | | | | | | | | |
| | | | | | | | | | |
| Total | | | | | | | | | |
- For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990EZ.

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2012

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 THE QUEEN'S MEDICAL CENTER	Employer identification number 99-0073524
--	--

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)		95,122	113,796												
c Total lobbying expenditures (add lines 1a and 1b)		95,122	113,796												
d Other exempt purpose expenditures		722,800,631	790,087,903												
e Total exempt purpose expenditures (add lines 1c and 1d)		722,895,753	790,201,699												
f Lobbying nontaxable amount Enter the amount from the following table in both columns		1,000,000	1,000,000												
<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)		250,000	250,000												
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	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
b Lobbying ceiling amount (150% of line 2a, column(e))					6,000,000
c Total lobbying expenditures	31,942	46,088	55,188	113,796	247,014
d Grassroots nontaxable amount	250,000	250,000	250,000	250,000	1,000,000
e Grassroots ceiling amount (150% of line 2d, column (e))					1,500,000
f Grassroots lobbying expenditures	0	0	0	0	0

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?			
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
c Media advertisements?			
d Mailings to members, legislators, or the public?			
e Publications, or published or broadcast statements?			
f Grants to other organizations for lobbying purposes?			
g Direct contact with legislators, their staffs, government officials, or a legislative body?			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
i Other activities?			
j Total Add lines 1c through 1i			
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
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SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
THE QUEEN'S MEDICAL CENTER

Employer identification number
99-0073524

Part I

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

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

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or education)☐ Preservation of an historically important land area☐ Protection of natural habitat☐ Preservation of a certified historic structure☐ Preservation of open space

2

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

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

3

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

4

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

5

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

☐ Yes☐ No

6

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

7

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

8

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

☐ Yes☐ No

9

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

Part III

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

1a

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

b

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

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

▶ \$ _____

(ii) Assets included in Form 990, Part X

▶ \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2012

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes

☐ No

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

1a

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

☐ Yes

☐ No

b

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

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

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

☐

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	7,221,401	7,237,856	7,195,561	6,633,812	6,236,306
b Contributions	500	1,125	40,500	852,775	710,304
c Net investment earnings, gains, and losses	697,700	119,980	662,352	386,481	42,671
d Grants or scholarships	19,000	5,543	48,405	32,281	80,428
e Other expenditures for facilities and programs	816,329	132,017	612,152	645,226	275,041
f Administrative expenses					
g End of year balance	7,084,272	7,221,401	7,237,856	7,195,561	6,633,812

2

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

a

Board designated or quasi-endowment

b

Permanent endowment

84 000 %

c

Temporarily restricted endowment

16 000 %

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

3a

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

(i) unrelated organizations

3a(i)

☐ Yes

☐ No

(ii) related organizations

3a(ii)

☐ Yes

☐ 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		38,030,635		38,030,635
b Buildings		425,516,668	264,714,751	160,801,917
c Leasehold improvements		12,071,872	8,565,451	3,506,421
d Equipment		220,707,337	166,563,131	54,144,206
e Other		29,512,856		29,512,856
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				285,996,035

Schedule D (Form 990) 2012

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

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

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

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

Part XIII Supplemental Information

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

Identifier	Return Reference	Explanation
ENDOWMENT FUNDS	SCHEDULE D, PART V, LINE 4	THE QUEEN'S MEDICAL CENTER USES THE EARNINGS ON PERMANENTLY ENDOWED INVESTMENTS FOR THE PURPOSES INTENDED BY THE DONORS OF THESE FUNDS
ASC 740 FOOTNOTE	SCHEDULE D, PART X, LINE 2	QMC REGULARLY ASSESSES ITS TAX POSITIONS AND DID NOT HAVE MATERIAL UNCERTAIN TAX BENEFITS FOR THE YEAR ENDED JUNE 30, 2013 AND 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
THE QUEEN'S MEDICAL CENTER

Employer identification number

99-0073524

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			
Total ▶						

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

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.

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events
		Benefit Dinner (event type)	(event type)	0 (total number)	(add col (a) through col (c))
Revenue	1	Gross receipts	534,079		534,079
	2	Less Contributions . . .	430,433		430,433
	3	Gross income (line 1 minus line 2)	103,646		103,646
Direct Expenses	4	Cash prizes			
	5	Noncash prizes . . .			
	6	Rent/facility costs . . .	11,552		11,552
	7	Food and beverages .	56,709		56,709
	8	Entertainment	6,038		6,038
	9	Other direct expenses .	4,642		4,642
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶			
	11	Net income summary Combine line 3, column (d), and line 10 ▶			
					(78,941)
					24,705

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.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
Revenue	1	Gross revenue			
	2	Cash prizes			
Direct Expenses	3	Non-cash prizes			
	4	Rent/facility costs			
	5	Other direct expenses . . .			
	6	Volunteer labor	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
	7	Direct expense summary Add lines 2 through 5 in column (d) ▶			
	8	Net gaming income summary Combine lines 1 and 7 in column (d) ▶			

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

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," explain _____

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	

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

Name ▶

Address ▶

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 ▶

Gaming manager compensation ▶ \$

Description of services provided ▶

☐ 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 ▶ \$ _____

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
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SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
THE QUEEN'S MEDICAL CENTER

Employer identification number
99-0073524

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 _____ %	3a	Yes	
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 _____ %	3b	Yes	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.			

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			3,189,000	0	3,189,000	0 430 %
b Medicaid (from Worksheet 3, column a)			58,288,205	28,156,021	30,132,184	4 030 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			61,477,205	28,156,021	33,321,184	4 460 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			3,379,000		3,379,000	0 450 %
f Health professions education (from Worksheet 5)			13,788,000		13,788,000	1 850 %
g Subsidized health services (from Worksheet 6)			37,554,000	16,386,000	21,168,000	2 830 %
h Research (from Worksheet 7)			1,397,000		1,397,000	0 190 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,742,541		1,742,541	0 230 %
j Total Other Benefits			57,860,541	16,386,000	41,474,541	5 550 %
k Total. Add lines 7d and 7j			119,337,746	44,542,021	74,795,725	10 010 %

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					
2	Economic development					
3	Community support		1,111,000		1,111,000	0 150 %
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building					
7	Community health improvement advocacy					
8	Workforce development					
9	Other					
10	Total		1,111,000		1,111,000	0 150 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

2

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

2

21,431,019

3

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

3

4

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

Section B. Medicare

5

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

5

187,295,900

6

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

6

208,611,700

7

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

7

-21,315,800

8

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

Section C. Collection Practices

9a

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

9a

Yes

b

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

9b

Yes

Part IV

Management Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

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

Part V

Facility Information

Section A. Hospital Facilities

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

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	The Queen's Medical Center 1301 Punchbowl Street Honolulu, HI 96813 www.queens.org	X	X		X		X	X			

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

The Queen's Medical Center

Name of hospital facility or facility reporting group

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

1

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

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No		
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes		
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>150</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>250</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?

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

Part VI

Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
SCHEDULE H, PART I, LINE 6A		COMMUNITY BENEFITS ARE REPORTED ANNUALLY AS PART OF THE FORM 990 THIS IS NOT SEPARATELY AVAILABLE TO THE PUBLIC A FORMAL REPORT ISSUED BY THE PARENT COMPANY, THE QUEEN'S HEALTH SYSTEMS, INCLUDES THE COMMUNITY BENEFITS OF THE QUEEN'S MEDICAL CENTER THIS REPORT IS PUBLISHED PERIODICALLY AND IS SEPARATELY AVAILABLE TO THE PUBLIC
SCHEDULE H, PART I, LINE 7G		THE QUEEN EMMA CLINICS PROVIDE COMPREHENSIVE PATIENT CARE TO INDIGENT PATIENTS AND SERVE A LARGE HOMELESS POPULATION THE NET COSTS ASSOCIATED WITH THESE CLINICS WAS \$5,894,000

Identifier	ReturnReference	Explanation
SCHEDULE H, PART I, LINE 7		THE COSTING METHODOLOGY CONSIDERS ALL PATIENT SEGMENTS AMOUNTS REPRESENT THE NET COSTS FOR THE VARIOUS PROGRAMS AND OPERATIONS, CONSIDERING ACTUAL AMOUNTS INCURRED AND CALCULATED BENEFITS BASED ON COST-TO-CHARGE RATIOS AND AVERAGE RATES (I E WAGE RATES)
SCHEDULE H, PART II		IN ORDER TO MAINTAIN NECESSARY LIFE SUPPORT, DIAGNOSTIC AND OPERATING SYSTEMS, IN THE EVENT OF AN EMERGENCY, QMC SIGNIFICANTLY UPGRADED ITS POWER PLANT BY ADDING TWO NEW GENERATORS THAT ARE CAPABLE OF PROVIDING ELECTRICAL POWER FOR THE MEDICAL CENTER QMC IS THE ONLY LEVEL II TRAUMA CENTER IN THE STATE OF HAWAII QMC ALLOCATED RESOURCES TO PLAN AND TEST ITS READINESS FOR COMMUNITY EMERGENCIES, INCLUDING TRAUMA, TERRORIST ATTACKS AND CONDITIONS RESULTING FROM HAZARDOUS MATERIAL SPILLS IN ORDER TO IMPROVE ACCESS TO ITS EMERGENCY DEPARTMENT AND HOSPITAL, QMC, IN CONJUNCTION WITH THE STATE DEPARTMENT OF TRANSPORTATION AND CITY DEPARTMENT OF TRANSPORTATION SERVICES, SUPPORTED THE CONSTRUCTION OF THE KINAU STREET OFF-RAMP

Identifier	ReturnReference	Explanation
SCHEDULE H, PART III, LINE 4		QMC PROVIDES MEDICAL SERVICES TO PATIENTS WHO DO NOT HAVE THE ABILITY TO PAY (PATIENTS ARE NOT BILLED - CHARITY CARE) AND PATIENTS WHO REFUSE TO PAY (BAD DEBTS) THE AUDITED FINANCIAL STATEMENTS DO NOT DESCRIBE BAD DEBT EXPENSE THE AUDITED FINANCIAL STATEMENTS DO DESCRIBE THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS "QMC PROVIDES FOR AN ALLOWANCE AGAINST ACCOUNTS RECEIVABLE THAT COULD BECOME UNCOLLECTIBLE BY ESTABLISHING AN ALLOWANCE TO REDUCE THE CARRYING VALUE OF SUCH RECEIVABLES TO THEIR ESTIMATED NET REALIZABLE VALUE QMC ESTIMATES THE ALLOWANCE BASED ON THE AGING OF THE ACCOUNTS RECEIVABLE, HISTORICAL COLLECTION EXPERIENCE BY PAYOR, AND OTHER RELEVANT FACTORS "
SCHEDULE H, PART III, LINE 8		THE MEDICARE AMOUNTS ABOVE ARE CALCULATED WITH DATA FROM JUNE 30, 2013 MEDICARE COST REPORT, USING THE STEP DOWN METHOD CONSISTENT WITH REPORTING REQUIREMENTS, THERE ARE AMOUNTS EXCLUDED FROM THE COSTS LISTED IN LINE 6 WHEN USING THE FULLY ALLOCATED COST CALCULATION, THE MEDICARE SHORTFALL WAS APPROXIMATELY \$37,286,000

Identifier	ReturnReference	Explanation
SCHEDULE H, PART III, LINE 9B		EVERY ATTEMPT IS MADE BEFORE DISCHARGE TO SCREEN PATIENTS WHO HAVE NO DOCUMENTATION OF MEDICAL INSURANCE FOR POSSIBLE ELIGIBILITY FOR DISCOUNTED CARE NON-ER OUTPATIENTS WITH NO MEDICAL INSURANCE ARE REFERRED TO THE PATIENT'S PHYSICIAN FOR A DETERMINATION OF URGENT OR EMERGENCY CARE STATUS CHARITY CARE DISCOUNTS ARE BASED ON FINANCIAL NEED WHICH IS DETERMINED BY INCOME AND ASSET THRESHOLDS BASED ON FEDERAL POVERTY LEVELS AND IN COMPLIANCE WITH FEDERAL RULES AND REGULATIONS PATIENTS ARE REQUESTED TO COMPLETE A DISCOUNTED CARE APPLICATION AND MUST SUBMIT INCOME AND ASSET VERIFICATION DOCUMENTS PATIENTS MAY ALSO BE DEEMED ELIGIBLE FOR QMC DISCOUNTED CARE BASED ON PRIOR OR SUBSEQUENT MEDICAID ELIGIBILITY ONCE ELIGIBILITY FOR QMC DISCOUNTED CARE IS CONFIRMED, A PAYMENT PLAN IS DISCUSSED WITH THE PATIENT BILLING STATEMENTS ARE MAILED MONTHLY TO ALL PATIENTS WITH SELF PAY BALANCES, INCLUDING PATIENTS WITH BALANCES AFTER QMC DISCOUNTED CARE IS APPLIED BILLING STATEMENTS FOR PATIENTS WITH NO INSURANCE INCLUDE A STATEMENT ADVISING TO CALL THE NUMBER ON THE STATEMENT TO DISCUSS OPTIONS FOR FINANCIAL ASSISTANCE
SCHEDULE H, PART V, SECTION B, LINE 3		TWENTY TWO KEY INFORMANTS WERE INTERVIEWED FOR THEIR STATE WIDE KNOWLEDGE OF HEALTH NEEDS, WHEN CERTAIN TOPIC AREAS WERE LACKING AN INTERVIEW WITH A STATE WIDE PERSPECTIVE, RELEVANT FINDINGS FROM HONOLULU COUNTY INTERVIEWS WERE INCLUDED THE INTERVIEWS WERE WITH JENNIFER DANG, DEPARTMENT OF EDUCATION, LYNN FALLIN, HAWAII DEPARTMENT OF HEALTH, DR KENNY FINK, DEPARTMENT OF HUMAN SERVICES, LORETTA FUDDY, HAWAII STATE DEPARTMENT OF HEALTH, BETH GIESTING, OFFICE OF THE GOVERNOR, DR JOSH GREEN, STATE SENATOR & HAWAII INDEPENDENT PHYSICIANS ASSOCIATION, ROBERT HIROKAWA, HAWAII PRIMARY CARE ASSOCIATION, LOLA IRVIN, HAWAII DEPARTMENT OF HEALTH, DR BLISS KANESHIRO, UNIVERSITY OF HAWAII, LESLIE LAM, AMERICAN DIABETES ASSOCIATION HAWAII, DEE JAY MAILER, KAMEHAMEHA SCHOOLS, KATHY MATAYOSHI, HAWAII STATE DEPARTMENT OF EDUCATION, DEE DEE NELSON, MOUNTAIN-PACIFIC QUALITY HEALTH, MAY OKIHIRO, UNIVERSITY OF HAWAII, DR BILL OSHEROFF, HAWAII MEDICAL SERVICE ASSOCIATION, DR NEAL PALAFOX, UNIVERSITY OF HAWAII, DR SARAH PARK, DEPARTMENT OF HEALTH, DR LINDA ROSEN, HAWAII STATE DEPARTMENT OF HEALTH, DAVID SAKAMOTO, HAWAII STATE DEPARTMENT OF HEALTH, EMILIE SMITH, CARERESOURCE HAWAII, HARDY SPOEHR, PAPA OLA LOKAHI, LORI SUAN, AMERICAN HEART ASSOCIATION, HAWAII CHAPTER, DR JACKIE YOUNG, AMERICAN CANCER SOCIETY HAWAII SITE, AND KEN ZERI, HOSPICE HAWAII THE INFORMATION OBTAINED FROM THESE INTERVIEWS WAS INCORPORATED INTO THE REPORT IN THREE WAYS A SUMMARY QUALITATIVE ANALYSIS TOOL CALLED A "WORD CLOUD" WAS PRODUCED USING TAGCROWD COM TO IDENTIFY THE MOST COMMON THEMES AND TOPICS WORDS OR PHRASES THAT WERE MENTIONED MOST OFTEN DISPLAY IN THE WORD CLOUD IN THE LARGEST AND DARKEST FONT NEXT, INPUT FROM THE KEY INFORMANTS WAS INCLUDED IN EACH RELEVANT TOPIC AREA IN SECTION 3 2 OF THE CHNA IF AVAILABLE, INFORMATION SPECIFIC TO THE HEALTH OF MOLOKAI RESIDENTS IS LISTED IN THE FIRST SECTION OF EACH INTERVIEW SUMMARY TABLE, INFORMATION GATHERED ON THE GENERAL POPULATION OF HAWAII FOR EACH TOPIC AREA IS ALSO PRESENTED IN THE TABLES ANY RECOMMENDED COMMUNITY PROGRAMS OR RESOURCES ARE INCLUDED IN THE LAST COLUMN TITLED "OPPORTUNITIES/STRENGTHS "

Identifier	ReturnReference	Explanation
SCHEDULE H, PART V, SECTION B, LINE 4		TWENTY SIX OF 28 HAWAII HOSPITALS, LOCATED ON ALL ISLANDS, PARTICIPATED IN THE CHNA PROJECT CASTLE MEDICAL CENTER HALE HO`OLA HAMAKUA HILO MEDICAL CENTER KAHI MOHALA BEHAVIORAL HEALTH KAHUKU MEDICAL CENTER KAISER PERMANENTE MEDICAL CENTER KAPI`OLANI MEDICAL CENTER FOR WOMEN & CHILDREN KA`U HOSPITAL KAUAI VETERANS MEMORIAL HOSPITAL KOHALA HOSPITAL KONA COMMUNITY HOSPITAL KUAKINI MEDICAL CENTER KULA HOSPITAL LANA`I COMMUNITY HOSPITAL LEAHI HOSPITAL MAUI MEMORIAL MEDICAL CENTER MOLOKAI GENERAL HOSPITAL NORTH HAWAII COMMUNITY HOSPITAL PALI MOMI MEDICAL CENTER REHABILITATION HOSPITAL OF THE PACIFIC SAMUEL MAHELONA MEMORIAL HOSPITAL SHRINERS HOSPITALS FOR CHILDREN HONOLULU STRAUB CLINIC & HOSPITAL WAHIAWA GENERAL HOSPITAL WILCOX MEMORIAL HOSPITAL
SCHEDULE H, PART V, SECTION B, LINE 5A		THE WEBSITE ADDRESS WHERE THE CHNA CAN BE ACCESSED IS HTTP //QUEENSMEDICALCENTER.ORG/COMMUNITY-BENEFITS

