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

A For the 2012 calendar year, or tax year beginning 10-01-2012 , 2012, and ending 09-30-2013




B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization DEACONESS HOSPITAL INC		D Employer identification number 35-0593390
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) 600 MARY STREET	Room/suite	E Telephone number (812) 450-3296
	City or town, state or country, and ZIP + 4 EVANSVILLE, IN 47747		G Gross receipts \$ 749,274,534
	F Name and address of principal officer SHAWN WMCCOY CAO 600 MARY STREET EVANSVILLE, IN 47747		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		J Website: ▶ WWW.DEACONESS.COM	

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities PROVIDE QUALITY HEALTH CARE SERVICES WITH A COMPASSIONATE AND CARING SPIRIT CONTINUE TO SCH O TO PERSONS, FAMILIES AND COMMUNITIES OF THE TRI-STATE		
	2 Check this box <input type="checkbox"/> 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	16
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	10
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	5,493
6 Total number of volunteers (estimate if necessary)	6	235	
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	11,227,601	
7b Net unrelated business taxable income from Form 990-T, line 34	7b	-19,012	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	1,888,774	1,649,475
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	515,082,254	531,568,224
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	8,461,947	4,987,420
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	51,646,845	52,034,431
		577,079,820	590,239,550
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	295,491	578,388
	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)	247,753,296	255,744,305
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	16b Total fundraising expenses (Part IX, column (D), line 25)	364,666	
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	270,678,198	268,997,419
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	518,726,985	525,320,112
	19 Revenue less expenses Subtract line 18 from line 12	58,352,835	64,919,438
	Net Assets or Fund Balances		Beginning of Current Year
20 Total assets (Part X, line 16)		819,821,086	869,894,363
21 Total liabilities (Part X, line 26)		382,563,647	349,588,545
22 Net assets or fund balances Subtract line 21 from line 20		437,257,439	520,305,818

Part II Signature Block

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

Sign Here	*****			2014-05-08	
	Signature of officer			Date	
	SHAWN MCCOY CHIEF ADMINISTRATIVE OFFICER				
	Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name AMBER KOCHER CPA		Preparer's signature		Date
	Check <input type="checkbox"/> if self-employed			PTIN P01286298	
	Firm's name  BLUE & CO LLC			Firm's EIN  35-1178661	
	Firm's address  ONE AMERICAN SQUARE 2200 INDIANAPOLIS, IN 46282			Phone no (317) 633-4705	

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

SEE SCHEDULE O

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 \$ 143,852,079 including grants of \$) (Revenue \$ 316,070,548)

PATIENT SERVICE REVENUE SEE SCHEDULE O

4b

(Code) (Expenses \$ 338,408,631 including grants of \$) (Revenue \$ 205,242,013)

CHARITY CARE/SUBSIDIZED CARE SEE SCHEDULE O

4c

(Code) (Expenses \$ 17,170,574 including grants of \$) (Revenue \$ 10,255,663)

GRADUATE MEDICAL EDUCATION, MEDICAL EDUCATION AND COMMUNITY BENEFIT SEE SCHEDULE O

(Code) (Expenses \$ 578,388 including grants of \$ 578,388) (Revenue \$ 26,019,726)

4d

Other program services (Describe in Schedule O)

(Expenses \$ 578,388 including grants of \$ 578,388) (Revenue \$ 26,019,726)
























4e

Total program service expenses

500,009,672

Form 990 (2012)

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions) 	17	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	Yes	
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	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
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.	410	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	5,493	
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	Yes	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	No
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	No
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	No
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	No
10	Section 501(c)(7) organizations. Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11	Section 501(c)(12) organizations. Enter		
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b	
c	Enter the amount of reserves on hand.	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b	

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	16	
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	10	
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	No
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	Yes

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	Yes
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes
13	Did the organization have a written whistleblower policy?	13	Yes
14	Did the organization have a written document retention and destruction policy?	14	Yes
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	The organization's CEO, Executive Director, or top management official	15a	Yes
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	Yes

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	IN
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. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> 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	CHERYL A WATHEN 600 MARY STREET EVANSVILLE, IN (812) 450-3296

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

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

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

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

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

[illegible]

Part VII

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								8,150,707	683,685	1,326,312

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 **197**

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
EVANSVILLE SURGERY CENTER PO BOX 2185 EVANSVILLE IN 47728	SURGICAL SERVICES	28,732,379
WINK CONSTRUCTION INC 4007 E EICHEL AVE EVANSVILLE IN 47716	BUILDING CONTRACTOR	5,931,732
EPIC SYSTEMS CORPORATION PO BOX 88314 MILWAUKEE WI 53288	SOFTWARE/ CONSULTING	3,425,048
EVANSVILLE SURGERY ASSOCIATES 520 MARY STREET EVANSVILLE IN 47710	SURGICAL SERVICES	2,464,881
KAHN DEES DONOVAN & KAHN LLP 501 MAIN STREET EVANSVILLE IN 47735	LAW SERVICES	2,434,978