Identifier	ReturnReference	Explanation
SCHEDULE H, PART V, SECTION B, LINE 7		THE CHNA IDENTIFIED 20 AREAS OF COMMUNITY HEALTH NEEDS. THE QUEEN'S MEDICAL CENTER (QMC) RECOGNIZES THE IMPORTANCE OF THESE NEEDS AND HAS SUPPORTED EFFORTS TO ADDRESS MANY OF THEM. IT IS ALSO RECOGNIZED THAT THERE ARE HEALTH NEEDS THAT QMC WILL NOT DIRECTLY BE ADDRESSING FOR VARIOUS REASONS. AS PART OF THE PROCESS TO SELECT QMC'S PRIORITY AREA, EACH OF THE 20 IDENTIFIED AREAS OF NEED WERE MAPPED TO THREE CORE NEEDS TO BE ADDRESSED TO IMPROVE COMMUNITY HEALTH: PRIMARY HEALTH CARE NEEDS, SECONDARY HEALTH CARE NEEDS AND SOCIETAL NEEDS. THIS MAPPING ALLOWED QMC TO FOCUS ON ADDRESSING NEEDS WITHIN THE SCOPE OF ITS CORE COMPETENCIES. AS AN ACUTE CARE TERTIARY/QUATERNARY HOSPITAL, QMC'S CORE COMPETENCIES ARE IN THE PRIMARY HEALTH CARE NEEDS CATEGORY. COMMUNITY HEALTH NEEDS IN THE SECONDARY HEALTH CARE NEEDS AND SOCIETAL NEEDS CATEGORIES ARE BEING ADDRESSED THROUGH THE LEADERSHIP OF OTHER ORGANIZATIONS WHOSE MISSIONS, CORE COMPETENCIES AND EXPERTISE MEET THOSE NEEDS. THOSE ARE - DISABILITIES - ECONOMY - EDUCATION - ENVIRONMENT - EXERCISE, NUTRITION AND WEIGHT - FAMILY PLANNING - INJURY PREVENTION AND SAFETY - ORAL HEALTH - SOCIAL ENVIRONMENT - SUBSTANCE ABUSE AND LIFESTYLE - TRANSPORTATION. ALTHOUGH QMC WILL NOT DIRECTLY BE ADDRESSING THESE AREAS OF NEED, WE HAVE SUPPORTED AND PARTNERED WITH OTHERS TO ADDRESS SEVERAL OF THEM AND WILL CONTINUE TO SUPPORT OPPORTUNITIES TO ADDRESS COMMUNITY HEALTH NEEDS IN COLLABORATION WITH OTHERS. OF THE AREAS MAPPED TO THE PRIMARY HEALTH CARE NEEDS CATEGORY, QMC SELECTED DIABETES AS ITS PRIORITY AREA. FOR THE OTHER AREAS, QMC CURRENTLY PROVIDES MANY SERVICES AND PROGRAMS TO ADDRESS THESE NEEDS. THESE SERVICES AND PROGRAMS ARE OFFERED IN/AT THE HOSPITAL, IN CONJUNCTION WITH PARTNERS, AND THROUGH OUTREACH TO THE COMMUNITY.
SCHEDULE H, PART V, SECTION B, LINE 20D		CHARGES BILLED TO UNINSURED PATIENTS ARE THE SAME AMOUNTS AS CHARGES TO INSURED PATIENTS. PER QMC'S DISCOUNTED CARE POLICY, UNINSURED PATIENTS ARE ELIGIBLE FOR A 30% DISCOUNT PROVIDED "PATIENT AGREES TO A PROMPT PAYMENT SCHEDULE ACCEPTABLE TO QMC".

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	SCHEDULE H, PART VI, LINE 2	QMC'S MISSION IS TO FULFILL THE INTENT OF QUEEN EMMA AND KING KAMEHAMEHA IV TO PROVIDE IN PERPETUITY QUALITY HEALTH CARE SERVICES TO IMPROVE THE WELL-BEING OF NATIVE HAWAIIANS AND ALL OF THE PEOPLE OF HAWAII USING PUBLICLY AVAILABLE REPORTS AND DATA, AND THROUGH DISCUSSIONS WITH STAKEHOLDERS, QMC ASSESSES THE HEALTH CARE NEEDS OF THE COMMUNITY WE SERVE BY FOCUSING ON FIVE STRATEGIC DIMENSIONS INCLUDING SUPERIOR QUALITY AND PERFORMANCE, BEING THE PROVIDER OF CHOICE, EMPLOYER OF CHOICE, DISPLAYING RESPONSIBLE CITIZENSHIP AND FOCUSING ON FINANCIAL PERFORMANCE CORE STRATEGIES INVOLVING RESPONSIBLE CITIZENSHIP TO THE COMMUNITY INCLUDE HARDWIRING OUR NATIVE HAWAIIAN HEALTH STRATEGIC PLAN THROUGHOUT QUEEN'S ENTITIES, CREATING A SUSTAINABLE INFRASTRUCTURE THAT ALLOWS QUEEN'S TO QUANTIFY AND ARTICULATE COMMUNITY BENEFIT, AND STRENGTHENING GOVERNMENT AND COMMUNITY PARTNERSHIPS TO SUPPORT ACCESS AND AVAILABILITY OF PROGRAMS AND SERVICES THAT HELP ADDRESS UNMET COMMUNITY HEALTH NEEDS
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	SCHEDULE H, PART VI, LINE 3	MEDICAID AND MEDICARE ELIGIBILITY REQUIREMENTS ARE DISCUSSED WITH INPATIENTS AND/OR INPATIENT'S FAMILY MEMBERS QMC HAS A CONTRACTED VENDOR WHO PERFORMS MEDICAID ELIGIBILITY ASSESSMENTS AND WORKS WITH PATIENTS TO SUBMIT AN APPLICATION AND THE REQUIRED DOCUMENTS PATIENTS WHO MAY QUALIFY FOR MEDICARE ARE PROVIDED CONTACT INFORMATION FOR THE SOCIAL SECURITY OFFICE SIGNS ARE POSTED IN REGISTRATION AREAS THROUGHOUT THE HOSPITAL ADVISING THE QMC HAS A DISCOUNTED CARE POLICY

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	SCHEDULE H, PART VI, LINE 4	QMC IS THE LEADING MEDICAL REFERRAL CENTER IN THE PACIFIC BASIN LOCATED IN DOWNTOWN HONOLULU, IT'S THE LARGEST PRIVATE HOSPITAL IN HAWAII ACCORDING TO RECENT DEMOGRAPHIC CENSUS DATA, THE STATE OF HAWAII IS VERY DIVERSE AND INCLUDES A POPULATION THAT IS APPROXIMATELY 10% NATIVE HAWAIIAN, OTHER PACIFIC ISLANDER, NATIVE ALASKAN AND AMERICAN INDIAN OTHER DEMOGRAPHIC INFORMATION REGARDING HAWAII IS AS FOLLOWS - MEDIAN AGE 38 5 YEARS OLD (1) - 38% ASIAN, 25% WHITE, 9% NATIVE HAWAIIAN/OTHER PACIFIC ISLANDER, 24% TWO OR MORE RACES (1) - MEDIAN HOUSEHOLD INCOME \$66,420 (2006-2010) (1) - 9 6% OF HAWAII'S POPULATION LIVES IN POVERTY (1) - OTHER THAN OAHU, THE ENTIRETY OF EACH ISLAND IS CONSIDERED UNDERSERVED(1) - NUMBER OF HOSPITALS (BY COUNTY) HAWAII COUNTY 6 MAUI COUNTY 4 C&C HONOLULU 9 KAUAI COUNTY 3 - 35% OF HOSPITAL INPATIENT DISCHARGES COVERED BY MEDICARE, 25% BY MEDICAID/QUEST (DATA FROM JAN - NOV 2012) (2) (1) HEALTHCARE ASSOCIATION OF HAWAII HAWAII STATE COMMUNITY HEALTH NEEDS ASSESSMENT (2) HAWAII HEALTH INFORMATION CORPORATION
PROMOTION OF COMMUNITY HEALTH	SCHEDULE H, PART VI, LINE 5	THE AMOUNTS MENTIONED IN PART II OF SCHEDULE H REPRESENT COSTS INCURRED TO ENSURE CONTINUED OPERATIONS THAT BENEFIT THE COMMUNITY TO SUPPORT THE QUEEN'S MISSION AND TO FULFILL THE TAX-EXEMPT PURPOSE AS A CHARITABLE HOSPITAL, QUEEN'S PROVIDES A NUMBER OF COMMUNITY BENEFITS THIS INCLUDES UNCOMPENSATED CARE, WHERE QMC PROVIDES MEDICAL SERVICES TO PATIENTS WHO DO NOT HAVE THE ABILITY TO PAY (PATIENTS ARE NOT BILLED, CHARITY CARE) AND PATIENTS WHO REFUSE TO PAY (BAD DEBTS) IN BEHAVIORAL HEALTH, QUEEN'S PROVIDES INPATIENT AND OUTPATIENT BEHAVIORAL HEALTH SERVICES THAT ARE NECESSARY AND, IN CERTAIN INSTANCES, NOT GENERALLY AVAILABLE IN THE STATE OF HAWAII QUEEN'S ALSO IS HOME TO QUEEN EMMA CLINICS, WHERE QMC PROVIDES OUTPATIENT SERVICES TO INDIGENT PATIENTS OTHER EXAMPLES INCLUDE EMERGENCY PREPAREDNESS COSTS AND AMOUNTS EXPENDED TO EXPAND AND TEST BACK-UP POWER THAT CAN SERVICE PATIENTS IN TIMES OF EMERGENCY IN ADDITION, QMC PROVIDES MANY FREE INFORMATIONAL SEMINARS AND EDUCATIONAL OPPORTUNITIES TO THE PUBLIC TO PROMOTE THE HEALTH OF COMMUNITY THESE PROGRAMS ARE SPECIFICALLY DIRECTED TO ADDRESS HEALTH ISSUES WITHIN THE COMMUNITY INCLUDING DIABETES, CANCER AND WOMEN'S HEALTH ISSUES A MAJORITY OF QMC'S GOVERNING BODY IS COMPRISED OF PERSONS WHO RESIDE IN QMC'S PRIMARY SERVICE AREA (OAHU) WHO ARE NEITHER EMPLOYEES NOR INDEPENDENT CONTRACTORS OF QMC QMC EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNITY FOR SOME OR ALL OF ITS DEPARTMENTS

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE SYSTEM	SCHEDULE H, PART VI, LINE 6	IN ADDITION THE QUEEN'S MEDICAL CENTER, AFFILIATE ORGANIZATIONS OF THE QUEEN'S HEALTH SYSTEMS OPERATE THE ONLY HOSPITAL ON ISLAND OF MOLOKA'I, PROVIDE DIAGNOSTIC LABORATORY SERVICES, OPERATE PHARMACIES AND PROVIDE THE HOSPITALS WITH GENERAL AND PROFESSIONAL LIABILITY INSURANCE
STATE FILING OF COMMUNITY BENEFIT REPORT	SCHEDULE H, PART VI, LINE 7	N/A

Identifier	ReturnReference	Explanation
FACILITY REPORTING GROUP(S)	SCHEDULE H, PART VI, LINE 8	N/A

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

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

2012

Open to Public Inspection

Name of the organization
THE QUEEN'S MEDICAL CENTER

Employer identification number	99-0073524
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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
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See Additional Data Table

[illegible]

- | | | |
|----------|---|----|
| 2 | Enter total number of section 501(c)(3) and government organizations listed in the line 1 table | 34 |
| 3 | Enter total number of other organizations listed in the line 1 table | 1 |

Part III

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

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

Part IV

Supplemental Information.

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

Identifier	Return Reference	Explanation
Description of Organization's Procedures for Monitoring the Use of Grants	Schedule I, Part I, Line 2	THE QUEEN'S MEDICAL CENTER MAKES DONATIONS TO VARIOUS TAX-EXEMPT ORGANIZATIONS WITH THE PURPOSE OF PROVIDING OPPORTUNITIES FOR BETTER HEALTH AND WELLNESS TO ALL THE PEOPLE OF HAWAII THERE ARE GENERALLY NO RESTRICTIONS PLACED ON THE USE OF THOSE DONATIONS AND THE RECEIVING ORGANIZATIONS MAY USE THE DONATIONS AT THEIR DISCRETION IN ORDER TO FURTHER THEIR EXEMPT PURPOSE WHERE RESTRICTIONS ARE PLACED ON THE USE OF THOSE DONATIONS, QMC REQUESTS FINANCIAL REPORTS IN ORDER TO MONITOR SUCH USE

Software ID:
Software Version:
EIN: 99-0073524
Name: THE QUEEN'S 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
Aloha Council Boy Scouts of America42 Puiwa Road Honolulu, HI 96817	22-1576300	501(c)(3)	7,500				Distinguished
Aloha Medical Mission810 North Vineyard Blvd Honolulu, HI 96817	99-0234811	501(c)(3)	25,100				Sponsor "30th Anniversaryn Event" and 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
Aloha United Way200 North Vineyard Blvd Suite 700 Honolulu, HI 96817	99-0073494	501(c)(3)	6,100				Contribution "10th Annual Charity Golf Tournament" and Donation
American Cancer Society 2370 Nuuanu Avenue Suite 2610 Honolulu, HI 96817	99-0073489	501(c)(3)	10,000				Sponsor "Midnight in Paris, Inagural Hope Gala Honolulu"

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
American Diabetes Association875 Waimanu Street 601 Honolulu, HI 96813	13-1623888	501(c)(3)	47,500				Sponsor "Step Out Walk to Fight Diabetes" "Tour de Cure"
American Heart Association677 Ala Moana Boulevard Suite 600 Honolulu, HI 96813	13-5613797	501(c)(3)	30,000				Sponsor "Heart Ball 2013" and "2013 Oahu Heart Walk"

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
American Red Cross4155 Diamond Head Road Honolulu, HI 96816	53-0196605	501(c)(3)	10,100				2013 Red Cross Corporate Partner and Donation
Arthritis Foundation615 Piikoi Street 1109 Honolulu, HI 96814	95-1885447	501(c)(3)	25,000				Sponsor "2013 State of Hawaii Arthritis Walk"

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
Bishop Museum1525 Bernice Street Suite 1109 Honolulu, HI 96817	99-0161980	501(c)(3)	10,000				Sponsor "15th Annual Bernice Pauahi Bishop Awards Dinner"
Blood Bank of Hawaii2043 Dillingham Blvd Honolulu, HI 96819	99-0073479	501(c)(3)	25,000				Contribution for purchase of a Bloodmobile

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
Center for American Values Inc101 South Main Suite 100 Suite 901 Pueblo, CO 81003	27-2779073	501(c)(3)	10,000				Sponsorship "2012 Medal of Honor Convention"
Child & Family Service91-1841 Fort Weaver Rd Suite 2E1 Box 3 Ewa Beach, HI 96706	99-0073483	501(c)(3)	5,236				Sponsor "Boogie Wonderland" and WHC gift certificates 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
Hawaii Academy of Science 1776 University Avenue UA4 Rm 4 Honolulu, HI 96822	99-6006863	501(c)(3)	25,000				Sponsor "56th Annual Hawaii State Science and Engineering Fair"
Hawaii Children's Cancer Foundation 1814 Liliha Street UA4 Rm 4 Honolulu, HI 96817	99-0299937	501(c)(3)	6,000				Sponsor "Eye of the Tiger"

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
Hawaii Community Foundation827 Fort Street Honolulu,HI 96813	99-0261283	501(c)(3)	100,000				Support "Daniel K Inouye Legacy Fund"
Hawaii Meals on Wheels Inc PO Box 61194 Honolulu,HI 96839	99-0198132	501(c)(3)	6,000				Contribution "Meals from the Heart 2012"

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
Hawaii Mission Houses553 South King Street Honolulu, HI 96813	99-0073491	501(c)(3)	6,000				Contribution "Huaka'i A Musical Journey" and Donation
Hina Mauka45-845 Pookela Street Kaneohe, HI 96744	99-0173356	501(c)(3)	13,000				Sponsor "Giving Hope for Recovery"

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
Hospice Hawaii Inc860 Iwalei Road Honolulu,HI 96817	99-0203930	501(c)(3)	7,600				Sponsor "Na Hoa Malama"
Iolani School563 Kamoku Street Honolulu,HI 96826	99-0073502	501(c)(3)	10,000				Sponsor "At Thy Call We Gather"

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
Juvenile Diabetes Research Foundation1019 Waimanu Street Suite 214 Honolulu, HI 96814	23-1907729	501(c)(3)	7,500				Sponsor "An Evening of Hope"
March of Dimes1451 South King Street Suite 504 Honolulu, HI 96814	13-1846366	501(c)(3)	7,500				Sponsor "2012 March of Dimes Govenor's Ball" and "March for Babies"

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 Kidney Foundation of Hawaii1314 South King St 1555 Honolulu, HI 96814	99-0266733	501(c)(3)	7,500				Sponsor "Peace on Earth Concert"
Native Hawaiian Education Association818 South King St 1704 Suite 405-2 Honolulu, HI 96813	80-0198123	501(c)(3)	10,000				Sponsor "Aha Wahine 2012 Kuhinapapa"

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
Pacific Links Hawaii Foundation770 Auloa Road Kailua, HI 96734	45-5637328	501(c)(3)	14,000				Sponsor "Pacific Links Hawaii Championship"
Papa Ola Lokahi894 Queen Street Honolulu, HI 96813	99-0273765	501(c)(3)	18,000				Support "HOSW"

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
Public Schools of Hawaii FoundationPO Box 4148 Honolulu,HI 96812	88-0243449	501(c)(3)	10,000				Sponsor "Kulia I Ka Nu'u Awards Banquet"
Rehab Foundation226 North Kuakini Street Honolulu,HI 96817	99-0241634	501(c)(3)	100,000				Matching grant for capital campaign

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 Francis Healthcare System Fdn of HI228 Liliha Street 205 Honolulu, HI 96817	99-0240060	501(c)(3)	6,100				Contribution "A Night of Magic and Miracles"
St Francis Healthcare System of HawaiiPO Box 29700 Honolulu, HI 96820	99-0240059	501(c)(3)	5,100				Contribution "10th Biennial International Bioethics Conference"

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
University of Hawaii Foundation2444 Dole Street Bachman Hall 105 Honolulu, HI 96822	99-0085260	501(c)(3)	112,962				Funding of Naleen N Andrade Scholarship Fund
Hawaii Cancer Consortium55 Merchant Street Suite 2700 Honolulu, HI 96813	45-2280259	501(c)(3)	750,000				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
Healthcare Association of Hawaii707 Richards Street PH2 Honolulu, HI 96813	99-0105817	501(c)(3)	7,500				Sponsor 2013 Awards & Scholarship Dinner
Hawaii Medical Association1360 South Beretania St Suite 200 Honolulu, HI 96814	99-0067306	501(c)(6)	6,500				Sponsor "Ola Pono Ike Medical Gala" 2012 and 2013

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
The Queen's Healthcare Systems1301 Punchbowl Street Honolulu, HI 96813	99-0238120	501(c)(3)	354,079				Donations
The Queen's Healthcare Systems1301 Punchbowl Street Honolulu, HI 96813	99-0238120	501(c)(3)		57,112	FMV	Equipment transfer	Donations

Schedule J (Form 990) Department of the Treasury Internal Revenue Service	Compensation Information For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees ▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23. ▶ Attach to Form 990. ▶ See separate instructions.	OMB No 1545-0047
		2012
		Open to Public Inspection

Name of the organization THE QUEEN'S MEDICAL CENTER	Employer identification number 99-0073524
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Part I	Questions Regarding Compensation		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. ☐ First-class or charter travel ☐ Travel for companions ☐ Tax idemnification and gross-up payments ☐ Discretionary spending account ☐ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☐ Health or social club dues or initiation fees ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. ☐ Compensation committee ☐ Independent compensation consultant ☐ Form 990 of other organizations ☐ Written employment contract ☐ Compensation survey or study ☐ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:			
a	Receive a severance payment or change-of-control payment?	4a		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III	4c		No
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:			
a	The organization?	5a		No
b	Any related organization? If "Yes," to line 5a or 5b, describe in Part III	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?	6a		No
b	Any related organization? If "Yes," to line 6a or 6b, describe in Part III	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
COMPENSATION COMMITTEE	SCHEDULE J, PART I, LINE 3	THE ORGANIZATION RELIED ON THE QUEEN'S HEALTH SYSTEM (QHS) TO DETERMINE COMPENSATION OF THE TOP MANAGEMENT OFFICIAL. QHS USED A COMPENSATION COMMITTEE, INDEPENDENT COMPENSATION CONSULTANT, COMPENSATION SURVEY OR STUDY, FORM 990 OF OTHER ORGANIZATIONS, AND APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE.
SCHEDULE J, PART I, LINE 4B		THE SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP) PROVIDES FOR AN UMBRELLA BENEFIT EQUAL TO A LIFE ANNUITY OF 60% OF FINAL AVERAGE SALARY AT NORMAL RETIREMENT AGE (WHICH BENEFIT IS OFFSET HOWEVER BY THE BENEFIT PROVIDED TO THE CEO UNDER THE QHS PENSION PLAN, THE QHS 401(K) PLAN FOR MATCHING CONTRIBUTIONS ONLY, THE QHS PENSION RESTORATION PLAN, AND 50% OF ESTIMATED SOCIAL SECURITY RETIREMENT BENEFITS). NORMAL RETIREMENT AGE IS DEFINED AS AGE 65 AND THE BENEFIT VESTS AND IS PAID OUT AS A LUMP SUM AT THAT POINT REGARDLESS IF EMPLOYMENT IS CONTINUED PAST AGE 65. THERE WERE NO PAYOUTS DURING 2012.
SCHEDULE J, PART I, LINE 7		RECOGNITION AWARDS WERE PAID TO ALL EMPLOYEES BASED ON ACCOMPLISHMENTS OF PREDETERMINED GOALS AND OBJECTIVES SET FORTH IN THE INCENTIVE AND STRATEGIC PLANS AND DEFINED ELIGIBILITY OF THE EMPLOYEE. RECOGNITION AWARDS ARE DISCRETIONARY AND CONSIDER QUALITY THRESHOLDS WHICH INCLUDE ANNUAL ACCREDITATION AND MINIMUM OPERATING INCOME LEVEL CRITERIA. IN ADDITION, EXECUTIVE AWARDS ARE WEIGHTED BASED ON INDIVIDUAL GOALS ESTABLISHED FOR EACH EXECUTIVE. ALSO, CERTAIN PHYSICIANS RECEIVE INCENTIVE COMPENSATION BASED ON PROFESSIONAL SERVICES COLLECTIONS BY QMC. A MAXIMUM ON SUCH INCENTIVE COMPENSATION IS CAPPED ACCORDING TO QMC POLICY.
COMPENSATION FOR SERVICES	SCHEDULE J, PART II & FORM 990, PART VII	ARTHUR A USHIJIMA MR USHIJIMA SERVES AS A TRUSTEE FOR THE QUEEN'S MEDICAL CENTER, THE QUEEN'S HEALTH SYSTEMS AND SEVERAL OTHER QUEENS' RELATED AFFILIATES (2 HOURS PER WEEK). HE IS A VOLUNTEER TRUSTEE AND IS NOT COMPENSATED FOR THESE SERVICES. MR USHIJIMA ALSO SERVES AS PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE QUEEN'S HEALTH SYSTEMS (PARENT COMPANY) AND AS PRESIDENT OF QMC. THE COMPENSATION LISTED IS HIS TOTAL COMPENSATION FOR HIS VARIOUS SERVICES. MARK YAMAKAWA MR YAMAKAWA SERVES AS EVP AND COO OF THE QUEEN'S HEALTH SYSTEM (PARENT COMPANY), EVP AND COO OF QMC AND PRESIDENT OF QDC. HE IS NOT SEPARATELY COMPENSATED FOR THESE VARIOUS SERVICES. THE COMPENSATION LISTED IS HIS TOTAL COMPENSATION FOR ALL SERVICES. RICHARD C KEENE MR KEENE SERVES AS QMC TREASURER, SVP/CFO AND TREASURER FOR THE QUEEN'S HEALTH SYSTEMS (PARENT COMPANY), TREASURER OF QEL AND TREASURER OF MGH. HE IS NOT SEPARATELY COMPENSATED FOR THESE SERVICES. THE COMPENSATION LISTED IS HIS TOTAL COMPENSATION FOR ALL SERVICES. SHARLENE TSUDA MS TSUDA SERVES AS SECRETARY FOR QMC AND VP/SECRETARY FOR THE QUEEN'S HEALTH SYSTEMS (PARENT COMPANY). SHE IS NOT SEPARATELY COMPENSATED FOR THESE SERVICES. THE COMPENSATION LISTED IS HER TOTAL COMPENSATION FOR ALL SERVICES. PAULA YOSHIOKA MS YOSHIOKA SERVES AS SVP/CAO OF QMC AND A DIRECTOR OF QIE. SHE IS NOT SEPARATELY COMPENSATED FOR THESE SERVICES. THE COMPENSATION LISTED IS HER TOTAL COMPENSATION FOR ALL SERVICES. CLINTON YEE MR YEE SERVES AS ASSISTANT TREASURER AND CORPORATE CONTROLLER OF QMC AND ASSISTANT TREASURER OF QMC, QHS AND QDC. HE IS NOT SEPARATELY COMPENSATED FOR THESE SERVICES. THE COMPENSATION LISTED IS HIS TOTAL COMPENSATION FOR ALL SERVICES. SUSAN HARAMOTO MS HARAMOTO SERVES AS ASSISTANT SECRETARY OF QMC, QHS AND QDC AND COORDINATOR OF COMMUNITY DEVELOPMENT OF QHS. SHE IS NOT SEPARATELY COMPENSATED FOR THESE SERVICES. THE COMPENSATION LISTED IS HER TOTAL COMPENSATION FOR ALL SERVICES. PETER HALFORD MD DR HALFORD SERVES AS A TRUSTEE FOR THE QUEEN'S MEDICAL CENTER (1 HOUR PER WEEK). HE IS A VOLUNTEER TRUSTEE AND IS NOT COMPENSATED FOR THESE SERVICES. DR HALFORD'S COMPENSATION IS FOR HIS ON-CALL SPECIALTY SERVICES AT THE QUEEN'S MEDICAL CENTER. WILLIAM G OBANA MD DR OBANA SERVES AS A TRUSTEE FOR THE QUEEN'S MEDICAL CENTER (2 HOURS PER WEEK). HE IS A VOLUNTEER TRUSTEE AND IS NOT COMPENSATED FOR THESE SERVICES. DR OBANA'S COMPENSATION IS FOR HIS ON-CALL SPECIALTY SERVICES AT THE QUEEN'S MEDICAL CENTER. ROBB K OHTANI MD DR OHTANI SERVES AS A TRUSTEE FOR THE QUEEN'S MEDICAL CENTER (1 HOUR PER WEEK). HE IS A VOLUNTEER TRUSTEE AND IS NOT COMPENSATED FOR THESE SERVICES. DR OHTANI'S COMPENSATION IS FOR HIS ON-CALL SPECIALTY SERVICES AT THE QUEEN'S MEDICAL CENTER. ROBERT HONG MD DR HONG SERVES AS A TRUSTEE FOR THE QUEEN'S MEDICAL CENTER (1 HOUR PER WEEK). HE IS A VOLUNTEER TRUSTEE AND IS NOT COMPENSATED FOR THESE SERVICES. DR HONG'S COMPENSATION IS FOR HIS ON-CALL SPECIALTY SERVICES AS WELL AS HIS SERVICES AS CHIEF OF STAFF AT THE QUEEN'S MEDICAL CENTER.

Software ID:
Software Version:
EIN: 99-0073524
Name: THE QUEEN'S 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				
Robert Hong MD	(i)	442,538	51,774	2,322	20,124	940	517,698	0
	(ii)	0	0	0	0	0	0	0
Arthur A Ushijima	(i)	0	0	0	0	0	0	0
	(ii)	860,163	264,958	58,993	436,171	13,092	1,633,377	0
Richard Keene	(i)	0	0	0	0	0	0	0
	(ii)	439,218	98,654	31,959	64,154	6,621	640,606	0
Sharlene Tsuda	(i)	0	0	0	0	0	0	0
	(ii)	198,063	51,143	16,968	49,262	12,604	328,040	0
Mark Yamakawa	(i)	0	0	0	0	0	0	0
	(ii)	468,448	140,060	41,300	144,705	16,274	810,787	0
Clinton Yee	(i)	162,700	14,300	6,976	15,284	20,165	219,425	0
	(ii)	0	0	0	0	0	0	0
Paula Yoshioka	(i)	0	0	0	0	0	0	0
	(ii)	370,434	96,681	16,142	56,435	9,185	548,877	0
Sung Bae Lee	(i)	639,284	38,416	486	15,975	18,702	712,863	0
	(ii)	0	0	0	0	0	0	0
David J Fergusson MD	(i)	459,546	83,937	0	0	11,183	554,666	0
	(ii)	0	0	0	0	0	0	0
Nicholas Dang MD	(i)	507,182	0	509	0	954	508,645	0
	(ii)	0	0	0	0	0	0	0
Christopher Aoki MD	(i)	380,325	104,613	767	18,485	21,951	526,141	0
	(ii)	0	0	0	0	0	0	0
Christian Spies MD	(i)	428,896	51,684	833	18,616	17,526	517,555	0
	(ii)	0	0	0	0	0	0	0

Schedule K (Form 990)	Supplemental Information on Tax Exempt Bonds ▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI. ▶ Attach to Form 990. ▶ See separate instructions.	OMB No 1545-0047
		2012
		Open to Public Inspection

Department of the Treasury Internal Revenue Service	Name of the organization THE QUEEN'S MEDICAL CENTER	Employer identification number 99-0073524
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Part I

Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A DEPARTMENT OF BUDGET & FINANCE STATE OF HAWAII	99-0266961	419800FB8	12-11-2003	114,300,000	SEE PART VI		X		X		X
B DEPARTMENT OF BUDGET & FINANCE STATE OF HAWAII	99-0266961	419800FR3	03-16-2006	114,875,000	SEE PART VI		X		X		X
C DEPARTMENT OF BUDGET & FINANCE STATE OF HAWAII	99-0266961	419800HT7	05-06-2009	78,670,000	SEE PART VI		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	8,825,000		25,750,000		6,440,000			
2	Amount of bonds legally defeased	0		0		0			
3	Total proceeds of issue	114,300,000		149,237,584		78,670,000			
4	Gross proceeds in reserve funds	0		0		0			
5	Capitalized interest from proceeds	0		1,300,000		0			
6	Proceeds in refunding escrows	0		0		0			
7	Issuance costs from proceeds	1,683,785		1,307,753		1,332,516			
8	Credit enhancement from proceeds	3,276,390		2,193,032		236,880			
9	Working capital expenditures from proceeds	292,217		5,170,428		0			
10	Capital expenditures from proceeds	0		80,928,891		0			
11	Other spent proceeds	0		0		0			
12	Other unspent proceeds	0		90,144		0			
13	Year of substantial completion	2003		2012		2009			
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X	X		X			
15	Were the bonds issued as part of an advance refunding issue?	X			X		X		
16	Has the final allocation of proceeds been made?	X			X	X			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X				X			

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X		X		
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?								
b	Exception to rebate?								
c	No rebate due?	X		X		X			
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?	X		X		X			
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X		X		X			
b	Name of provider	BANK OF AMERICA ML		BANK OF AMERICA ML		Bank of America ML			
c	Term of hedge	25 6		18 2		22 2			
d	Was the hedge superintegrated?		X		X		X		
e	Was a hedge terminated?		X		X		X		

Part IV

Arbitrage (Continued)

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

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

Identifier	Return Reference	Explanation
DESCRIPTION OF PURPOSE	SCHEDULE K, PART I, COLUMN (F)	BOND A) ON DECEMBER 11, 2003, QMC ISSUED SPECIAL PURPOSE REVENUE BONDS (THE QUEEN'S HEALTH SYSTEM) 2003 SERIES A, 2003 SERIES B AND 2003 SERIES C ("THE 2003 ISSUE") THE PURPOSE OF THE 2003 ISSUE WAS TO ADVANCE REFUND A PORTION OF THE 1996 BOND SERIES ISSUED ON JULY 18, 1996 BOND B) ON MARCH 16, 2006, QMC ISSUED SPECIAL PURPOSE REVENUE BONDS (THE QUEEN'S HEALTH SYSTEM) 2006 SERIES A, 2006 SERIES B AND 2006 SERIES C ("THE 2006 ISSUE") THE PURPOSE OF THE 2006 ISSUE WAS TO REFUND A PORTION OF THE 1998 BOND SERIES ISSUED ON JULY 1, 1998 ON A CURRENT BASIS AND TO FINANCE APPROVED CAPITAL PROJECTS BOND C) ON MAY 6, 2009, QMC ISSUED SPECIAL PURPOSE REVENUE BONDS (THE QUEEN'S HEALTH SYSTEM) 2009 SERIES A AND 2009 SERIES B ("THE 2009 ISSUE") THE PURPOSE OF THE 2009 ISSUE WAS TO REFUND THE 2003C AND 2006C BOND SERIES ISSUED DECEMBER 11, 2003 AND MARCH 16, 2006, RESPECTIVELY, ON A CURRENT BASIS THE CUSIP NUMBER FOR 2009 SERIES A IS 419800HT7 AND THE CUSIP NUMBER FOR 2009 SERIES B IS 419800HV2
TOTAL PROCEEDS OF ISSUE	SCHEDULE K, PART II, LINE 3	BOND B) THE DIFFERENCE BETWEEN THE ISSUE PRICE AND THE TOTAL PROCEEDS IS BECAUSE OF EARNED INTEREST INCOME FOR PURPOSES OF PART II, QMC ASSUMES THAT AMOUNTS SPENT TO RETIRE PRIOR DEBT ARE NEITHER WORKING CAPITAL NOR CAPITAL EXPENDITURES, AND ARE NOT REPORTED HEREIN
DATE REBATE COMPUTATION WAS PERFORMED	SCHEDULE K, PART IV ARBITRAGE	Date Rebate Computation was performed 2003 - 12/11/2008 2006 - 12/31/2013 2009 - 07/01/2013
2009 HEDGING CONTRACT	SCHEDULE K, PART IV, LINE 4	THERE IS MORE THAN ONE HEDGING CONTRACT RELATED TO THE 2009 ISSUE THE TERM OF THE 2003 HEDGE IS 25 6 YEARS WHILE THE TERM OF THE 2006C HEDGE IS 22 2 YEARS
SCHEDULE K ADDITIONAL INFORMATION	0	QMC BELIEVES, AND HAS PREPARED FORM 990, SCHEDULE K IN A MANNER CONSISTENT WITH SUCH BELIEF, THAT THE PART III EXCLUSION PROVIDED IN THE INSTRUCTIONS FOR BONDS THAT REFUND A PRE-2003 BOND ISSUE APPLIES TO THE 2003 SERIES A BONDS, THOUGH NO ALLOCATIONS UNDER REGULATIONS SECTION 1 141-13(D) HAVE YET BEEN ELECTED, THIS SUBMISSION DOES NOT CONSTITUTE AN ALLOCATION ELECTION UNDER REGULATIONS SECTION 1 141-13(D) QMC BELIEVES, AND HAS PREPARED FORM 990, SCHEDULE K IN A MANNER CONSISTENT WITH SUCH BELIEF, THAT THE PART III EXCLUSION PROVIDED IN THE INSTRUCTIONS FOR BONDS THAT REFUND A PRE-2003 BOND ISSUE APPLIES TO THE 2003 SERIES B BONDS, THOUGH NO ALLOCATIONS UNDER REGULATIONS SECTION 1 141-13(D) HAVE YET BEEN ELECTED, THIS SUBMISSION DOES NOT CONSTITUTE AN ALLOCATION ELECTION UNDER REGULATIONS SECTION 1 141-13(D) QMC BELIEVES, AND HAS PREPARED FORM 990, SCHEDULE K IN A MANNER CONSISTENT WITH SUCH BELIEF, THAT THE PART III EXCLUSION PROVIDED IN THE INSTRUCTIONS FOR BONDS THAT REFUND A PRE-2003 BOND ISSUE APPLIES TO THE 2006 SERIES A BONDS, THOUGH NO ALLOCATIONS UNDER REGULATIONS SECTION 1 141-13(D) HAVE YET BEEN ELECTED, THIS SUBMISSION DOES NOT CONSTITUTE AN ALLOCATION ELECTION UNDER REGULATIONS SECTION 1 141-13(D) QMC BELIEVES, AND HAS PREPARED FORM 990, SCHEDULE K IN A MANNER CONSISTENT WITH SUCH BELIEF, THAT THE PART III EXCLUSION PROVIDED IN THE INSTRUCTIONS FOR BONDS THAT REFUND A PRE-2003 BOND ISSUE APPLIES TO THE 2009 SERIES A BONDS, THOUGH NO ALLOCATIONS UNDER REGULATIONS SECTION 1 141-13(D) HAVE YET BEEN ELECTED, THIS SUBMISSION DOES NOT CONSTITUTE AN ALLOCATION ELECTION UNDER REGULATIONS SECTION 1 141-13(D) QMC BELIEVES, AND HAS PREPARED FORM 990, SCHEDULE K IN A MANNER CONSISTENT WITH SUCH BELIEF, THAT THE PART III EXCLUSION PROVIDED IN THE INSTRUCTIONS FOR BONDS THAT REFUND A PRE-2003 BOND ISSUE APPLIES TO THE 2009 SERIES B BONDS, THOUGH NO ALLOCATIONS UNDER REGULATIONS SECTION 1 141-13(D) HAVE YET BEEN ELECTED, THIS SUBMISSION DOES NOT CONSTITUTE AN ALLOCATION ELECTION UNDER REGULATIONS SECTION 1 141-13(D)