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 ►60

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	100,941			
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	184,708			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	1,363,826			
	g	Noncash contributions included in lines 1a-1f \$		370,399			
	h	Total. Add lines 1a-1f					
Program Service Revenue	2a	NET PATIENT REVENUE	Business Code 900099	531,568,224	531,568,224		
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f			531,568,224		
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		10,164,342		
4		Income from investment of tax-exempt bond proceeds . . .		15,009			15,009
5		Royalties					
6a		(i) Real					
		(ii) Personal					
		Gross rents					
		Less rental expenses					
b		Rental income or (loss)					
c		Net rental income or (loss)		4,293,887			4,293,887
7a		(i) Securities					
		(ii) Other					
		Gross amount from sales of assets other than inventory					
		Less cost or other basis and sales expenses					
b		Gain or (loss)					
c		Net gain or (loss)		-5,191,931			-5,191,931
8a		Gross income from fundraising events (not including \$ 100,941 of contributions reported on line 1c) See Part IV, line 18		48,700			
a							
b		Less direct expenses					
b		Net income or (loss) from fundraising events . . .		-95,073			-95,073
9a		Gross income from gaming activities See Part IV, line 19					
a							
b		Less direct expenses					
c	Net income or (loss) from gaming activities . . .						
10a	Gross sales of inventory, less returns and allowances						
a							
b	Less cost of goods sold						
c	Net income or (loss) from sales of inventory . . .						
Miscellaneous Revenue			Business Code				
11a	INVESTMENT IN JOINT VENTURES		900099	26,019,726	26,019,726		
b	LABORATORY SALES		621500	10,781,585		10,781,585	
c	CMS MEANINGFUL USE		900099	3,916,943			3,916,943
d	All other revenue			7,117,363		446,016	6,671,347
e	Total. Add lines 11a-11d			47,835,617			
12	Total revenue. See Instructions			590,239,550	557,587,950	11,227,601	19,774,524

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.	578,388	578,388		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	5,407,382		5,407,382	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	188,093,447	183,152,816	4,694,730	245,901
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	17,286,336	15,764,621	1,521,715	
9	Other employee benefits.	31,592,927	29,862,385	1,730,542	
10	Payroll taxes.	13,364,213	12,671,349	692,864	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	2,329,465	1,550,908	778,557	
c	Accounting.	94,894		94,894	
d	Lobbying.	32,237		32,237	
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.	410,806		393,302	17,504
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	56,176,905	54,876,547	1,274,012	26,346
12	Advertising and promotion.	1,188,805	117,553	1,071,252	
13	Office expenses.	11,119,266	10,008,736	1,062,501	48,029
14	Information technology.	8,379,770	7,328,652	1,051,118	
15	Royalties.				
16	Occupancy.	16,534,132	15,177,862	1,356,270	
17	Travel.	960,228	809,362	150,866	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	841,465	629,264	211,096	1,105
20	Interest.	8,603,870	8,603,870		
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	39,181,434	36,713,406	2,468,010	18
23	Insurance.	1,768,049	1,760,454	7,595	
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/SURGICAL SUPPLI	85,867,759	85,818,456	49,303	
b	MEDICAID ASSESSMENT FEE	14,775,510	14,775,510		
c	EQUIP RENTAL/MAINTENANC	12,742,083	12,463,055	279,028	
d	AGENCY COLLECTION FEES	6,262,186	6,262,186		
e	All other expenses	1,728,555	1,084,292	618,500	25,763
25	Total functional expenses. Add lines 1 through 24e.	525,320,112	500,009,672	24,945,774	364,666
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 <input type="checkbox"/> 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			1	
	2	Savings and temporary cash investments		54,671,462	2	43,965,528
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		88,496,093	4	79,773,146
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		980,947	7	1,051,175
	8	Inventories for sale or use		5,592,070	8	5,518,992
	9	Prepaid expenses and deferred charges		4,566,672	9	5,393,760
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	740,768,222		
	b	Less accumulated depreciation	10b	428,226,748	328,708,749	10c 312,541,474
	11	Investments—publicly traded securities		270,497,387	11	354,838,689
	12	Investments—other securities See Part IV, line 11		33,696,074	12	34,131,516
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		15,522,009	14	15,522,009
	15	Other assets See Part IV, line 11		17,089,623	15	17,158,074
	16	Total assets. Add lines 1 through 15 (must equal line 34)		819,821,086	16	869,894,363
Liabilities	17	Accounts payable and accrued expenses		59,087,211	17	60,092,128
	18	Grants payable			18	
	19	Deferred revenue		244,662	19	251,958
	20	Tax-exempt bond liabilities		205,620,955	20	206,158,405
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		117,610,819	25	83,086,054
	26	Total liabilities. Add lines 17 through 25		382,563,647	26	349,588,545
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		432,200,551	27	514,674,469
	28	Temporarily restricted net assets		3,293,842	28	3,782,581
	29	Permanently restricted net assets		1,763,046	29	1,848,768
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> 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		437,257,439	33	520,305,818
	34	Total liabilities and net assets/fund balances		819,821,086	34	869,894,363