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization THE QUEEN'S MEDICAL CENTER	Employer identification number 99-0073524
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Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?	(i) Written agreement?	
			To	From			Yes	No		Yes	No
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) Hawaiian Telecom	Eric Yeaman, Trustee-QMC	382,863	See Part V		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
TRANSACTIONS WITH INTERESTED PERSON	SCHEDULE L, PART IV	ERIC YEAMAN IS AN OFFICER OF HAWAIIAN TELCOM, A TELECOMMUNICATIONS COMPANY, THAT PROVIDES SERVICES TO THE ORGANIZATION DURING THE YEAR, THE ORGANIZATION PAID SERVICE FEES IN THE AMOUNT OF \$382,863

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
THE QUEEN'S MEDICAL CENTER

Employer identification number

99-0073524

Identifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, LINE 4A	ESTABLISHED IN 1859 BY KING KAMEHAMEHA IV AND QUEEN EMMA, QMC IS THE FIRST HOSPITAL IN THE UNITED STATES FOUNDED BY ROYALTY. TODAY, IT IS THE LARGEST PRIVATE HOSPITAL IN HAWAII AND THE PACIFIC BASIN. THE QUEEN'S MEDICAL CENTER HAS 505 ACUTE CARE BEDS AND 28 SUB-ACUTE CARE BEDS. WITH OVER 3,000 EMPLOYEES AND OVER 1,200 PHYSICIANS ON STAFF, IT IS ALSO ONE OF THE STATE OF HAWAII'S LARGEST EMPLOYERS. AS THE LEADING MEDICAL REFERRAL CENTER IN HAWAII AND THE PACIFIC BASIN, QMC IS WIDELY KNOWN FOR ITS PROGRAMS IN CANCER, CARDIOVASCULAR DISEASE, NEUROSCIENCE, ORTHOPEDICS, SURGERY, TRAUMA, BEHAVIORAL MEDICINE, AND WOMEN'S HEALTH. QMC OFFERS A COMPREHENSIVE RANGE OF SPECIALTIES, INCLUDING CARDIAC DIAGNOSTICS, GASTROENTEROLOGY, GENETICS, GERIATRICS, GYNECOLOGY, NEONATOLOGY, OBSTETRICS, AND PULMONOLOGY. QMC SERVES AS THE MAIN TRAUMA CENTER IN THE PACIFIC BASIN, ("TRAUMA" IS DEFINED AS A LIFE-THREATENING INJURY OR SHOCK) AND HAS BEEN VERIFIED AS A LEVEL II TRAUMA CENTER BY THE VERIFICATION REVIEW COMMITTEE (VRC), AN AD HOC COMMITTEE OF THE COMMITTEE ON TRAUMA (COT) OF THE AMERICAN COLLEGE OF SURGEONS. QMC IS HOME TO A NUMBER OF RESIDENCY PROGRAMS OFFERED IN CONJUNCTION WITH THE JOHN A. BURNS SCHOOL OF MEDICINE. QMC IS ACCREDITED BY THE JOINT COMMISSION (TJC). QMC IS ALSO APPROVED TO PARTICIPATE IN RESIDENCY TRAINING BY THE ACCREDITATION COUNCIL FOR GRADUATE MEDICAL EDUCATION (ACGME), AND IS A MEMBER OF VHA, A NATIONAL COOPERATIVE OF OVER 1,400 HOSPITALS. QMC SUPPORTS NATIVE HAWAIIAN HEALTH INITIATIVES THROUGH MANY OF ITS PROGRAMS AND SERVICES, PARTICULARLY ITS NATIVE HAWAIIAN HEALTH PROGRAM (NHHP). THE FOCUS AREAS OF NHHP INCLUDE IMPROVEMENTS IN CLINICAL OUTCOMES, HEALTHCARE TRAINING, RESEARCH, AND ACCESS AND OUTREACH. NHHP CONDUCTS ONGOING ASSESSMENT AND DEVELOPMENT OF QMC PROGRAMS AND SERVICES FOCUSED ON NATIVE HAWAIIANS, INCLUDING SPECIFIC CLINICAL PROGRAMS IN AREAS SUCH AS CARDIOLOGY, ONCOLOGY, COMPREHENSIVE WEIGHT MANAGEMENT, MEDICINE, NEUROSCIENCE, AND DIABETES. QMC COLLABORATES AND PARTNERS TO PROVIDE HEALTHCARE TRAINING AND EDUCATION OPPORTUNITIES TO NATIVE HAWAIIAN STUDENTS AND THOSE COMMITTED TO SERVING NATIVE HAWAIIAN COMMUNITIES FROM ADOLESCENCE TO GRADUATE STUDIES, SUCH AS, THE ULU KUKUI PROJECT, WHICH IS A PRE-COLLEGE SCIENCE EDUCATION PROGRAM AT STEVENSON MIDDLE SCHOOL TO PROMOTE EXCELLENCE IN SCIENCE EDUCATION AND THE PURSUIT OF BIOMEDICAL CAREERS BY NATIVE HAWAIIANS AND PACIFIC ISLANDERS. IN ADDITION, NHHP PROGRAMS FOCUS ON QUALITY IMPROVEMENT AND INCREASED ACCESS FOR NATIVE HAWAIIANS TO QMC AND COLLABORATE WITH THE NATIVE HAWAIIAN COMMUNITY IN EDUCATION, RESEARCH, AND COMMUNITY OUTREACH. THROUGH EACH OF THESE AREAS OF FOCUS, NHHP WORKS TO PROVIDE A FRAMEWORK FOR THE DEVELOPMENT, IMPLEMENTATION AND EVALUATION OF CLINICAL INITIATIVES THAT AIM TO ENHANCE THE OLA PONO (WELL BEING) OF NATIVE HAWAIIANS. IN ADDITION TO NHHP, MANY OF QMC'S PROGRAM SERVICES DESCRIBED BELOW PROVIDE BENEFITS TO NATIVE HAWAIIANS, INCLUDING COMPONENTS OF CHARITY CARE AND UNCOMPENSATED CARE PROVIDED TO OUR PATIENTS. THE QUEEN'S MEDICAL CENTER ("QMC") PROVIDED APPROXIMATELY \$118.7 MILLION OF COMMUNITY BENEFITS, IN SUPPORT OF ITS MISSION AS A TAX-EXEMPT CHARITABLE HOSPITAL. 1 UNCOMPENSATED CARE - QMC PROVIDES MEDICAL SERVICES TO PATIENTS WHO DO NOT HAVE THE ABILITY TO PAY (CHARITY CARE) AND PATIENTS WHO REFUSE TO PAY (BAD DEBTS). FOR THE YEAR ENDED JUNE 30, 2013, THE ESTIMATED COST OF PROVIDING CHARITY CARE AND FOR SERVICES THAT WERE BAD DEBTS WAS \$3,189,000 AND \$21,431,000 RESPECTIVELY. 2 QUEEN'S TRANSPLANT CENTER - IN JANUARY 2013, QMC OPENED THE ONLY ORGAN TRANSPLANT CENTER IN HAWAII AND THE PACIFIC BASIN. THIS NEW CENTER IS HOME TO PHYSICIANS AND STAFF WITH OVER 20 YEARS OF EXPERIENCE IN TRANSPLANTATION. FOR THE YEAR ENDED JUNE 30, 2013, THE ESTIMATED COST OF OPERATIONS OF THE QUEEN'S TRANSPLANT CENTER WAS \$1,514,000 AND CAPITAL INVESTMENTS MADE TOTALLED \$34,000. 3 BEHAVIORAL HEALTH - QMC PROVIDES INPATIENT AND OUTPATIENT BEHAVIORAL HEALTH SERVICES THAT ARE NECESSARY AND IN CERTAIN INSTANCES, NOT GENERALLY AVAILABLE IN THE STATE OF HAWAII. THE ESTIMATED COST OF OPERATIONS RESULTING FROM BEHAVIORAL HEALTH SERVICES WAS \$3,538,000 FOR THE YEAR ENDED JUNE 30, 2013. 4 QUEEN EMMA CLINICS - QMC PROVIDES OUTPATIENT SERVICES TO INDIGENT PATIENTS AND OTHERS THROUGH THE QUEEN EMMA CLINICS. THE ESTIMATED COST OF OPERATION OF THE QUEEN EMMA CLINICS WAS APPROXIMATELY \$5,894,000 FOR THE YEAR ENDED JUNE 30, 2013. 5 ON CALL PHYSICIAN COMPENSATION - QMC MAINTAINS THE ONLY LEVEL II TRAUMA CENTER IN THE STATE OF HAWAII. IN ORDER TO PROVIDE LEVEL II TRAUMA COVERAGE, THE MEDICAL CENTER INCURRED APPROXIMATELY \$9,720,000 IN ON CALL PHYSICIAN COVERAGE DURING THE YEAR ENDED JUNE 30, 2013. 6 FELLOWSHIP, RESIDENT AND INTERN COSTS - QMC INCURRED COSTS IN EXCESS OF REIMBURSEMENT OF APPROXIMATELY \$11,420,000 DURING THE YEAR ENDED JUNE 30, 2013 RELATED TO ITS CARDIAC FELLOWSHIP, RESIDENT AND INTERN PROGRAMS. AS A TEACHING FACILITY, THE MEDICAL CENTER PARTIC

Identifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, LINE 4A	IPATES IN AND SHARES THE COSTS OF THE HAWAII RESIDENCY PROGRAM 7 HAWAII MEDICAL LIBRARY - QMC MAINTAINS A MEDICAL LIBRARY THAT BENEFITS HEALTHCARE PROFESSIONALS IN THE STATE OF HAWAII THE ESTIMATED COST OF OPERATING THE HAWAII MEDICAL LIBRARY FOR THE YEAR ENDED JUNE 30, 2013 WAS \$702,000 8 TRANSFER HOTLINE - QMC MAINTAINS A CARDIAC TRANSFER HOTLINE AND A REFERRAL HOTLINE TO ASSIST PATIENTS AND OTHER HEALTHCARE PROVIDERS WITH THE TRANSFER AND /OR REFERRAL OF PATIENTS TO APPROPRIATE HEALTHCARE SERVICES THE ESTIMATED COST OF PROVIDING THESE SERVICES FOR THE YEAR ENDED JUNE 30, 2013 WAS \$1,429,000 9 TRANSPORTATION SERVICES - QMC PROVIDES TRANSPORTATION TO AND FROM THE MEDICAL CENTER TO PATIENTS WHO REQUIRE ASSISTANCE THE COST OF PROVIDING THESE SERVICES WAS \$94,000 FOR THE YEAR ENDED JUNE 30, 2013 10 HEALTH AND WELLNESS EDUCATION - QMC PROVIDES HEALTH AND WELLNESS EDUCATION TO THE COMMUNITY IN AN EFFORT TO PROMOTE HEALTHY LIFESTYLES FOR THE YEAR ENDED JUNE 30, 2013, THE COST OF PROVIDING HEALTH AND WELLNESS EDUCATION WAS \$519,000 11 RESEARCH LOSSES - QMC EMPLOYS STAFF AND INCURS UNFUNDED COSTS FOR MEDICAL RESEARCH FOR THE YEAR ENDED JUNE 30, 2013, RESEARCH COSTS WERE \$1,397,000 12 CHARITABLE CONTRIBUTIONS - QMC MAKES CONTRIBUTIONS TO OUTSIDE CHARITABLE ORGANIZATIONS FOR THE YEAR ENDED JUNE 30, 2013, CONTRIBUTIONS TO OUTSIDE CHARITABLE ORGANIZATIONS WERE \$1,452,000 OF THIS AMOUNT, \$354,000 WAS FOR FUNDING TO THE DEPARTMENT OF NATIVE HAWAIIAN HEALTH UNDER THE JOHN A BURNS SCHOOL OF MEDICINE OF THE UNIVERSITY OF HAWAII AND \$750,000 WAS DONATED TO THE UNIVERSITY OF HAWAII CANCER CONSORTIUM 13 EMERGENCY PREPAREDNESS - QMC IS THE ONLY LEVEL II TRAUMA CENTER IN THE STATE OF HAWAII QMC ALLOCATED RESOURCES TO PLAN AND TEST ITS READINESS FOR COMMUNITY EMERGENCIES, INCLUDING TRAUMA, TERRORIST ATTACKS AND CONDITIONS RESULTING FROM HAZARDOUS MATERIAL SPILLS FOR THE YEAR ENDED JUNE 30, 2013, THE COSTS OF EMERGENCY PREPAREDNESS WERE \$507,000

Identifier	Return Reference	Explanation
14 ELECTRICAL GENERATOR PROJECT - IN ORDER TO MAINTAIN NECESSARY		LIFE SUPPORT, DIAGNOSTIC AND OPERATING SYSTEMS, IN THE EVENT OF AN EMERGENCY , QMC SIGNIFICANTLY UPGRADED ITS POWER PLANT BY ADDING TWO NEW GENERATORS THAT ARE CAPABLE OF PROVIDING ELECTRICAL POWER FOR THE MEDICAL CENTER FOR THE YEAR ENDED JUNE 30, 2013, COSTS INCURRED FOR THE ELECTRICAL GENERATOR PROJECT WERE \$36,000 TOTAL PROJECT COSTS INCURRED AS OF JUNE 30, 2013 WERE APPROXIMATELY \$34,174,000 15 MEDICAID SHORTFALL IN PAYMENTS - QMC PROVIDES INPATIENT AND OUTPATIENT SERVICES TO MEDICAID PATIENTS IN THE STATE OF HAWAII QMC INCURRED COSTS IN EXCESS OF REIMBURSEMENT OF APPROXIMATELY \$30,132,000 DURING THE YEAR ENDED JUNE 30, 2013 16 MEDICARE SHORTFALL IN PAYMENTS - QMC PROVIDES INPATIENT AND OUTPATIENT SERVICES TO MEDICARE PATIENTS IN THE STATE OF HAWAII QMC INCURRED COSTS IN EXCESS OF REIMBURSEMENT BASED ON MEDICARE COST REPORTS OF APPROXIMATELY \$21,316,000 DURING THE YEAR ENDED JUNE 30, 2013 CONSISTENT WITH COST REPORT REQUIREMENTS, THERE ARE AMOUNTS THAT ARE EXCLUDED FROM THE COSTS ABOVE 17 LEASE PRICING BELOW FAIR MARKET VALUE - QMC EXTENDED LEASE RATES TO THE UNIVERSITY OF HAWAII THAT ARE BELOW FAIR MARKET VALUE FOR THE YEAR ENDED JUNE 30, 2013, REVENUES FOREGONE FROM LEASE RATES THAT WERE BELOW FAIR MARKET VALUE WERE \$63,000 18 PROGRAMS THAT IMPROVE ACCESS TO HEALTHCARE - QMC IMPROVES THE COMMUNITY'S ACCESS TO HEALTHCARE BY HELPING PATIENTS QUALIFY FOR MEDICAID AND OTHER TYPES OF INSURANCE FOR THE YEAR ENDED JUNE 30, 2013, THESE PROGRAM COSTS TOTALED \$1,000,000 19 KINAU STREET OFF-RAMP IMPROVEMENT PROJECT - IN ORDER TO IMPROVE ACCESS TO ITS EMERGENCY DEPARTMENT AND HOSPITAL, QMC, IN CONJUNCTION WITH THE STATE DEPARTMENT OF TRANSPORTATION AND CITY DEPARTMENT OF TRANSPORTATION SERVICES, SUPPORTED CONSTRUCTION OF THE KINAU STREET OFF-RAMP FOR THE YEAR ENDED JUNE 30, 2013, COSTS INCURRED FOR THE IMPROVEMENT PROJECT WERE \$534,000 20 DENTAL CLINIC - QMC PROVIDES DENTAL SERVICES TO INDIGENT PATIENTS AND OTHERS THROUGH ITS DENTAL CLINIC THE COST OF OPERATIONS FROM THE DENTAL CLINIC WAS APPROXIMATELY \$502,000 FOR THE YEAR ENDED JUNE 30, 2013 21 DONATED USE OF CONFERENCE ROOMS - QMC ALLOWS PHYSICIANS AND TEACHERS FROM THE JOHN A BURNS SCHOOL OF MEDICINE OF THE UNIVERSITY OF HAWAII, VARIOUS GOVERNMENTAL ENTITIES INCLUDING THE HAWAII DEPARTMENT OF HEALTH AND OTHER NONPROFIT ORGANIZATIONS THE FREE USE OF ITS FACILITIES AT THE QUEEN'S CONFERENCE CENTER FOR THE YEAR ENDED JUNE 30, 2013, THE VALUE OF THE USE OF THE CENTER WAS \$291,000 22 JOB SHADOWING PROGRAM - QMC SPONSORS A JOB SHADOWING PROGRAM FOR STUDENTS IN THE STATE OF HAWAII FOR THE YEAR ENDED JUNE 30, 2013, COSTS INCURRED FOR THE PROGRAM WERE \$10,000 23 QMC NURSING PROGRAM - QMC PROVIDES NURSING INTERNSHIPS AND NURSE TRAINING THAT HELP ADDRESS THE CONTINUED NEED FOR SKILLED NURSES IN THE ISLANDS FOR THE YEAR ENDED JUNE 30, 2013, THESE COSTS TOTALED \$1,656,000 24 HOSPITAL MINISTRY - QMC PROVIDES NON-DENOMINATIONAL SPIRITUAL GUIDANCE AND SUPPORT TO ITS PATIENTS AND THEIR FAMILIES THROUGH ITS HOSPITAL MINISTRY PROGRAM QUALIFIED, PROFESSIONAL CHAPLAINS ARE PRESENT TO PROVIDE MINISTRY SERVICES 24-HOURS A DAY, 7-DAYS A WEEK FOR THE YEAR ENDED JUNE 30, 2013, THE COST OF THESE SERVICES TOTALED \$337,000 25 COMMUNITY OUTREACH - QMC EMPLOYEES VOLUNTEER THEIR TIME AND EXPERIENCE PROVIDING FREE LECTURES TO MEMBERS OF THE COMMUNITY INCLUDING PROFESSIONALS, STUDENTS AND MEMBERS OF THE PUBLIC 26 VOLUNTEER EFFORTS - QMC EMPLOYEES PERIODICALLY VOLUNTEER FOR OTHER CHARITABLE ORGANIZATIONS FOR THE YEAR ENDED JUNE 30, 2013, THESE EVENTS INCLUDED THE AMERICAN HEART ASSOCIATION'S "HEART WALK", AMERICAN CANCER SOCIETY'S "RELAY FOR LIFE' AND "HOPE LODGE FUNDRAISER', SUSAN G KOMEN FOUNDATION'S "RACE FOR THE CURE', WAIKIKI IMPROVEMENT ASSOCIATION'S "BEACH CLEAN UP' AND THE AMERICAN DIABETES ASSOCIATION'S "STEP OUT' FUNDRAISER IN ADDITION, QMC OFFICERS DEDICATE MANY HOURS SERVING AS VOLUNTEER BOARD MEMBERS FOR OTHER HAWAII BASED CHARITABLE ORGANIZATIONS