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	590,239,550
2	Total expenses (must equal Part IX, column (A), line 25)	2	525,320,112
3	Revenue less expenses Subtract line 2 from line 1	3	64,919,438
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	437,257,439
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	18,128,941
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	520,305,818

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 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> 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 <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> 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 <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> 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?		No
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		

Additional Data

Software ID:

Software Version:

EIN: 35-0593390

Name: DEACONESS HOSPITAL INC

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			
LINDA E WHITE PRESIDENT/ CEO	40 00 30 00	X		X				641,386	324,241	242,168
JEROME A BENKERT JR CHAIRMAN	5 00 5 00	X						5,800	0	0
STEVEN T TITZER CPA VICE CHAIRMAN	5 00 10 00	X						6,000	1,200	0
JOHN ENGELBRECHT TREASURER	5 00 5 00	X						7,800	0	0
BRUCE STALLINGS SECRETARY	5 00 5 00	X						7,600	0	0
BRUCE ADYE MD DIRECTOR	7 00 5 00	X						11,000	0	0
STEVEN A CHURCH DIRECTOR	5 00 5 00	X						3,800	0	0
REV DR JOSEPH FRACCARO DIRECTOR	5 00 5 00	X						5,000	0	0
DAVID A KOEHLER JR MD DIRECTOR	25 00 35 00	X						98,015	167,939	14,420
WILLIAM PENLAND MD DIRECTOR	5 00 5 00	X						5,000	0	0
ROBERT B WRIGHT DIRECTOR	5 00 5 00	X						7,400	2,000	0
DANIEL W WHITEHEAD MD DIRECTOR	5 00 5 00	X						25,200	0	0
MATHIAS KOLLECK II DIRECTOR	25 00 5 00	X						325,208	0	45,041
DANIEL HERMANN DIRECTOR	5 00 5 00	X						0	0	0
ROBERT KELLER DIRECTOR	5 00 5 00	X						0	0	0
SHARON REED WALKER DIRECTOR	5 00 5 00	X						0	0	0
SHAWN W MCCOY CHIEF ADMINISTRATIVE OFFIC	50 00 10 00			X				500,742	9,000	119,505
CHERYL A WATHEN CHIEF FINANCIAL OFFICER	50 00 10 00			X				282,777	171,300	107,341
JAMES R PORTER MD CHIEF MEDICAL OFFICER	50 00 5 00			X				526,210	2,800	131,061
CHERONA J HAJEWSKI CHIEF NURSING OFFICER	50 00 0 00			X				378,529	0	83,585
BRUCE E EPMEIER VICE PRESIDENT	50 00 0 00			X				335,237	0	69,530
LARRY F PILE HR DIRECTOR	50 00 5 00				X			279,611	2,205	11,732
LYNN C LINGAFELTER DIRECTOR ER/SURGICAL	50 00 0 00				X			204,897	0	26,093
RICHARD B PERRY CONTROLLER	50 00 0 00				X			208,170	0	30,179
JOHN L ZABROWSKI CONTROLLER	50 00 10 00				X			207,787	3,000	40,728

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			
JOYCE A THOMAS PHARMACY DIRECTOR	50 00 0 00				X			173,403	0	49,766
REBECCA L MALOTTE EXEC DIRECTOR, CNO	50 00 0 00				X			177,273	0	54,623
VENKATESH R MADADI ANESTHESIOLOGIST	50 00 0 00					X		680,818	0	56,136
NIRMAL JOSHI MD ANESTHESIOLOGIST	50 00 0 00					X		722,406	0	60,544
RAJESH J PATEL MD ANESTHESIOLOGIST	50 00 0 00					X		743,257	0	34,595
AYMAN ELFAR MD ANESTHESIOLOGIST	50 00 0 00					X		593,181	0	51,830
LAWRENCE C KILINSKI JR MD ANESTHESIOLOGIST	50 00 0 00					X		594,465	0	53,659
HARRY L SMITH JR FORMER PRESIDENT TERM JAN	0 00 0 00						X	392,735	0	43,776

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2012

Open to Public Inspection

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

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

Department of the Treasury
Internal Revenue Service

Name of the organization
DEACONESS HOSPITAL INC

Employer identification number
35-0593390

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									

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 DEACONESS HOSPITAL INC	Employer identification number 35-0593390
--	--

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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> 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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

- A
- Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes	<input type="checkbox"/> No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		32,237
j	Total. Add lines 1c through 1i.			32,237
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	LOBBYING EXPENDITURES CONSISTED OF A PORTION OF MEMBERSHIP DUES TO PROFESSIONAL ORGANIZATIONS IN WHICH DEACONESS HOSPITAL AND ITS EMPLOYEES ARE MEMBERS. THE LOBBYING PORTION OF THE DUES IS NOTED ON THE MEMBERSHIP APPLICATION OR BILLING STATEMENT.