Identifier	Return Reference	Explanation
DESCRIPTION OF CLASSES OF MEMBERS OR STOCKHOLDERS	FORM 990, PART VI, LINE 6	QMC HAS A SOLE MEMBER, WHICH IS THE QUEEN'S HEALTH SYSTEMS, A HAWAII NONPROFIT CORPORATION ("QHS")

Identifier	Return Reference	Explanation
DESCRIPTION OF CLASSES OF PERSONS AND THE NATURE OF THEIR RIGHTS	FORM 990, PART VI, LINE 7A	QHS ELECTS ALL OF THE BOARD MEMBERS OF THE QMC BOARD OF TRUSTEES

Identifier	Return Reference	Explanation
DESCR CLASSES OF PERSONS, DECISIONS REQUIRING APPR & TYPE OF VOTING RIGHTS	FORM 990, PART VI, LINE 7B	CERTAIN MAJOR DECISIONS APPROVED BY THE QMC BOARD OF TRUSTEES MUST ALSO BE APPROVED BY QHS SUCH DECISIONS INCLUDE 1 A CHANGE TO THE PURPOSE OF THE COMPANY , 2 A FINANCING TRANSACTION IN EXCESS OF \$500,000, 3 A LEASE TRANSACTION THAT HAS A TERM THAT IS LONGER THAN 3 YEARS OR HAS A RENT OBLIGATION IN EXCESS OF \$1,000,000 OVER THE LEASE TERM, 4 A TRANSACTION INVOLVING THE SALE, LEASE, DISPOSITION OR HYPOTHECATION OF REAL PROPERTY , 5 ANNUAL OPERATIONAL AND CAPITAL BUDGETS, 6 STRATEGIC PLANS, 7 MERGER OR MAJOR ACQUISITIONS, 8 CREATION OF A NEW ENTITY OF JOINT VENTURE, 9 SALE OR DISPOSITION OF ALL OR SUBSTANTIALLY ALL OF ITS ASSETS, 10 DISSOLUTION, 11 AMENDMENT OF BYLAWS, 12 ADOPTION, AMENDMENT OR RESCISSION OF A BOARD POLICY , 13 CAPITAL EXPENDITURES IN EXCESS OF \$2,000,000 FOR QMC

Identifier	Return Reference	Explanation
DESCRIBE THE PROCESS USED BY MANAGEMENT &/OR GOVERNING BODY TO REVIEW 990	FORM 990, PART VI, LINE 11B	THE FORM 990 FOR THE QUEEN'S HEALTH SYSTEM ("QHS") AND THE SEPARATE FORMS FOR EACH OF THE NOT-FOR-PROFIT SUBSIDIARIES OF QHS WERE REVIEWED BY THE GOVERNING BODY OF QHS PRIOR TO THE FILING OF THE RETURNS. THE QHS FINANCE COMMITTEE, WHICH IS COMPRISED OF MEMBERS OF THE QHS BOARD OF TRUSTEES, WAS DELEGATED THE RESPONSIBILITY TO REVIEW THE RETURNS PRIOR TO THEIR FILING. THE RETURNS WERE PRESENTED TO THE COMMITTEE BY MANAGEMENT AND BY THE INDEPENDENT PUBLIC ACCOUNTING FIRM THAT PREPARED THE RETURNS. IN ADDITION, COMPENSATION RELATED DISCLOSURES IN THE RETURNS WERE REVIEWED BY THE CHAIRPERSON OF THE QHS COMPENSATION COMMITTEE PRIOR TO FILING THE RETURNS. ALSO, A COPY OF THE QMC RETURN WAS MADE AVAILABLE TO EACH OF THE MEMBERS OF THE QMC BOARD OF TRUSTEES PRIOR TO THE RETURNS BEING FILED WITH THE INTERNAL REVENUE SERVICE.

Identifier	Return Reference	Explanation
APPROVED POLICIES	FORM 990, PART VI, LINES 12, 13 & 14	THE CONFLICT OF INTEREST, WHISTLEBLOWER AND DOCUMENT RETENTION POLICIES HAVE BEEN APPROVED BY QHS ON BEHALF OF THE QMC BOARD BUT HAVE NOT BEEN SEPARATELY APPROVED BY THE QMC BOARD AS SUCH, LINES 12, 13 AND 14 HAVE BEEN CHECKED 'NO'

Identifier	Return Reference	Explanation
DESCRIPTION OF PROCESS TO MONITOR TRANSACTIONS FOR CONFLICTS OF INTEREST	FORM 990, PART VI, LINE 12C	ALL QHS COMPANIES ARE SUBJECT TO A WRITTEN CONFLICT OF INTEREST POLICY. ALL TRUSTEES, OFFICERS, DESIGNATED EMPLOYEES AND CONTRACTORS ARE REQUIRED TO COMPLETE AN ANNUAL DISCLOSURE FORM. THE DESIGNATED EMPLOYEES ARE THOSE SELECTED BY EXECUTIVES IN THE ORGANIZATION WHO IDENTIFY THOSE EMPLOYEES (TYPICALLY MANAGER LEVEL AND ABOVE) WHO MAY BE IN A POSITION TO SELECT OR INFLUENCE THE SELECTION OF A VENDOR. DISCLOSURES ARE SUMMARIZED AND MAINTAINED BY EACH COMPANY'S CORPORATE SECRETARY. THE CONTRACTS MANAGEMENT DEPARTMENT AND LEGAL DEPARTMENT HAVE THE CONFLICT SUMMARIES AND CHECK FOR CONFLICTS OF INTEREST AT THE BEGINNING OF THE CONTRACT PROCESS. ANY CONFLICT OF INTEREST INVOLVING A TRUSTEE IS PRESENTED TO THE BOARD OF TRUSTEES. ANY TRANSACTION INVOLVING A DISQUALIFIED PERSON IS SUBJECT TO THE PROCESS OF ESTABLISHING A REBUTTABLE PRESUMPTION OF REASONABLENESS. ANY TRUSTEE WITH A CONFLICT OF INTEREST IS EXCUSED FOR THE PORTION OF THE MEETING WHERE THE SUBJECT MATTER IS DISCUSSED AND VOTED ON.

Identifier	Return Reference	Explanation
OFFICES & POSITIONS FOR WHICH PROCESS WAS USED, & YEAR PROCESS WAS BEGUN	FORM 990, PART VI, LINE 15A AND 15B	ALTHOUGH NOT COMPENSATED BY THE QUEEN'S MEDICAL CENTER, A RELATED ORGANIZATION, THE QUEEN'S HEALTH SYSTEMS, GOES THROUGH THE FOLLOWING PROCESS FOR DETERMINING THE CEO'S COMPENSATION: A COMMITTEE OF THE BOARD OF TRUSTEES CALLED THE COMPENSATION COMMITTEE MEETS REGULARLY TO REVIEW COMPENSATION OF ALL EXECUTIVES OF ALL COMPANIES WITHIN QHS. QMC'S EXECUTIVE COMPENSATION IS REVIEWED ANNUALLY FOR ITS EXECUTIVE VP/COO, VP MEDICAL AFFAIRS, VP CLINICAL INTEGRATION, VP NURSING AND VP PATIENT CARE. ALL DECISIONS REGARDING EXECUTIVE COMPENSATION ARE MADE IN CONFORMITY WITH THE PROCEDURES REQUIRED TO ESTABLISH A REBUTTABLE PRESUMPTION OF REASONABLENESS. ANY ADJUSTMENT TO COMPENSATION IS SUBJECT TO THE PROCESS OF PERFORMANCE REVIEWS AND COMPARISON TO COMPARABLE COMPENSATION DATA PREPARED BY A NATIONALLY RECOGNIZED INDEPENDENT COMPENSATION CONSULTANT. OUTSIDE COUNSEL ASSISTS WITH THE REVIEW PROCESS AND DOCUMENTS THE DECISIONS OF THE COMMITTEE.

Identifier	Return Reference	Explanation
AVAIL OF GOV DOCS, CONFLICT OF INTEREST POLICY, & FIN STMTS TO GEN PUBLIC	FORM 990, PART VI, LINE 19	QMC'S GOVERNING DOCUMENTS ARE AVAILABLE TO THE GENERAL PUBLIC UPON REQUEST AND THE AUDITED FINANCIAL STATEMENTS ARE ATTACHED TO THIS RETURN, AS REQUIRED QMC DOES NOT MAKE ITS CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC

Identifier	Return Reference	Explanation
OTHER CHANGES TO NET ASSETS/FUND BALANCES	FORM 990, PART XI, LINE 9	Pension FAS 87 Adjustments \$36,939,530 Gain on interest rate sw ap 12,151,940 Change in interest in subsidiary 806,039 Unrealized gain on hedging transaction (566,403) Transfer reclassified (186,000) ----- Total \$49,145,106

Identifier	Return Reference	Explanation
OTHER FEES FOR SERVICES FOR NON-EMPLOYEES	FORM 990 PART IX LINE 11G	DESCRIPTION PURCHASED SERVICES TOTAL FEES 60259759

Identifier	Return Reference	Explanation
OTHER FEES FOR SERVICES FOR NON-EMPLOYEES	FORM 990 PART IX LINE 11G	DESCRIPTION MEDICAL SERVICES TOTAL FEES 24169167

Identifier	Return Reference	Explanation
OTHER FEES FOR SERVICES FOR NON-EMPLOYEES	FORM 990 PART IX LINE 11G	DESCRIPTION CONSULTING SERVICES TOTAL FEES 1693021

Identifier	Return Reference	Explanation
OTHER FEES FOR SERVICES FOR NON-EMPLOYEES	FORM 990 PART IX LINE 11G	DESCRIPTION OTHER SERVICES TOTAL FEES 1655221

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
THE QUEEN'S MEDICAL CENTER

Employer identification number
99-0073524

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)					
(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) The Queen's Health Systems 1301 Punchbowl Street Honolulu, HI 96813 99-0238120	Admin Service	HI	501(c)(3)	11 Type II	NA		No
(2) Queen Emma Land Company 1301 Punchbowl Street Honolulu, HI 96813 99-0183769	Support Svcs	HI	501(c)(3)	11 Type II	QHS	Yes	
(3) Molokai General Hospital PO Box 408 Kaunakakai, HI 96748 99-0251372	Health Care	HI	501(c)(3)	3	QHS	Yes	

Part III

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end- of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) HAMQueen's PET 99-3266916	PET Imaging	HI	QMC	Related	955,415	5,326,259		No			No	70 000 %

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end- of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) The Queen's Development Corporation 1301 Punchbowl Street Honolulu, HI 96813 99-0240109	Development	HI	NA	C corp				Yes	
(2) Queen's Insurance Exchange Inc 1301 Punchbowl Street Honolulu, HI 96813 91-1913839	Insurance	HI	NA	C corp				Yes	
(3) Diagnostic Laboratory Services Inc 99-859 Iwaiwa Street Aiea, HI 96701 99-0240499	Medical Lab Svcs	HI	NA	C corp				Yes	

Part V

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

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

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

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

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

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

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

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

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

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

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

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

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

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

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

Yes

No

1a

No

1b

No

1c

Yes

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

Yes

1k

Yes

1l

Yes

1m

No

1n

No

1o

No

1p

Yes

1q

Yes

1r

No

1s

No

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

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

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: 99-0073524

Name: THE QUEEN'S 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	HAMAMATSU/QUEEN'S PET IMAGING CENTER, LLC EIN 94-3266916 ADDRESS 1301 PUNCHBOWL STREET HONOLULU, HI 96813

--> Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
Queen Emma Land Company	C	34,125,580	FMV
Diagnostic Laboratory Services Inc	P	13,647,507	FMV
The Queen's Development Corporation	K	3,374,560	FMV
The Queen's Development Corporation	Q	2,196,954	FMV
The Queen's Development Corporation	J	2,134,992	FMV
Diagnostic Laboratory Services Inc	J	805,340	FMV
Queen Emma Land Company	K	487,307	FMV
Molokai General Hospital	L	289,937	FMV

TY 2012 AffiliatedGroupAttachment

Name: THE QUEEN'S MEDICAL CENTER

EIN: 99-0073524

Explanation: Name: Queen Emma Land Company Address: 1301 Punchbowl Street Honolulu, HI 96813 EIN: 99-0183769 Expenses: \$34,234,175 Share of excess Lobbying Expenditures: \$0 Name: The Queen's Health Systems Address: 1301 Punchbowl Street Honolulu, HI 96813 EIN: 99-0238120 Expenses: \$24,583,081 Share of excess Lobbying Expenditures: \$0 Name: The Queen's Medical Center Address: 1301 Punchbowl Street Honolulu, HI 96813 EIN: 99-0073524 Expenses: \$722,895,753 Share of excess Lobbying Expenditures: \$0 Name: Molokai General Hospital Address: P.O. Box 408 Kaunakakai, HI 96748 EIN: 99-0251372 Expenses: \$8,488,690 Share of excess Lobbying Expenditures: \$0



THE QUEEN'S MEDICAL CENTER AND SUBSIDIARY

Consolidated Financial Statements

June 30, 2013 and 2012

(With Independent Auditors' Report Thereon)

THE QUEEN'S MEDICAL CENTER AND SUBSIDIARY

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KPMG LLP
PO Box 4150
Honolulu, HI 96812-4150

Independent Auditors' Report

The Board of Trustees
The Queen's Medical Center

We have audited the accompanying consolidated financial statements of The Queen's Medical Center and its subsidiary, 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 consolidated financial statements in accordance 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of The Queen's Medical Center and its subsidiary as of June 30, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with U S generally accepted accounting principles

KPMG LLP

Honolulu, Hawaii
October 7, 2013

THE QUEEN'S MEDICAL CENTER AND SUBSIDIARY

Consolidated Balance Sheets

June 30, 2013 and 2012

(In thousands)

Assets	<u>2013</u>	<u>2012</u>
Current assets		
Cash and cash equivalents	\$ 13,502	24,287
Receivables – less allowances for uncollectible accounts of \$41,026 in 2013 and \$43,950 in 2012	113,147	83,016
Inventories	9,984	9,378
Interest in pooled investment fund and other – current	545,625	490,666
Prepaid expenses and other current assets	8,665	8,307
Due from affiliates	1,025	600
Assets whose use is limited or restricted – current	13,393	12,952
Total current assets	705,341	629,206
Interest in pooled investment fund and other – less current portion	49,132	55,422
Assets whose use is limited or restricted – less current portion	19,206	20,130
Land, buildings, and equipment, net	287,581	235,821
Deferred financing fees, net	4,278	4,663
Due from affiliates – noncurrent	20,024	18,612
Other assets	1,410	1,432
Total	\$ <u>1,086,972</u>	<u>965,286</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and other accrued liabilities	\$ 55,353	40,978
Accrued salaries and benefits	39,698	35,610
Due to government reimbursement programs – current	10,133	7,625
Due to affiliates	13,841	5,382
Long-term debt – current	23,576	15,495
Total current liabilities	142,601	105,090
Long-term debt – less current portion	261,399	268,034
Pension and postretirement liabilities	112,853	142,900
Due to government reimbursement programs – less current portion	18,562	17,812
Other long-term liabilities	52,625	62,528
Total liabilities	588,040	596,364
Net assets		
Unrestricted	480,717	349,513
Temporarily restricted	12,264	13,458
Permanently restricted	5,951	5,951
Total net assets	498,932	368,922
Total	\$ <u>1,086,972</u>	<u>965,286</u>

See accompanying notes to consolidated financial statements

THE QUEEN'S MEDICAL CENTER AND SUBSIDIARY
Consolidated Statements of Operations and Changes in Net Assets
Years ended June 30, 2013 and 2012
(In thousands)

	<u>2013</u>	<u>2012</u>
Unrestricted operating revenues		
Net patient service revenues	\$ 706,766	650,354
Other	31,949	22,345
Total unrestricted operating revenues	<u>738,715</u>	<u>672,699</u>
Net assets released from restrictions	<u>13,579</u>	<u>11,872</u>
Total operating revenues and other support	<u>752,294</u>	<u>684,571</u>
Unrestricted operating expenses		
Salaries, wages, and employee benefits	394,717	356,361
Supplies	120,119	108,666
Purchased services	97,460	90,941
Depreciation and amortization	33,324	35,490
Professional fees	29,154	29,777
Rent and utilities	18,328	18,155
Sustainability fees and taxes – other than income taxes	17,722	525
Interest, primarily allocated from affiliates	8,402	9,148
Insurance and other allocated costs from affiliates	6,077	6,470
Other	18,065	17,514
Total unrestricted operating expenses	<u>743,368</u>	<u>673,047</u>
Operating income	<u>8,926</u>	<u>11,524</u>
Nonoperating income (expense)		
Investment income, net	64,889	18,357
Net assets released from restrictions	354	439
Gain (loss) on interest rate swap, primarily allocated from affiliates	12,152	(14,833)
Other expense	(3,297)	(2,361)
Total nonoperating income, net	<u>74,098</u>	<u>1,602</u>
Excess of revenues over expenses, carried forward	<u>83,024</u>	<u>13,126</u>

THE QUEEN'S MEDICAL CENTER AND SUBSIDIARY
Consolidated Statements of Operations and Changes in Net Assets
Years ended June 30, 2013 and 2012
(In thousands)

	<u>2013</u>	<u>2012</u>
Excess of revenues over expenses, brought forward	\$ 83,024	13,126
Other changes		
Net assets released from restrictions used for capital expenditures	1,486	326
Net change in unrealized gain/loss on investments	(16,488)	(8,608)
Pension related changes other than net periodic pension cost	36,940	(46,208)
Transfers from affiliates, net	26,242	22,240
Total other changes	48,180	(32,250)
Increase (decrease) in unrestricted net assets	131,204	(19,124)
Temporarily restricted net assets		
Restricted gifts and grants	5,100	5,648
Investment income, net	1,484	283
Net assets released from restrictions used for operating expenses	(13,579)	(11,872)
Net assets released from restrictions used for nonoperating expenses	(354)	(439)
Net assets released from restrictions used for capital expenditures	(1,486)	(326)
Transfers from affiliates, net	7,641	7,283
(Decrease) increase in temporarily restricted net assets	(1,194)	577
Increase (decrease) in net assets	130,010	(18,547)
Net assets – beginning of year	368,922	387,469
Net assets – end of year	\$ <u>498,932</u>	<u>368,922</u>

See accompanying notes to consolidated financial statements

THE QUEEN'S MEDICAL CENTER AND SUBSIDIARY

Consolidated Statements of Cash Flows

Years ended June 30, 2013 and 2012

(In thousands)

	2013	2012
Operating activities		
Increase (decrease) in net assets	\$ 130,010	(18,547)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Net realized and unrealized investment gains and income	(49,644)	(9,764)
(Gain) loss on interest rate swap	(12,152)	14,833
Pension related changes other than net periodic pension cost	(36,940)	46,208
Depreciation and amortization	33,324	35,490
Provision for bad debts	21,431	25,028
Transfer of equipment to The Queen's Health Systems	243	359
Loss on disposition of land, buildings, and equipment	1,356	276
Changes in operating assets and liabilities		
Receivables	(51,562)	(36,748)
Due to government reimbursement programs	3,258	1,009
Due to/from affiliates	6,622	(20,131)
Accounts payable and accrued salaries, benefits, and other liabilities	12,501	6,995
Other	9,685	19,359
Net cash provided by operating activities	68,132	64,367
Investing activities		
Purchases of land, buildings, and equipment	(59,335)	(33,522)
Proceeds from sale of land, buildings, and equipment	13	8
Proceeds from sale of investments	—	547
Purchases of investments and assets whose use is limited or restricted	(5)	(15,954)
Proceeds from assets whose use is limited or restricted, net	1,464	(210)
Net cash used in investing activities	(57,863)	(49,131)
Financing activities – repayment of long-term debt	(21,054)	(15,393)
Net decrease in cash and cash equivalents	(10,785)	(157)
Cash and cash equivalents – beginning of year	24,287	24,444
Cash and cash equivalents – end of year	\$ 13,502	24,287
Supplemental cash flow information		
Interest paid – net of amounts capitalized	\$ 8,708	9,352
Supplemental disclosures of noncash investing and financing activities		
Purchase of buildings and equipment included in accounts payable and accrued liabilities at year-end	\$ 9,989	4,027
Transfers of land, buildings, and equipment to affiliate	(243)	(359)
Debt assumed in exchange for buildings and land	22,500	—

See accompanying notes to consolidated financial statements

THE QUEEN'S MEDICAL CENTER AND SUBSIDIARY

Consolidated Financial Statements

June 30, 2013 and 2012

(1) Organization and Summary of Significant Accounting Policies

Organization and Mission

The Queen's Medical Center (QMC) is a 505-bed acute care and 28-bed subacute care hospital located in Honolulu, Hawaii. QMC provides care in programs including cancer, cardiovascular disease, neuroscience, organ transplantation, orthopedics, surgery, emergency medicine and trauma, and behavioral medicine. QMC provides services to patients, substantially all of whom are Hawaii residents, under unsecured credit terms. QMC's vision is to provide patient care that is continually advanced through education and research through a mission-driven approach. QMC provides free education programs on a variety of health topics and also provides health screenings, education, and activities targeted to health and safety. QMC improves health care through research programs, education, and training programs for physicians, nurses, and other health professionals.

In December 2012, QMC purchased land and buildings associated with a nonoperating hospital located in Ewa Beach, Hawaii. The facility is undergoing a renovation, which includes an expansion and modernization of emergency, surgical, and imaging services. QMC plans to open this facility in early 2014.

QMC has a 70% interest in Hamamatsu/Queen's PET Imaging Center, LLC (LLC). The LLC was formed to build, maintain, and operate a positron emission tomography research and diagnostic imaging center in the State of Hawaii. The LLC is included in the consolidated financial statements of QMC. The 30% noncontrolling interest was \$1,943 and \$1,600 at June 30, 2013 and 2012, respectively.

QMC's mission is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all the people of Hawaii. As such, revenues from services provided to support the activities of affiliates and from rental income, all of which are used exclusively for health-related services provided by QMC, are considered operating activities and are included in unrestricted revenue. Investment earnings on unrestricted cash and investments, which are also used exclusively for health-related services provided by QMC, are included in nonoperating income.

QMC is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Code and related sections of the Hawaii Revised Statutes, respectively. QMC is subject to federal and state income taxes solely on its unrelated business taxable income.

The Queen's Health Systems (QHS), a tax-exempt support organization as described in Sections 501(c)(3) and 509(a)(3) of the Code, is the sole member of QMC. QHS is the sole member of two additional not-for-profit corporations, Queen Emma Land Company (QEL) and Molokai General Hospital (MGH). QHS is also the parent of Queen's Development Corporation (QDC) and Queen's Insurance Exchange, Inc. (QIE). QDC owns and manages income-producing, healthcare-related real estate and is engaged in other health-related business activities. QIE is a Hawaii-domiciled pure captive insurance company.

QMC, QHS, and QDC are members of The Queen's Health Systems Obligated Group (the Obligated Group). Diagnostic Laboratory Services, Inc. (DLS), a 90% owned QDC subsidiary, is also a member of the Obligated Group. Each member of the Obligated Group is jointly and severally liable for long-term debt issued by the Obligated Group.

THE QUEEN'S MEDICAL CENTER AND SUBSIDIARY

Consolidated Financial Statements

June 30, 2013 and 2012

Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the accounts of QMC and the LLC, which is more than 50% owned and over which QMC exercises control. Intercompany balances and transactions have been eliminated in the consolidated financial statements.

(b) Use of Estimates

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

(c) Cash and Cash Equivalents

Cash equivalents include money market funds and short-term, highly liquid investments with maturities of three months or less at the date of purchase, and are stated at cost, which approximates fair value. Excluded are amounts whose use is limited or restricted by board designations or other arrangements under trust agreements.

(d) Allowance for Uncollectible Accounts

QMC provides for accounts receivable that could become uncollectible by establishing an allowance to reduce the carrying value of such receivables to their estimated net realizable value. QMC estimates the allowance based on the aging of the accounts receivable, historical collection experience by payor, and other relevant factors.

(e) Inventories

Inventories, consisting principally of medical drugs and supplies, are valued at the lower of cost (average cost method) or market.

(f) Interest in Pooled Investment Fund and Other

QMC, QEL, MGH, and QHS combine their investments in a pooled investment fund, which is managed by QHS. The pooled investment fund invests in money market funds, U.S. government obligations, corporate debt securities, equity securities, mutual funds, common trust funds, and alternative investments. Investments in money market funds, debt and equity securities, mutual funds, and common trust funds with readily determinable market values are measured at fair value based on quoted market prices or observed transactions. Investments also include alternative investments, such as limited liability entities (hedge funds, equity funds, real estate investments, private equities, commingled funds and common trust funds), accounted for under the equity method of accounting. Management determines the appropriate classification of all investments at the date of purchase and evaluates such designations at each balance sheet date. QHS classifies its investments in debt and equity securities that are managed in "separate accounts" by fund managers as trading securities. Investments classified as other-than-trading securities are recorded at fair value, with

THE QUEEN'S MEDICAL CENTER AND SUBSIDIARY

Consolidated Financial Statements

June 30, 2013 and 2012

changes in value recorded as other changes in unrestricted net assets. Investments that are available for current operations are classified as current assets. Investments that cannot be sold within a year due to restrictions contained in the agreements are classified as noncurrent assets.

Investment income, which is presented within the performance indicator, includes all dividends and interest, unrestricted realized gains and losses, other-than-temporary impairment (OTTI), unrealized gains and losses on trading securities, and equity in earnings and losses of limited liability entities. Investment management fees are netted against investment income. QHS allocates net investment income on investments to QMC based on its proportionate interest in the pooled investment fund, and QMC reports the investment returns in the consolidated statements of operations and changes in net assets in the same categories as reported by QHS.

QMC assesses whether OTTI has occurred based upon a case-by-case evaluation of the underlying reasons for the decline in estimated fair value of its investment. All securities with a gross unrealized loss at each reporting period are subjected to a process for identifying OTTI. QMC considers a wide range of factors, as described below, about the security issuer and uses its best judgment in evaluating the cause of the decline in the estimated fair value of the security and in assessing the prospects for near-term recovery. Inherent in the evaluation of each security are assumptions and estimates about the operations of the issuer and its future earnings potential.

Considerations used in the impairment evaluation process include, but are not limited to, the following:

- Duration and extent that the estimated fair value has been below net carrying amount
- Ability and intent to hold the investment for a period of time to allow for a recovery of value
- Fundamental analysis of the liquidity and financial condition of the specific issuer
- Industry factors or conditions related to a geographic area that are negatively affecting the security
- Underlying valuation of assets specifically pledged to support the credit
- Past due interest or principal payments or other violations of covenants
- Deterioration of the overall financial condition of the specific issuer
- Downgrades by a rating agency

The cost basis of securities that are deemed to be other-than-temporarily impaired is written down to estimated fair value in the period the other-than-temporary impairment is recognized.

(g) *Assets Whose Use is Limited or Restricted*

Assets whose use is limited or restricted include assets restricted by the donors and assets held by trustees for the repayment of bonds and purchase of capital assets. Amounts required to meet current liabilities of QMC have been reflected as current assets in the consolidated balance sheets as of June 30, 2013 and 2012.

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June 30, 2013 and 2012

(h) *Land, Buildings, and Equipment*

Land, buildings, and equipment are recorded on the basis of cost or fair market value at the date of acquisition or donation, respectively. Buildings and equipment, including amounts recorded under capital lease obligations, are depreciated by the straight-line method over their estimated useful lives ranging from 3 to 40 years.

(i) *Long-Lived Assets*

Long-lived assets held and used by QMC are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When such events or changes occur, an estimate of the future cash flows expected to result from the use of the assets and their eventual disposition is made. If the sum of such expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the assets, an impairment loss is recognized in an amount by which the assets' net book values exceed fair values.

(j) *Insurance Claims and Related Insurance Recoveries*

QMC estimates its insurance reserves without consideration of insurance recoveries and therefore records estimated recoveries separately. QMC recorded \$20,024 and \$18,612 of insurance reserves and related insurance recoveries as of June 30, 2013 and 2012, respectively. Insurance recoveries are recorded in due from affiliates – noncurrent and insurance reserves are recorded in other long-term liabilities in the consolidated balance sheets.

(k) *Derivative Financial Instruments*

QMC periodically uses derivative financial instruments, such as interest rate hedging products to mitigate risk. The use of derivative instruments is limited to reducing its risk exposure by utilizing interest rate swap agreements. The swaps are not designated as hedges for accounting purposes. Accordingly, QMC records the value of its swaps as other assets or long-term liabilities in its consolidated balance sheets and records the change in the fair value of the swaps as nonoperating income or expense.

(l) *Temporarily and Permanently Restricted Net Assets*

Restricted net assets consist of donations and other funds where restrictions have been imposed by donors as to the use of the funds. Temporarily restricted net assets consist of those net assets whose use by QMC has been limited by donors to a specific purpose or time period. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions. Permanently restricted net assets consist of the principal of net assets whose use by QMC has been restricted in perpetuity by the donors. Earnings on restricted net assets are considered unrestricted, unless otherwise restricted by the donor.

(m) *Net Patient Service Revenue*

Net patient service revenue is recognized and patient accounts receivable is recorded as services are provided and are reported at the estimated net realizable amounts from patients, third-party payors.

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and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors

Significant concentrations of patient accounts receivable at June 30, 2013 and 2012 included the following

	<u>2013</u>	<u>2012</u>
Medicare	33%	30%
Medicaid	16	18
Hawaii Medical Service Association	14	11

Accounts receivable are reduced by allowances for contractually obligated deductions and for doubtful accounts. Allowances are calculated based on recent negotiated reimbursement amounts, actual payments received, and historical trends for every payor-source category. Management reviews and updates these calculations monthly. The difference between the standard rates and the amounts actually collected on patient accounts is charged off against these contractual allowances and allowances for doubtful accounts.

The QMC allowance for doubtful accounts was \$41,026 and \$43,950 as of June 30, 2013 and 2012, respectively. The provision for bad debts included in net patient service revenues was \$21,431 and \$25,028 for the years ended June 30, 2013 and 2012, respectively.

(n) Government Reimbursement Programs

QMC renders services to patients under contractual agreements with the Medicare and Medicaid programs. The percentage of patient service revenue attributable to the Medicare and Medicaid programs, respectively, approximated 41% and 19% in 2013 and 40% and 19% in 2012. Medicare acute inpatient services are reimbursed based on clinical, diagnostic, and other factors, and for Medicaid, a per diem rate for routine services and a per discharge rate for ancillary services. Outpatient services related to Medicare and Medicaid beneficiaries are paid based upon a prospective payment system, fee schedules, percentage of charges, or a cost reimbursement method. Prospectively determined reimbursements are paid to QMC based on claims submitted, however, certain items, such as medical education costs, capital costs, bad debts, and disproportionate share hospital (DSH) payment adjustments, are reimbursed based upon estimated interim rates, with final settlement determined after annual cost reports submitted by QMC are audited by the fiscal intermediary. Estimation differences between final settlements and amounts accrued in previous years due to audit adjustments recorded by the fiscal intermediary are reported as current year increases to revenues and excess of revenues over expenses and amounted to \$7,749 and \$2,197 for the years ended June 30, 2013 and 2012, respectively.

The State of Hawaii Hospital Sustainability Program covering the period of July 1, 2012 to June 30, 2013 was signed into law in July 2012. Under this program, private hospitals received supplemental payments from the State of Hawaii Department of Health. These payments were funded by sustainability fees paid by participating hospitals and matching federal funds. Sustainability payments recognized by QMC were \$28,156 and reported in net patient service revenues for the year

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June 30, 2013 and 2012

ended June 30, 2013. Sustainability fees paid by QMC were \$16,907 and reported in sustainability fees and taxes – other than income taxes for the year ended June 30, 2013. Amounts under this program are subject to annual determination by the State of Hawaii. A similar program has been established for fiscal 2014.

QMC recognized \$3,905 relating to DSH payments received from the State of Hawaii Department of Human Services for the year ended June 30, 2012.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is a reasonable probability that recorded estimates will change by a material amount in the near term. QMC believes that it is in compliance with applicable laws and regulations and actively resolves issues as identified. Compliance with such laws and regulations can be subject to future government review and interpretation, and noncompliance could result in significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs.

(o) Charity Care and Community Benefits

As part of its mission, QMC provides health care services to improve the well-being of the community. QMC provides care to patients who meet certain criteria under its financial assistance policy without charge or at amounts less than its established rates. Because QMC does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue.

The estimated cost of these charity care services is determined using a ratio of cost to gross charges and applying that ratio to the gross charges forgone associated with providing care to charity patients for the period. Gross charges associated with providing care to charity patients includes only the related charges for those patients who are financially unable to pay and qualify under QMC's charity care policy and that do not otherwise qualify for reimbursement from a governmental program. The estimated costs and expenses incurred to provide charity care were \$3,189 and \$2,039 for the years ended June 30, 2013 and 2012, respectively.

Community Benefits programs serve the broader community by providing health screenings, training health care professionals, educating the community with various seminars and classes, performing medical research, providing clinic and community services as well as providing for costs in excess of third-party reimbursement. QMC participates in several residency programs and provides a clinical setting in nursing, pharmacy, cardiac fellowship training and educating. Community education classes of health-related topics include women's health, diabetes, child safety, dealing with cancer, cardiac, support groups, glaucoma, weight loss, wellness, and pregnancy topics. QMC operates the Queen Emma Clinic, Dental Clinic, and Behavioral Health programs at a loss for the benefit of the community. The Queen's Transplant Center was established to provide access to life saving organ transplantation to the community of Hawaii. The efforts to improve health care in the community are also demonstrated through Native Hawaiian Health program clinical outcomes, health care training, research, access, and outreach. QMC continually assesses and develops programs and services focused on the Native Hawaiian community through collaborations with the community.

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(p) Contributions

Unconditional promises by donors of cash and other assets are reported at fair value at the date the promise is received. The gifts are reported either as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is 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.

(q) Income Taxes

QMC is subject to federal and state income taxes solely on its unrelated business taxable income (UBTI). The income tax expense recognized was not material for the years ended June 30, 2013 and 2012, and there were no significant differences between UBTI for financial statement and tax purposes. QMC regularly assesses its tax positions and did not have material uncertain tax benefits for the years ended June 30, 2013 and 2012.

(r) Expenses by Functional Classification

Expenses incurred during the years ended June 30, 2013 and 2012 were for the following programs and support services:

	2013	2012
Patient services	\$ 630,597	565,012
Administrative and general	112,771	108,035
Total	<u>\$ 743,368</u>	<u>673,047</u>

(s) Performance Indicator

QMC's performance indicator is the excess of revenues over expenses. The indicator excludes equity transfers to or from related entities under common control, net unrealized gains (losses) on other-than-trading securities, net assets released from restrictions used for capital expenditures, and pension related changes other than net periodic pension cost.

(t) Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-04, *Fair Value Measurement (Topic 820) Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in US Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS)* (ASU 2011-04). The new standards do not extend the use of fair value but, rather, provide guidance about how fair value should be applied where it already is required or permitted under IFRS or GAAP. For GAAP, most of the changes are clarifications of existing guidance or wording changes to align with IFRS. QMC adopted ASU 2011-04 in the year ended June 30, 2013, which did not have a significant impact on its consolidated financial statements.

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In July 2011, the FASB issued ASU No. 2011-07, *Health Care Entities (Topic 954) Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* (ASU 2011-07). ASU 2011-07 requires QMC to present its provision for bad debts related to patient service revenue as a deduction from revenue, similar to contractual discounts. Additionally, ASU 2011-07 requires QMC to make certain additional disclosures designed to help users understand how contractual discounts and bad debts affect recorded revenue in consolidated financial statements. QMC adopted this pronouncement for the fiscal year ended June 30, 2013. QMC also reclassified its provision for bad debts of \$25,028 from operating expenses to a deduction from net patient service revenues in the consolidated statement of operations and changes of net assets for the year ended June 30, 2012.

(2) Investments and Assets Whose Use Is Limited or Restricted and Fair Value Measurements

QMC's investments and assets whose use is limited or restricted as of June 30, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Proportionate interest in the QHS pooled investment fund	\$ 612,928	563,278
Money market funds	14,428	15,892
Total	<u>\$ 627,356</u>	<u>579,170</u>

The classification of investments in the consolidated balance sheets as of June 30, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Interest in pooled investment fund and other		
Current	\$ 545,625	490,666
Noncurrent	49,132	55,422
Assets whose use is limited or restricted		
Current	13,393	12,952
Noncurrent	19,206	20,130
Total	<u>\$ 627,356</u>	<u>579,170</u>

QMC, QEL, MGH, and QHS combine their investments in a pooled investment fund, which is managed by QHS. The pooled investment fund invests in money market funds, U.S. government obligations, corporate debt securities, equity securities, mutual funds, commingled funds, common trust funds, and limited liability entities. QHS allocates the investment income and unrealized gains and losses on investments to QMC based on its proportionate interest in the pooled investment fund (69% and 70% at June 30, 2013 and 2012, respectively).