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 DEACONESS HOSPITAL INC	Employer identification number 35-0593390
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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? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	
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? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	

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	5,544,426	8,353,428	8,130,489	7,433,786
b	Contributions	1,890	6,871	1,293,267	1,683,536
c	Net investment earnings, gains, and losses	611,864	541,295	294,514	281,910
d	Grants or scholarships			7,052	192,998
e	Other expenditures for facilities and programs	38,483	3,357,168	1,048,880	790,792
f	Administrative expenses	289		308,910	284,953
g	End of year balance	6,119,408	5,544,426	8,353,428	8,130,489

2

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

a

Board designated or quasi-endowment

86 000 %

b

Permanent endowment

14 000 %

c

Temporarily restricted endowment

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

3a

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

(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	495,397	9,854,366		10,349,763
b Buildings	48,151,381	428,755,603	240,194,336	236,712,648
c Leasehold improvements				
d Equipment		248,898,529	188,032,412	60,866,117
e Other		4,612,946		4,612,946
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				312,541,474

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
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	TEMPORARILY RESTRICTED NET ASSETS INCLUDE THOSE ASSETS WHOSE USE BY THE SYSTEM HAS BEEN TEMPORARILY LIMITED PRIMARY FOR CAPITAL PROJECTS OR A SPECIFIED TIME PERIOD OR PURPOSE. TEMPORARILY RESTRICTED NET ASSETS HAVE BEEN RESTRICTED FOR USE IN PATIENT MEDICAL CARE, EDUCATION AND SCHOLARSHIPS, CAPITAL PROJECTS, AND OTHER SYSTEM SUPPORT. PERMANENTLY RESTRICTED NET ASSETS ARE CONTRIBUTED WITH DONOR RESTRICTIONS REQUIRING THEY BE HELD IN PERPETUITY WITH INCOME USED TO SUPPORT THE SYSTEM'S ACTIVITIES. PERMANENTLY RESTRICTED NET ASSETS INCLUDE BENEFICIAL INTEREST IN TRUSTS AND OTHER PERMANENT RESTRICTIONS.
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA REQUIRE MANAGEMENT TO EVALUATE TAX POSITIONS TAKEN BY THE SYSTEM. HAS TAKEN AN UNCERTAIN POSITION THAT MORE LIKELY THAN NOT WOULD NOT BE SUSTAINED UPON EXAMINATION BY VARIOUS FEDERAL AND STATE TAXING AUTHORITIES. MANAGEMENT HAS ANALYZED THE TAX POSITIONS TAKEN BY THE SYSTEM AND HAS CONCLUDED THAT AS OF SEPTEMBER 30, 2013 AND 2012, THERE ARE NO UNCERTAIN POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY OR DISCLOSURE IN THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS. THE SYSTEM IS SUBJECT TO ROUTINE AUDITS BY TAKING JURISDICTIONS, HOWEVER, THERE ARE CURRENTLY NO AUDITS FOR ANY TAX PERIODS IN PROGRESS.
		PART VII AND IX SECTIONS ARE NOT REQUIRED AS THE TOTALS FOR EACH LINE ARE LESS THAN 5% OF THE TOTAL ASSETS LISTED ON FORM 990, PART X, LINE 16.
		PART XI AND XII SECTIONS ARE NOT REQUIRED AS THE ORGANIZATION IS PART OF A CONSOLIDATED FINANCIAL STATEMENT. THE CONSOLIDATED FINANCIAL STATEMENT IS AUDITED BY AN INDEPENDENT ACCOUNTING FIRM AND IS PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

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
		DH CLASSIC (event type)	DH PARTY OF THE YEAR (event type)	0 (total number)	(add col (a) through col (c))
Revenue	1	Gross receipts	124,716	24,925	149,641
	2	Less Contributions . .	100,016	925	100,941
	3	Gross income (line 1 minus line 2)	24,700	24,000	48,700
Direct Expenses	4	Cash prizes			
	5	Noncash prizes . .	39,410		39,410
	6	Rent/facility costs . .			
	7	Food and beverages .	18,500	48,029	66,529
	8	Entertainment	15,187	895	16,082
	9	Other direct expenses .	3,637	18,115	21,752
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶			
	11	Net income summary Combine line 3, column (d), and line 10 ▶			
					(143,773)
					-95,073