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Investments in the QHS pooled investment fund as of June 30, 2013 and 2012 were as follows

	<u>2013</u>	<u>2012</u>
Investments at fair value		
Money market funds	\$ 11,001	31,614
Mutual funds	249,419	506,232
Equity securities	47,839	74,117
U S government obligations and corporate debt securities	6,205	6,329
Common trust funds	—	35,752
Total investments at fair value	<u>314,464</u>	<u>654,044</u>
Investments using equity method		
Common trust funds	420,464	—
Commingled funds	59,372	—
Private equities	29,618	32,853
Equity funds	28,606	30,647
Hedge funds	17,923	72,234
Real estate fund	—	15,962
Total investments using equity method	<u>555,983</u>	<u>151,696</u>
Receivable from sale of investment	<u>17,416</u>	<u>—</u>
Total investments	<u>\$ 887,863</u>	<u>805,740</u>

Common trust, commingled and private equities include, but are not limited to, investments in undervalued debt, real estate-related equity securities, and investments in energy, technology, financial, retail, and health care industries. Hedge funds may include investments in equities, equity-related instruments, fixed income/structured credit, and other debt-related instruments, private investments, distressed public investments, and asset-based lending businesses. Ownership percentages range from less than 1% to 12%.

At June 30, 2013, QHS was committed to invest approximately \$531 of additional capital in various private equity investments.

QMC maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. QMC's hierarchy places the highest priority on unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurements) and assigns the lowest priority to unobservable inputs (Level 3 measurements). The three levels of inputs within the hierarchy are defined as follows:

Level 1 – Quoted (unadjusted) prices for identical assets or liabilities in active markets

Level 2 – Other observable inputs, either directly or indirectly, including

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time, etc.)

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- Inputs other-than-quoted prices that are observable for the asset (interest rates, yield curves, volatilities, default rates, etc)
- Inputs that are derived principally from or corroborated by other observable market data

Level 3 – Unobservable inputs that cannot be corroborated by observable market data

Fair values of other-than-trading and trading securities are based on quoted market prices, where available. The Bank of New York Mellon, as custodian for QHS, obtains one price for each security primarily from a third-party pricing service (pricing service), which generally uses Level 1 or Level 2 inputs for the determination of fair value. The pricing service normally derives the security prices from recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available observable market information. In the absence of a vendor, system trade/cost or broker price for debt instruments the pricing staff will price the security using the investment manager's price or last known price. As QHS is responsible for the determination of fair value, it performs periodic analyses on the prices received from the pricing service to determine whether the prices are reasonable estimates of fair value. As a result of the reviews, QHS has not historically adjusted the prices obtained from the pricing service.

In the instances in which the inputs used to measure the fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest-level input that is significant to the fair value measurement in its entirety. The QHS assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset.

QHS targets investments in cash and cash equivalents, fixed income securities, equity securities, real assets, tactical assets, hedge funds, and private equities. The QHS investment strategy is to generate a return that is sufficient to meet its current and expected future financial requirements, with an acceptable level of risk. QHS has engaged a number of investment managers to implement various investment strategies to achieve the desired asset class mix, liquidity, and risk diversification objectives.

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The following tables present information about the QHS pooled investment fund and QMC's financial assets and liabilities measured at fair value at June 30, 2013 and 2012. There were no reclassifications between Level 1 and Level 2 investments in 2013 and 2012. QMC classifies its interest in the pooled investment fund as Level 2. Assets included in the pooled investment fund are presented according to the valuation techniques QHS used to determine their fair values.

QHS Pooled investment fund	Fair value measurements at June 30, 2013			
	Level 1	Level 2	Level 3	Total
Assets				
Pooled investments and assets whose use is limited or restricted				
Trading securities				
Money market funds	\$ —	10,386	—	10,386
Foreign currency	—	615	—	615
U S government obligations	283	3,036	—	3,319
Corporate debt securities	—	2,886	—	2,886
Equity securities				
Domestic mid-cap	47,839	—	—	47,839
Total trading securities	48,122	16,923	—	65,045
Other-than-trading securities				
Mutual funds				
Fixed income	152,044	—	—	152,044
Mid-cap equities	53,483	—	—	53,483
Real assets	28,744	—	—	28,744
International equities	15,148	—	—	15,148
Total other-than- trading securities	249,419	—	—	249,419
Total pooled investments and assets whose use is limited or restricted	\$ 297,541	16,923	—	314,464
Investments and assets whose use is limited or restricted – other-than-trading securities				
Money market funds	\$ —	14,428	—	14,428
Liabilities – other long-term liabilities – interest rate swap liabilities	\$ —	26,006	—	26,006

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QHS Pooled investment fund	Fair value measurements at June 30, 2012			
	Level 1	Level 2	Level 3	Total
Assets				
Pooled investments and assets whose use is limited or restricted				
Trading securities				
Money market funds	\$ —	30.844	—	30.844
Foreign currency	—	770	—	770
U S government obligations	270	4.705	—	4.975
Corporate debt securities	—	1.354	—	1.354
Equity securities				
Domestic large-cap	45.288	—	—	45.288
Domestic mid-cap	28.829	—	—	28.829
Total trading securities	74.387	37.673	—	112.060
Other-than-trading securities				
Mutual funds				
Fixed income	205.120	—	—	205.120
Global equities	126.620	—	—	126.620
Mid-cap equities	25.046	—	—	25.046
Real return	82.978	—	—	82.978
Tactical	66.468	—	—	66.468
Common trust funds	—	35.752	—	35.752
Total other-than-trading securities	506.232	35.752	—	541.984
Total pooled investments and assets whose use is limited or restricted	\$ 580.619	73.425	—	654.044
Investments and assets whose use is limited or restricted – other-than-trading securities				
Money market funds	\$ —	15.892	—	15.892
Liabilities – other long-term liabilities				
– interest rate swap liabilities	\$ —	38.158	—	38.158

The following methods and assumptions were used to estimate the fair value of each class of financial instrument

Money Market Funds – Fair value estimates for money market funds are based on observed transactions

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U S Government Obligations and Corporate Debt Securities – This category includes investments in U S government and corporate bond securities. U S dollar- and non-U S dollar-denominated securities, and money market instruments. The estimated fair values of U S government obligations and corporate debt securities are based on quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing prices. Due to the nature of pricing fixed income securities, management has classified the debt securities as Level 2.

Equity Securities – This category includes investments in both domestic equity securities of large-cap and mid-cap companies, as well as domestic and foreign equities in developed and developing countries. Fair value estimates for publicly traded securities are based on quoted market prices.

Mutual Funds – This category includes investments in domestic, global and international equities and bonds, and commodities. The estimated fair value of mutual funds is based on quoted market prices.

Common Trust Funds – This category includes both taxable and tax-exempt assets. The investments reported as common trust funds consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. The net asset value reported by each fund is used as a practical expedient to estimate the fair value of the QHS interest therein.

Interest Rate Swap Liabilities – The fair values of interest rate swaps is estimated using the terms of the swaps and publicly available market yield curves. Because the swaps are unique and are not actively traded, the fair values are classified as Level 2 estimates.

Investments within the QHS pooled investment fund classified as other-than-trading securities at June 30, 2013 and 2012 consisted of the following:

2013				
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Mutual funds	\$ 237,386	14,500	(2,467)	249,419
2012				
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Mutual funds	\$ 469,427	36,805	—	506,232
Common trust funds	35,860	—	(108)	35,752
Total investments	\$ 505,287	36,805	(108)	541,984

The cost basis of QMC's investments in money market funds of \$14,428 and \$15,892 approximated fair value at June 30, 2013 and 2012, respectively.

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QMC's investment returns, including QMC's allocated share of return on investments in the QHS investment pool for the years ended June 30, 2013 and 2012, presented as if QMC held the underlying investment pool assets directly, consisted of the following

	<u>2013</u>	<u>2012</u>
Total investment income, net		
Interest and dividend income	\$ 9.828	10,594
Realized gain – net of expenses	49,662	2,535
Unrealized loss on trading securities	(3,208)	(128)
Equity in earnings of limited liability entities	8,607	5,356
Total unrestricted investment income, net	\$ <u>64,889</u>	<u>18,357</u>
Other changes in unrestricted net assets – net change in unrealized gain/loss on unrestricted investments	\$ <u>(16,488)</u>	<u>(8,608)</u>
Other changes in temporarily restricted net assets		
Investment gain	\$ 2,413	410
Net unrealized loss on investments	(929)	(127)
Total temporarily restricted investment gain, net	\$ <u>1,484</u>	<u>283</u>

(3) Land, Buildings, and Equipment

Land, buildings, and equipment at June 30, 2013 and 2012 consisted of the following

	<u>2013</u>	<u>2012</u>
Land and land improvements	\$ 48,783	31,042
Buildings	222,210	201,257
Equipment and furnishings	426,250	411,576
Equipment under capital leases	6,362	8,070
Construction in progress	29,513	12,431
Total	733,118	664,376
Less accumulated depreciation and amortization	(445,537)	(428,555)
Land, buildings, and equipment, net	\$ <u>287,581</u>	<u>235,821</u>

Depreciation expense was \$32,939 and \$33,766 for the years ended June 30, 2013 and 2012, respectively

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(4) Long-Term Debt

Long-term debt includes amounts incurred by the Obligated Group and allocated to QMC. Long-term debt at June 30, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Amounts allocated from the Obligated Group		
Special Purpose Revenue Refunding Bonds 2009 Series A, variable interest rates (average interest rate of 0.2%), with final maturity in July 2029	\$ 34,535	36,115
Special Purpose Revenue Refunding Bonds 2009 Series B, variable interest rates (average interest rate of 0.2%), with final maturity in July 2029	34,535	36,115
Special Purpose Revenue Refunding Bonds 2006 Series A, variable interest rates (average interest rate of 0.3%), with final maturity in July 2025	45,600	47,950
Special Purpose Revenue Refunding Bonds 2006 Series B, variable interest rates (average interest rate of 0.3%), with final maturity in July 2024	66,425	71,175
Special Purpose Revenue Refunding Bonds 2003 Series A, variable interest rates (average interest rate of 0.4%), with final maturity in July 2029	34,275	35,600
Special Purpose Revenue Refunding Bonds 2003 Series B, variable interest rates (average interest rate of 0.4%), with final maturity in July 2029	33,525	34,875
QMC's share of commercial paper	18,379	18,379
Other		
Noninterest bearing secured promissory note with final maturity in December 2014	17,500	—
Capital leases and other obligations	<u>201</u>	<u>3,320</u>
Total	284,975	283,529
Less current portion	<u>(23,576)</u>	<u>(15,495)</u>
Total noncurrent portion	<u>\$ 261,399</u>	<u>268,034</u>

The Series 2009A and 2009B Bonds are variable rate demand obligations issued by the Obligated Group. Principal is due in annual installments ranging from \$1,840 to \$5,130. The Series 2009A and 2009B Bonds are supported by a letter of credit agreement that provides financing in the event that remarketing efforts fail for bonds tendered. The letter of credit agreement expires in 2015, thus, the Series 2009A and 2009B Bonds are classified as noncurrent as of June 30, 2013.

The Series 2006A and 2006B Bonds are auction rate securities, which bear a variable rate of interest. Principal on the Series 2006A and 2006B Bonds is due in annual installments ranging from \$7,000 to \$10,425. The Obligated Group entered into interest rate swap agreements to pay a fixed interest rate of 3.453% on the Series 2006B Bonds and a fixed interest rate of 3.58% on the previously extinguished

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Series 2006C Bonds The interest rate differential paid or received is recognized during the term of the agreements. The interest rate swap agreements for the Series 2006B Bonds expire in 2024 and for the previously extinguished Series 2006C Bonds expire in 2028 or earlier if the Obligated Group exercises early termination provisions. The notional swap amount of \$104,350 at June 30, 2013 decreases annually based on the originally scheduled principal payments of the Series 2006B and previously extinguished 2006C Bonds.

The Series 2003A and 2003B Bonds are auction rate securities, which bear a variable rate of interest. Principal on the Series 2003A and 2003B Bonds is due in annual installments ranging from \$3,125 to \$5,050. The Obligated Group entered into an interest rate swap agreement to pay a fixed interest rate of 3.521% on all of its Series 2003A, 2003B, and previously extinguished 2003C Bonds. The interest rate differential paid or received is recognized during the term of the agreements. The interest rate swap agreement expires in 2029 or earlier if the Obligated Group exercises early termination provisions. The notional swap amount of \$97,675 at June 30, 2013 decreases annually based on the originally scheduled principal payments of the 2003A, 2003B, and previously extinguished 2003C Bonds.

The 2003 and 2006 swaps are separate contracts between QHS and the swap counterparties. They were not terminated as part of the Series 2003C and 2006C bond refunding that occurred in prior years due to unfavorable market conditions. As such, QHS is still required to fulfill its contractual obligations under these agreements by paying the preestablished fixed interest rates to the respective swap counterparties. The swap obligations were allocated by QHS to QMC.

During the years ended June 30, 2013 and 2012, the change in the fair value of the liabilities associated with the swap agreements discussed above, resulted in gains (losses) of \$12,152 and \$(14,833), respectively, which were recognized in total nonoperating income. The fair value of liabilities associated with the swaps as of June 30, 2013 and 2012, was \$26,006 and \$38,158, respectively, and was included in other long-term liabilities.

During fiscal years 2013 and 2012, QMC experienced failed auctions related to its auction rate securities. In the event of failed auctions, QMC is required to pay interest at a preestablished rate that is a multiple of London InterBank Offered Rate (LIBOR). At June 30, 2013, the rate being paid on these securities was 175% of LIBOR, which was 0.19% at June 30, 2013.

The Obligated Group has commercial paper outstanding of \$75,130 at June 30, 2013, under its \$90,000 loan agreement. Of the proceeds received on this debt, QMC recorded \$18,379, QDC recorded \$53,810, and QHS recorded \$2,941. Management believes QDC and QHS have the ability and intent to repay their share of the commercial paper, and that it is remote that QMC will need to pay any amount in excess of the proceeds that have been recorded by QMC. The loan agreement expires on January 24, 2014, however, it allows for the refinancing of the commercial paper outstanding to a term loan with a maturity period of up to one year after 2014 at the option of the Obligated Group. Accordingly, amounts outstanding have been classified as noncurrent liabilities as of June 30, 2013.

The noninterest bearing secured promissory note was used to finance the purchase of the nonoperating hospital located in Ewa Beach, Hawaii by QMC in December 2012. The note is secured by a mortgage and lien on the acquired hospital's real property and medical facilities.

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The terms of the Series 2003A, 2003B, 2006A, 2006B, 2009A, and 2009B Bonds Master Trust Indenture (MTI) require the Obligated Group to make payments solely from amounts held in funds and accounts established pursuant to the indenture, which are pledged to secure payment of the principal and interest on the Series 2003A, 2003B, 2006A, 2006B, 2009A, and 2009B Bonds. The commercial paper and secured promissory note are also secured under the MTI. The MTI limits the ability of the Obligated Group to incur additional indebtedness, make certain other commitments, or dispose of certain assets. The Obligated Group is subject to various financial ratio covenants.

QMC has equipment leases that are accounted for as capital leases. The cost of such equipment was \$6,362 and \$8,070 and accumulated depreciation was \$3,286 and \$4,130, at June 30, 2013 and 2012, respectively.

QMC incurred total interest costs of \$8,687 and \$9,358 during 2013 and 2012, respectively, of which \$285 and \$210 was capitalized in construction in progress in 2013 and 2012, respectively.

At June 30, 2013, long-term debt matures as follows:

	Revenue bonds, commercial paper and promissory note	Capital leases and other obligations	Less capital lease interest	Total
Year ending June 30				
2014	\$ 23,375	206	(5)	23,576
2015	102,174	—	—	102,174
2016	10,850	—	—	10,850
2017	11,225	—	—	11,225
2018	11,625	—	—	11,625
Thereafter	125,525	—	—	125,525
	<u>\$ 284,774</u>	<u>206</u>	<u>(5)</u>	<u>284,975</u>

QMC calculated the above maturities of long-term debt as if the Series 2009A and 2009B variable rate demand obligations were put by the holders and not successfully remarketed or refinanced and were required to be repaid under an accelerated schedule in accordance with the terms of the related bank letter of credit agreement. If the bonds are put by the investors, the bonds are immediately redeemed by the bank for the benefit of the investors, and if the remarketing agent is unable to remarket the bonds, or if the Obligated Group is unable to refinance the bonds, then the Obligated Group is required to repay the bank under the terms of the letter of credit agreement.

The carrying values of the bonds, commercial paper, promissory note and capital leases approximated their fair values at June 30, 2013 and 2012. The fair value of these debt instruments are deemed level 2 measurements.

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(5) Restricted Net Assets

Temporarily restricted net assets at June 30, 2013 and 2012 were available only for the following purposes

	<u>2013</u>	<u>2012</u>
Education and research	\$ 9,586	9,300
Facility replacement and expansion	1,648	2,024
Indigent care and other	<u>1,030</u>	<u>2,134</u>
Total	<u>\$ 12,264</u>	<u>13,458</u>

Permanently restricted net assets at June 30, 2013 and 2012 were restricted to investment in perpetuity, the income from which is expendable to support the following purposes

Indigent care	\$ 3,787
Education and research	1,334
Other	<u>830</u>
Total	<u>\$ 5,951</u>

In accordance with the Uniform Prudent Management Institutional Funds Act (UPMIFA), QMC considers only permanently restricted net assets as donor-restricted endowment funds. In accordance with UPMIFA and when applicable, QMC 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 QMC and the 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 QMC, and g) the investment policies of QMC. QMC's investment and long-term rate of return objectives follow the policies of its parent, QHS. Amounts relating to investment income, net appreciation/depreciation and amounts appropriated for expenditure were not material during 2013 and 2012.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires QMC to retain as a fund of perpetual duration. Deficiencies of this nature are reported as adjustments in unrestricted net assets. Unfavorable market fluctuations were not material as of June 30, 2013.

(6) Employee Benefit Plans

Eligible employees of QMC are covered by The Queen's Health Systems Pension Plan (the Plan), which is a noncontributory defined benefit pension plan. Pension benefits are provided to participants under several types of retirement options based upon years of continuous service, age, and compensation. Retirement benefits are paid to pensioners or beneficiaries in various forms of joint and survivor annuities, including a lump-sum payment option. The funding policy is to contribute amounts as deemed necessary on an actuarial basis to provide assets sufficient to meet the benefits to be paid to Plan members.