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			
Direct Expenses	2	Cash prizes			
	3	Non-cash prizes			
	4	Rent/facility costs			
	5	Other direct expenses . . .			
	6	Volunteer labor	<div><input type="checkbox"/> Yes</div> <div><input type="checkbox"/> No</div>	<div><input type="checkbox"/> Yes</div> <div><input type="checkbox"/> No</div>	<div><input type="checkbox"/> Yes</div> <div><input type="checkbox"/> No</div>
	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

OMB No 1545-0047

2012

Open to Public Inspection

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

Name of the organization
DEACONESS HOSPITAL INC

Employer identification number
35-0593390

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 <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> 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 <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>30000 0000000000 %</u> 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 <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input checked="" type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ % c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4	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?	5a	Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b		No
b	If "Yes," did the organization make it available to the public?	5c		
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	6a	Yes	
		6b	Yes	

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)			22,872,446		22,872,446	3 960 %
b Medicaid (from Worksheet 3, column a)			73,681,506	53,624,066	20,057,440	3 470 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			96,553,952	53,624,066	42,929,886	7 430 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			732,049	36,211	695,838	0 120 %
f Health professions education (from Worksheet 5)			4,403,251	1,658,288	2,744,963	0 480 %
g Subsidized health services (from Worksheet 6)			8,961,794	6,565,848	2,395,946	0 410 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,146,998	28,933	1,118,065	0 190 %
j Total. Other Benefits			15,244,092	8,289,280	6,954,812	1 200 %
k Total. Add lines 7d and 7j			111,798,044	61,913,346	49,884,698	8 630 %

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		1,555		1,555	0 %
2	Economic development					
3	Community support		10,946	660	10,286	0 %
4	Environmental improvements		1,801		1,801	0 %
5	Leadership development and training for community members		4,000		4,000	0 %
6	Coalition building		8,207		8,207	0 %
7	Community health improvement advocacy		935		935	0 %
8	Workforce development		64,434	16,350	48,084	0 010 %
9	Other					
10	Total		91,878	17,010	74,868	0 010 %

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

40,019,702

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

131,537,693

6

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

6

151,926,989

7

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

7

-20,389,296

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?
3

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	DEACONESS HOSPITAL INC 600 MARY STREET EVANSVILLE, IN 47747 WWW.DEACONESS.COM	X	X		X			X			
2	DEACONESS GATEWAY HOSPITAL 4011 GATEWAY BLVD NEWBURGH, IN 47630 WWW.DEACONESS.COM	X	X		X			X			
3	DEACONESS CROSS POINTE 7200 E INDIANA STREET EVANSVILLE, IN 47715 WWW.DEACONESS.COM	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)

DEACONESS HOSPITAL INC

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 <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> 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 <input checked="" type="checkbox"/> Hospital facility's website		
b <input checked="" type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> 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 <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d <input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> 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 Yes	
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>300 00000000000000</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>300 00000000000000</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 <input checked="" type="checkbox"/> Income level			
b <input checked="" type="checkbox"/> Asset level			
c <input checked="" type="checkbox"/> Medical indigency			
d <input type="checkbox"/> Insurance status			
e <input checked="" type="checkbox"/> Uninsured discount			
f <input checked="" type="checkbox"/> Medicaid/Medicare			
g <input type="checkbox"/> State regulation			
h <input type="checkbox"/> 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 <input type="checkbox"/> The policy was posted on the hospital facility's website			
b <input checked="" type="checkbox"/> The policy was attached to billing invoices			
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f <input checked="" type="checkbox"/> The policy was available upon request			
g <input checked="" type="checkbox"/> 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 <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> 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 <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> 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	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> 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	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input checked="" type="checkbox"/> 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 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)

DEACONESS GATEWAY HOSPITAL

Name of hospital facility or facility reporting group

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

2

		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	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> 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	<input checked="" type="checkbox"/> Hospital facility's website		
b	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
c	<input type="checkbox"/> 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	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input checked="" type="checkbox"/> Execution of the implementation strategy		
c	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d	<input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
h	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> 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	Yes
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>300 00000000000000</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>300 00000000000000</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 <input checked="" type="checkbox"/> Income level			
b <input checked="" type="checkbox"/> Asset level			
c <input checked="" type="checkbox"/> Medical indigency			
d <input type="checkbox"/> Insurance status			
e <input checked="" type="checkbox"/> Uninsured discount			
f <input checked="" type="checkbox"/> Medicaid/Medicare			
g <input type="checkbox"/> State regulation			
h <input type="checkbox"/> 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 <input type="checkbox"/> The policy was posted on the hospital facility's website			
b <input checked="" type="checkbox"/> The policy was attached to billing invoices			
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f <input checked="" type="checkbox"/> The policy was available upon request			
g <input checked="" type="checkbox"/> 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 <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> 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 <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> 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	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> 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	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input checked="" type="checkbox"/> 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 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)