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QMC participates in three QHS unfunded, postretirement welfare plans, covering substantially all of its employees, that provide medical benefits (until age 65), drug and vision benefits, and life insurance benefits. The postretirement medical and drug and vision plans are contributory and also contain other cost-sharing features, such as deductibles and coinsurance.

The following compares the changes in benefit obligations, changes in plan assets, and funded status of the pension and postretirement plans with the amounts recognized in the QHS consolidated balance sheets as of June 30, 2013 and 2012. The following also displays QMC's allocated interest in the plan amounts, which is based on actuarial estimates.

	Pension benefits		Other postretirement benefits	
	2013	2012	2013	2012
Change in benefit obligations				
Benefit obligations – beginning of year	\$ 344,609	287,126	32,774	27,712
Service cost	15,728	12,900	930	850
Interest cost	15,809	16,132	1,538	1,564
Actuarial (gain) loss	(23,341)	39,420	(5,186)	3,187
Benefits paid	(11,391)	(10,969)	(944)	(539)
Plan amendments	83	—	—	—
Benefit obligation – end of year	<u>341,497</u>	<u>344,609</u>	<u>29,112</u>	<u>32,774</u>
Change in plan assets				
Fair value of plan assets – beginning of year	216,741	206,974	—	—
Actual return on plan assets	21,595	2,374	—	—
Employer contributions	17,429	18,362	943	539
Benefits paid	<u>(11,391)</u>	<u>(10,969)</u>	<u>(943)</u>	<u>(539)</u>
Fair value of plan assets – end of year	<u>244,374</u>	<u>216,741</u>	<u>—</u>	<u>—</u>
Funded status	<u>\$ (97,123)</u>	<u>(127,868)</u>	<u>(29,112)</u>	<u>(32,774)</u>
Amounts recognized in the balance sheets consisted of				
Other current liabilities	\$ —	—	(963)	(758)
Pension and other postretirement benefits	<u>(97,123)</u>	<u>(127,868)</u>	<u>(28,149)</u>	<u>(32,016)</u>
Net amounts recognized	<u>\$ (97,123)</u>	<u>(127,868)</u>	<u>(29,112)</u>	<u>(32,774)</u>
QMC's allocated interest	<u>\$ (86,940)</u>	<u>(113,833)</u>	<u>(25,913)</u>	<u>(29,067)</u>

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Amounts recognized in unrestricted net assets in the QHS consolidated balance sheets at June 30, 2013 and 2012 and QMC's allocated interest were as follows

	Pension benefits		Other postretirement benefits	
	2013	2012	2013	2012
Net transition asset	\$ —	—	11	33
Prior service cost	192	45	1,407	1,891
Net loss	96,669	132,632	687	6,116
Total	\$ 96,861	132,677	2,105	8,040
QMC's allocated interest	\$ 85,423	117,204	2,004	7,163

Amounts recognized in unrestricted net assets in the QHS consolidated balance sheet at June 30, 2013, that are expected to be recognized as components of benefit cost in the year ending June 30, 2014, were as follows

	Pension benefits	Other postretirement benefits
Net transition obligation	\$ —	11
Prior service cost	31	387
Net loss	5,977	—
Total	\$ 6,008	398

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Components of net periodic pension cost and amounts recognized in other changes in unrestricted net assets, in the QHS consolidated balance sheets, but not yet included in net periodic benefit costs and QMC's allocated amounts, were as follows

	Pension benefits		Other postretirement benefits	
	2013	2012	2013	2012
Net periodic pension costs				
Service cost	\$ 15.728	12.900	930	850
Interest cost	15.809	16.132	1.538	1.564
Expected return on plan assets	(18.314)	(17.515)	—	—
Amortization of obligation	—	—	22	22
Amortization of prior service cost	(64)	(106)	484	493
Recognized net actuarial loss	9.341	5.609	243	23
Net periodic pension costs	\$ 22.500	17.020	3.217	2.952
QMC's allocated interest	\$ 20.212	15.110	2.736	2.502
Other changes in plan assets and benefit obligations recognized in other changes in unrestricted net assets				
Net actuarial (gain) loss	\$ (26.622)	54.561	(5.186)	3.187
Prior service cost (credit)	146	106	(484)	(493)
Recognized gain	(9.341)	(5.609)	(243)	(23)
Recognized obligation	—	—	(22)	(22)
Total recognized in other changes in unrestricted net assets	\$ (35.817)	49.058	(5.935)	2.649
QMC's allocated interest	\$ (31.781)	43.830	(5.159)	2.378

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Weighted average assumptions used to determine benefit obligations and net periodic benefit cost at June 30, 2013 and 2012 were as follows

	Pension benefits		Other postretirement benefits	
	2013	2012	2013	2012
Benefit obligation				
Discount rate	5.25%	4.68%	5.25%	4.68%
Rate of compensation increase	4.00	4.00	—	—
Net periodic benefit cost				
Discount rate	4.68	5.68	4.68	5.68
Expected return on plan assets	8.25	8.25	—	—
Rate of compensation increase	4.00	4.00	—	—

The accumulated benefit obligation for the Plan was \$294,055 and \$296,946 at June 30, 2013 and 2012, respectively.

The long-term rate of return of the Plan is management's estimate of the return on the plan assets over a long-time horizon. Based upon the current policy allocations and historical returns, the expected long-term rate of return for fiscal year 2013 was 8.25%.

The annual rate of increase in the per capita cost of medical benefits (i.e., health care cost trend rate) was assumed to be 8.5% in 2013, declining by 0.5% per year through 2020, and then remaining at 5% thereafter. A one-percentage point increase or decrease in this rate would increase or decrease the Plan's accumulated postretirement benefit obligation by \$409 and \$364, respectively, as of June 30, 2013, and the Plan's service cost and interest cost component of net periodic postretirement benefit cost for the year ended June 30, 2013, by \$30 and \$44, respectively.

QHS anticipates making contributions of \$16,500 to the pension plan and \$988 to the postretirement benefit plan during fiscal year 2014. The future estimated benefit payments for each plan are as follows:

	Pension benefits	Other postretirement benefits
Year ending June 30		
2014	\$ 14,823	988
2015	14,996	1,135
2016	16,485	1,269
2017	18,030	1,387
2018	19,508	1,492
2019 – 2023	114,704	8,902

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The primary objective of the Plan investments is to prudently fund the liabilities for benefits under the Plan. The Plan's investment strategy is to structure an investment program that most efficiently matches investment risks and return characteristics with the Plan's objectives. Volatility and uncertainty of investment results are managed through asset allocation and diversification. The Plan expects its investment fund managers to outperform their assigned benchmark indices and rank in the top one-third of all investment managers using a similar style over a three-year period. The Plan's investment policy permits investments in cash and cash equivalents, fixed income securities, equity securities, real return assets, tactical assets, hedge funds, and private equities. The Plan's asset allocation at June 30, 2013 and 2012, and the target allocations were as follows:

	Target range	2013 actual	2012 actual
Cash and cash equivalents	—%	0.2%	2.9%
Fixed income securities (a)	17 – 33	24.0	25.4
Domestic equities (b)	10 – 20	21.1	18.4
Global equities (c)	15 – 30	20.0	18.7
Real return investments (d)	10 – 20	15.1	16.4
Hedge fund investments (e)	10 – 20	9.8	10.3
Private equity investments (f)	0 – 10	2.0	2.5
Tactical investments (g)	0 – 10	7.8	5.4
		<u>100.0%</u>	<u>100.0%</u>

- (a) This category includes investments in U.S. government and corporate bond securities, mortgage and other asset backed securities, U.S. dollar- and non-U.S. dollar-denominated securities, and money market instruments.
- (b) This category includes investments primarily in domestic equity securities of large-cap and mid-cap companies.
- (c) This category includes investments in domestic and foreign equities in developed and developing countries.
- (d) This category includes investments in real estate, inflation protected bonds, global equities, and commodities.
- (e) This category includes investments in direct hedge funds or hedge funds of funds that employ various strategies, consisting of, but not limited to, long/short equity, opportunistic/macro, distressed securities, merger arbitrage/event driven, short selling, credit investing, real estate, restructuring, and value strategies.
- (f) This category includes, but is not limited to, equity securities and equity-related investments, purchase or provision of subordinated debt securities/loans, and mezzanine investments.
- (g) This category includes investments in cash, fixed income, and global equity securities.

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The following tables present information about the fair value of the QHS pension plan assets as of June 30, 2013 and 2012, according to the valuation techniques QHS used to determine their fair values

Asset category	Fair value measurements at June 30, 2013			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents, primarily money market funds	\$ —	1.789	—	1.789
Mutual funds				
Fixed income	58.750	—	—	58.750
Domestic equities	12.805	—	—	12.805
Global equities	48.939	—	—	48.939
Real return	17.185	—	—	17.185
Tactical	19.109	—	—	19.109
Domestic equity securities	37.435	—	—	37.435
Real return, hedge funds, and private equity investments	—	6.066	42.296	48.362
Total	\$ 194.223	7.855	42.296	244.374

Asset category	Fair value measurements at June 30, 2012			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents, primarily money market funds	\$ —	7.897	—	7.897
Mutual funds				
Fixed income	55.068	—	—	55.068
Domestic equities	8.819	—	—	8.819
Global equities	40.613	—	—	40.613
Real return	16.604	—	—	16.604
Tactical	11.613	—	—	11.613
Domestic equity securities	29.569	—	—	29.569
Real return, hedge funds, and private equity investments	—	6.460	40.098	46.558
Total	\$ 162.286	14.357	40.098	216.741

There were no reclassifications between Level 1 and Level 2 investments in 2013 and 2012

See note 2 for the definition of the three levels within the fair value hierarchy and the methods and assumptions used to estimate the fair value of cash and cash equivalents, money market funds, mutual funds, and equity securities. Real return, hedge funds, and private equity investments are valued at estimated fair values using certain factors, including their proportionate share of the respective entities' fair value as recorded in the respective entities' financial statements

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The table below presents a reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3) for the years ended June 30, 2013 and 2012, respectively

Balance – June 30, 2011	\$	42,548
Realized gains		1,246
Unrealized gains		1,299
Purchases		300
Sales		(5,295)
Ending balance – June 30, 2012		40,098
Realized gains		686
Unrealized gains		2,939
Purchases		207
Sales		(1,634)
Ending balance – June 30, 2013	\$	<u>42,296</u>

QMC participates in the QHS defined contribution retirement plans (the Retirement Plans) that cover substantially all employees and provide participants the ability to make pretax deduction contributions for deposit into retirement savings accounts. The participants' contributions are matched at a percentage of their total contributions and up to annual dollar limits per participant as defined by the Retirement Plans. QMC's expense relating to the above Retirement Plans was approximately \$8,611 and \$8,087 for the years ended June 30, 2013 and 2012, respectively.

(7) Computer Operations Outsourcing

QHS has a contract with Xerox Business Services (Xerox) to outsource a substantial portion of its computer operations, which includes providing services to QHS and certain affiliates, as well as providing QMC with implementation services, hardware, software, and application support. Under this agreement, Xerox provides services as specified in the contract and the payments to Xerox are expensed in purchased services. In fiscal year 2012, QHS and Xerox extended the service agreement to expire on December 31, 2015. Total QMC expenses under the contract in 2013 and 2012 were \$9,758 and \$10,336, respectively. The contract provides for termination of the entire contract or portions of the contract under certain circumstances. Should QHS terminate the agreement, QHS may be liable for early termination charges as calculated in the contract and such costs may be allocated to QMC.

QMC's allocated share of future minimum payments at June 30, 2013 under the contract is as follows:

Year ending June 30		
2014	\$	8,489
2015		8,489
2016		4,244
Total	\$	<u>21,222</u>

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(8) Related-Party Transactions

QMC incurs various related-party transactions with affiliates, which are generally recorded at cost

(a) *Salaries, Wages, and Employee Benefits*

QMC participates in a QHS-sponsored self-funded medical benefits plan covering substantially all of its employees. QMC pays a monthly premium to QHS for its covered employees. During the years ended June 30, 2013 and 2012, QMC expensed \$33,854 and \$28,747, respectively, related to this plan. Outstanding receivables from QHS related to this plan were \$239 and \$986 as of June 30, 2013 and 2012, respectively. Net patient revenues related to the plan were \$12,026 and \$11,978 for the years ended June 30, 2013 and 2012, respectively.

QMC is a participant in a QHS-sponsored self-insured workers' compensation program. Such expenses totaled \$2,261 and \$2,385 in the years ended June 30, 2013 and 2012, respectively. Participants in the program are self-insured for losses up to \$400 per occurrence. Losses above this limit are insured with an independent excess carrier. Actuarially determined estimates of incurred and incurred-but-not-reported losses have been accrued by QHS. Participants in the plan are billed premiums by QHS for participation in the plan as determined by the actuary.

(b) *Insurance and Other Allocated Costs from Affiliates*

QMC participates in the QHS self-insured program for its general and professional liability exposure. This self-insured program is funded through QIE. QMC's premium paid to QIE is based upon its proportionate share of the cost of the program. Such expenses totaled \$4,598 and \$6,012 in the years ended June 30, 2013 and 2012, respectively. QHS has excess general and professional insurance coverage through reinsurance agreements with unrelated insurers for amounts exceeding \$2,000 per occurrence. The reinsurance agreements do not relieve QHS from its obligations should the third-party reinsurers not be able to meet the obligations assumed under the reinsurance agreements.

QMC estimates its insurance reserves without consideration of insurance recoveries and therefore records estimated recoveries separately. QMC recorded \$20,024 and \$18,612 of insurance reserves and related insurance recoveries in Other long-term liabilities and Due from affiliates – noncurrent as of June 30, 2013 and 2012, respectively.

(c) *Other Revenue*

QMC leases certain land to QDC under leases that expire in 2042. Under the terms of the lease agreements, QDC paid QMC lease rent of \$2,086 and \$1,987 per year in the years ended June 30, 2013 and 2012, respectively. QDC also reserves for QMC certain portions of a parking garage for use by employees and pays all real property taxes.

QDC purchases utilities, security, maintenance, and other administrative services from QMC, as well as rented office space. Amounts received from QDC related to these services were \$2,246 and \$2,213 in the years ended June 30, 2013 and 2012, respectively.

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QHS purchased various administrative services and rented office space from QMC. Amounts received from QHS related to these services and rent were \$1,040 and \$829 in the years ended June 30, 2013 and 2012, respectively.

MGH purchased pharmacy-related services, other services, and supplies from QMC. Amounts received from MGH related to these services were \$290 and \$326 in the years ended June 30, 2013 and 2012, respectively.

QMC received from DLS, a 90% owned subsidiary of QDC, \$805 and \$763 for rent and other services provided in the years ended June 30, 2013 and 2012, respectively.

(d) Purchased Services

QHS allocates its general and administrative expenses to the affiliates. QMC's portion of such expenses totaled \$19,610 and \$14,480 in the years ended June 30, 2013 and 2012, respectively.

QMC leases office space and parking in three physicians' office buildings and a clinic owned by QDC. Rents charged to QMC were \$3,377 and \$2,966 in the years ended June 30, 2013 and 2012, respectively.

QMC and DLS have a laboratory service agreement under which QMC purchased \$13,648 and \$13,086 of clinical lab services in the years ended June 30, 2013 and 2012, respectively.

QMC leases office space in a building owned by QEL. Rents charged to QMC were \$487 and \$492 in the years ended June 30, 2013 and 2012, respectively.

(e) Queen Emma Land Company

QEL provided financial support towards QMC's operations for the years ended June 30, 2013 and 2012. QEL also agreed to fund a portion of the operating expenses of the Queen Emma Clinic, the Behavioral Health program, the Nurse Education/Training program, the Queen's Conference Center, the Queen Emma Nursing Institute, and the Medical Residency Program.

QMC recognized net assets released from restrictions on temporarily restricted net asset transfers from QEL, offsetting portions of the operating expenses of the Queen Emma Clinic, the Behavioral Health program, the Nurse Education/Training program, the Queen's Conference Center, the Queen Emma Nursing Institute, and the Medical Residency Program as actual expenditures are incurred. Net assets released from restrictions recognized from QEL amounted to \$7,610 and \$7,316 for the years ended June 30, 2013 and 2012, respectively.

Total unspecified funding from QEL was \$26,480 and \$22,602 for the years ended June 30, 2013 and 2012, respectively, which was included in transfers from affiliates in other changes in unrestricted net assets.

Due from affiliates includes intercompany receivables, primarily for contributions payable by QMC to be funded by QEL.

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(9) Commitments and Contingencies

At June 30, 2013, there were several legal actions pending against QMC that arose in the normal course of business. The ultimate resolution of such actions cannot presently be determined. In the opinion of management, based upon current facts and circumstances, the resolution of these matters is not expected to have a material adverse effect on the consolidated financial statements. There were also certain actions alleging malpractice. These actions are covered under the QHS self-insurance program for general and professional liability exposure.

In April 2009, QMC entered into a settlement agreement with various governmental agencies. As part of the settlement agreement, QMC and the Office of the Inspector General (OIG) of the U.S. Department of Health and Human Services entered into a Corporate Integrity Agreement (CIA) to promote compliance with the statutes, regulations, and written directives of Medicare, Medicaid, and all other federal health care programs. The CIA imposes a number of obligations on QMC, including additional compliance training, auditing, and periodic reporting to the OIG. The term of the CIA is five years.

At June 30, 2013, QMC had commitments to expand or renovate its facilities and for equipment purchases for approximately \$82,726, of which \$59,993 related to the nonoperating hospital located in Ewa Beach, Hawaii.

Future minimum rental payments due under noncancelable operating leases not previously mentioned at June 30, 2013 were as follows:

	<u>Affiliates</u>	<u>Nonaffiliates</u>	<u>Total</u>
Year ending June 30			
2014	\$ 1,505	519	2,024
2015	1,321	541	1,862
2016	926	554	1,480
2017	614	445	1,059
2018	427	47	474
Thereafter	3,410	—	3,410
Total	<u>\$ 8,203</u>	<u>2,106</u>	<u>10,309</u>

Rent expense for the years ended June 30, 2013 and 2012, under leases with nonaffiliates was approximately \$1,278 and \$1,265, respectively.

QMC entered into a consortium membership agreement with the University of Hawaii (UH) and two other Hawaii hospital members to maintain and expand the level of cancer research and care in Hawaii. The agreement's total remaining commitment was \$2,000 as of June 30, 2013. The agreement expires on January 31, 2015 and is renewable for additional five-year terms by written agreement of UH and at least two hospital members.

QMC has collective bargaining agreements with the Hawaii Nurses Association and the Teamsters Union. The Hawaii Nurses Association agreement expires in November 2014 and the Teamsters Union agreement expires in June 2016.

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(10) Subsequent Events

QMC has evaluated subsequent events from the balance sheet date through October 7, 2013, the date at which the consolidated financial statements were issued, and determined that there are no items to disclose