DEACONESS CROSS POINTE

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)

3

		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 <input checked="" type="checkbox"/> A definition of the community served by the hospital facility			
b <input checked="" type="checkbox"/> Demographics of the community			
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d <input checked="" type="checkbox"/> How data was obtained			
e <input checked="" type="checkbox"/> The health needs of the community			
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs			
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests			
i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs			
j <input type="checkbox"/> 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 <input checked="" type="checkbox"/> Hospital facility's website			
b <input checked="" type="checkbox"/> Available upon request from the hospital facility			
c <input type="checkbox"/> 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 <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b <input checked="" type="checkbox"/> Execution of the implementation strategy			
c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan			
d <input checked="" type="checkbox"/> Participation in the execution of a community-wide plan			
e <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans			
f <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA			
g <input checked="" type="checkbox"/> Prioritization of health needs in its community			
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i <input type="checkbox"/> 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	Yes	
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>300 00000000000000</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>300 00000000000000</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 <input checked="" type="checkbox"/> Income level			
b <input checked="" type="checkbox"/> Asset level			
c <input checked="" type="checkbox"/> Medical indigency			
d <input type="checkbox"/> Insurance status			
e <input checked="" type="checkbox"/> Uninsured discount			
f <input checked="" type="checkbox"/> Medicaid/Medicare			
g <input type="checkbox"/> State regulation			
h <input type="checkbox"/> 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 <input type="checkbox"/> The policy was posted on the hospital facility's website			
b <input checked="" type="checkbox"/> The policy was attached to billing invoices			
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f <input checked="" type="checkbox"/> The policy was available upon request			
g <input checked="" type="checkbox"/> 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 <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> 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? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> 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	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> 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	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input checked="" type="checkbox"/> 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?

45

Name and address	Type of Facility (describe)
1 See Additional Data Table	
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, 6l, 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, 6l, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
		PART I, LINE 6A DEACONESS HOSPITAL PREPARES AN ANNUAL COMMUNITY BENEFIT REPORT THE REPORT IS MADE AVAILABLE IN THE FOLLOWING WAYS 1 MAILED TO ALL THE MAJOR EMPLOYERS IN THE TRI-STATE AREA 2 AN ADVERTISEMENT IS PLACED IN THE SUNDAY PAPER OF THE EVANSVILLE COURIER AND PRESS 3 IS MADE AVAILABLE ON THE DEACONESS WEBSITE AT HTTP //WWW DEACONESS COM/CAREERS/FOR-OUR-EMPLOYEES/ OUR-COMMUNITY/COMMUNITY-BENEFIT ASPX
		PART I, LINE 7 A COST TO CHARGE RATIO WAS USED FOR MOST OF THE CALCULATIONS FOR THE TABLE IRS INSTRUCTION'S WORKSHEET 2 WAS USED FOR THIS CALCULATION WE DID NOT USE THE COST TO CHARGE RATIO FOR LINE 7G AS IT WAS NOT RELEVANT TO THESE SERVICES THE ACTUAL COST FROM OUR COSTING SYSTEM WAS USED WHEN AVAILABLE THE COST TO CHARGE RATIO FOR EACH SERVICE TYPE WAS USED TO ESTIMATE COST WHEN NOT AVAILABLE FROM OUR INTERNAL COSTING SYSTEM

Identifier	ReturnReference	Explanation
		PART I, LINE 7G SUBSIDIZED HEALTH SERVICES ATTRIBUTED TO PHYSICIAN CLINICS HAVE A COST OF \$455,161 THESE CLINICS ARE OPERATED AS A BENEFIT TO THE COMMUNITY
		PART I, L7 COL(F) THE BAD DEBT EXPENSE IS NOT INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A) DUE TO EARLY ADOPTION OF ACCOUNTING STANDARDS UPDATE (ASU) 2011-07, HEALTHCARE ENTITIES (TOPIC 954)

Identifier	ReturnReference	Explanation
		<p>PART II COMMUNITY BUILDING ACTIVITIES DURING FISCAL YEAR 2014, DEACONESS PROVIDED FINANCIAL SUPPORT TO MORE THAN 100 NON-PROFIT ORGANIZATIONS LOCATED IN OUR THREE-STATE SERVICE AREA THIS INCLUDES SPONSORSHIP OF WALKS AND RUNS TO RAISE AWARENESS FOR DISEASES AND HEALTH CONDITIONS, DONATIONS TO AREA FOOD PANTRIES, SIGNIFICANT PARTNERSHIPS WITH EVENTS THAT FUND RESEARCH FOR BREAST CANCER AND TYPE 1 DIABETES, AND FUNDING FOR SOCIAL WORKERS SO THEY CAN BE IN THE MIDDLE AND HIGH SCHOOLS WHERE THEIR SERVICES ARE DESPERATELY NEEDED THE HOSPITAL GAVE EACH TEACHER IN THE DESIGNATED "COMMUNITY BENEFIT SCHOOLS" \$100 TO BUSY SUPPLIES FOR THEIR CLASSROOM, TOTALING OF \$23,236 THE HOSPITAL ALSO SENT \$100 TO EVERY "AFTER PROM" EVENT IN THE REGION TO PROVIDE TEENAGERS WITH A SAFE PLACE TO CELEBRATE FREE FROM DRUGS, ALCOHOL, AND RISKY BEHAVIOR, TOTALING \$2,100 DEACONESS PROVIDED FREE AND REDUCED CARE WITHIN OUR HOSPITAL BUILDINGS THROUGH OUR MEDICATION ASSISTANCE PROGRAM, OUR FAMILY PRACTICE RESIDENCY CLINIC, AND COMMUNITY HEALTH SCREENINGS, AREA RESIDENTS CAN ACCESS THE HIGH QUALITY HEALTHCARE THEY NEED IN CONVENIENT LOCATIONS AND AT A PRICE THEY CAN AFFORD DEACONESS PROMOTES HEALTHY LIVING IN THE COMMUNITY THROUGH SEVERAL INITIATIVES INCLUDING 1 HEALTHIER U WORKS ORGANIZED, OUTDOOR COMMUNITY WALK EVERY MORNING FROM APRIL TO OCTOBER2 WISE CHOICE VENDORS AT THE ANNUAL FALL FESTIVAL SUBMIT RECIPES TO OUR DIETICIANS IF THEY MEET CERTAIN NUTRITIONAL REQUIREMENTS, THE VENDOR'S BOOTH GETS A GREEN SIGN TO HANG THAT INDICATES THE SERVE HEALTHY FOOD OPTIONS AT THEIR BOOTH 3 MEN'S HEALTH SERIES ONCE A MONTH FROM MARCH THROUGH NOVEMBER, MEN IN THE COMMUNITY ARE INVITED TO COME TO THE HOSPITAL, EAT DINNER, AND HEAR A PRESENTATION SPECIFICALLY GEARED TOWARD IMPROVING MEN'S HEALTH 4 COMMUNITY SCREENINGS EACH, WEEK, REDUCED COST HEALTH SCREENINGS ARE OFFERED AT A DEACONESS CLINIC LOCATION THE LOCATION ROTATES BETWEEN MULTIPLE STATES AND COUNTIES 5 MENTAL HEALTH FIRST-AID COURSES AN EDUCATION PROGRAM THAT HELPS THE PUBLIC IDENTIFIES, UNDERSTAND, AND RESPOND TO SIGNS OF MENTAL ILLNESSES AND SUBSTANCE ABUSE DISORDERS 6 TRAUMA EDUCATION DEACONESS TRAUMA SERVICES DEVOTES TIME AND RESOURCES TO EDUCATING EMS PERSONNEL AND OTHER FIRST RESPONDERS IN THE REGION 7 HEALTH SCIENCE INSTITUTE A HANDS-ON SUMMER PROGRAM FOR HIGH SCHOOL STUDENTS INTERESTED IN THE MEDICAL PROFESSION 8 SUICIDE PREVENTION MEMBERS OF OUR MENTAL HEALTH HOSPITAL TRAVEL AROUND THE REGION TO PROVIDE SUICIDE PREVENTION TRAINING TO SCHOOLS, CHURCHES, NON-PROFIT GROUPS, ETC</p>
		<p>PART III, LINE 4 SECTION A FOOTNOTE TO ORGANIZATION'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSE (BELOW IS THE PORTION OF THE AUDITED FINANCIAL STATEMENT FOOTNOTE "PATIENT ACCOUNTS RECEIVABLE, ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS AND NET PATIENT SERVICE REVENUE" RELATED TO BAD DEBTS)PATIENT ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED ON THE SYSTEM'S EVALUATION OF ITS MAJOR PAYOR SOURCES OF REVENUE, THE AGING OF THE ACCOUNTS, HISTORICAL LOSSES, CURRENT ECONOMIC CONDITIONS, AND OTHER FACTORS UNIQUE TO ITS SERVICE AREA AND THE HEALTHCARE INDUSTRY MANAGEMENT REGULARLY REVIEWS DATA ABOUT THE MAJOR PAYOR SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE SYSTEM ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS AND A PROVISION FOR BAD DEBTS, IF NECESSARY FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PAYMENTS THE SYSTEM RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE THE DIFFERENCE BETWEEN THE STANDARD RATES (OR THE DISCOUNTED RATES IF NEGOTIATED) AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS</p>

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE SOURCE USED TO DETERMINE THE AMOUNT OF MEDICARE REVENUE AND ALLOWABLE COSTS REPORTED FOR PART III, SECTION B, LINE 8 THE MEDICARE TOTAL REVENUE AND ALLOWABLE COSTS WERE ESTIMATED BASED UPON THE 2013 MEDICARE COST REPORT THE MEDICARE SHORTFALL FOR DEACONESS HOSPITAL IS TREATED AS COMMUNITY BENEFIT DUE TO THE HOSPITAL PROVIDING CARE TO MEDICARE PATIENTS AT LESS THAN THE ALLOWABLE MEDICARE COSTS
		PART III, LINE 9B DEACONESS HOSPITAL MAKES A DISTINCTION BETWEEN CHARITY AND BAD DEBT IN DETERMINING AN INDIVIDUAL OR FAMILY'S ABILITY TO PAY, DEACONESS HOSPITAL EVALUATES WHETHER OR NOT THE RESPONSIBLE PARTY HAS SUFFICIENT RESOURCES FOR PAYMENT IF AN INDIVIDUAL IS DETERMINED TO NOT HAVE SUFFICIENT RESOURCES TO PAY, THEY WILL BE CONSIDERED ELIGIBLE FOR CHARITY CARE AND WILL NOT BE PROCESSED THROUGH EITHER INTERNAL OR EXTERNAL COLLECTIONS ACCOUNTS OF CHARITY CARE PATIENTS WHO ARE UNABLE TO PAY DO NOT RESULT IN BAD DEBT AND ARE NOT COLLECTED UPON

Identifier	ReturnReference	Explanation
DEACONESS HOSPITAL, INC		PART V, SECTION B, LINE 3 DESCRIPTION OF COMMUNITY INPUT IN 2011, DEACONESS HEALTH SYSTEM JOINED FOUR OTHER LOCAL HEALTH-RELATED ORGANIZATIONS, ECHO COMMUNITY HEALTH CARE, ST MARY'S MEDICAL CENTER, UNITED WAY, AND WELBORN BAPTIST FOUNDATION, TO PLAN FOR AND ADMINISTER A COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) MEMBERS OF THE DEACONESS COMMUNITY BENEFIT TEAM MET REGULARLY WITH OTHER MEMBERS OF THE COLLABORATIVE TO CREATE A STRATEGY AND TACTICS THAT ADDRESS OUR FOUR IDENTIFIED COMMUNITY HEALTH NEEDS WE ALSO PARTICIPATED IN FOCUS GROUP SESSIONS WITH 51 BUSINESS, COMMUNITY, AND SOCIAL SERVICE LEADERS AND STRATEGY SESSIONS WITH 42 PROVIDERS AND AGENCIES TO DEVELOP A PLAN THAT WOULD CAUSE POSITIVE CHANGE IN THE OVERALL HEALTH OF OUR POPULATION ADDITIONALLY, EACH PARTNER CREATED AN ORGANIZATION SPECIFIC PLAN TO ADDRESS THE SAME ISSUES THE PLANS WERE TRANSCRIBED, PRESENTED AT A PRESS CONFERENCE, AND POSTED ON THE WEBSITE OF EACH PARTNER'S ORGANIZATION
DEACONESS GATEWAY HOSPITAL		PART V, SECTION B, LINE 3 DESCRIPTION OF COMMUNITY INPUT IN 2011, DEACONESS HEALTH SYSTEM JOINED FOUR OTHER LOCAL HEALTH-RELATED ORGANIZATIONS, ECHO COMMUNITY HEALTH CARE, ST MARY'S MEDICAL CENTER, UNITED WAY, AND WELBORN BAPTIST FOUNDATION, TO PLAN FOR AND ADMINISTER A COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) MEMBERS OF THE DEACONESS COMMUNITY BENEFIT TEAM MET REGULARLY WITH OTHER MEMBERS OF THE COLLABORATIVE TO CREATE A STRATEGY AND TACTICS THAT ADDRESS OUR FOUR IDENTIFIED COMMUNITY HEALTH NEEDS WE ALSO PARTICIPATED IN FOCUS GROUP SESSIONS WITH 51 BUSINESS, COMMUNITY, AND SOCIAL SERVICE LEADERS AND STRATEGY SESSIONS WITH 42 PROVIDERS AND AGENCIES TO DEVELOP A PLAN THAT WOULD CAUSE POSITIVE CHANGE IN THE OVERALL HEALTH OF OUR POPULATION ADDITIONALLY, EACH PARTNER CREATED AN ORGANIZATION SPECIFIC PLAN TO ADDRESS THE SAME ISSUES THE PLANS WERE TRANSCRIBED, PRESENTED AT A PRESS CONFERENCE, AND POSTED ON THE WEBSITE OF EACH PARTNER'S ORGANIZATION

Identifier	ReturnReference	Explanation
DEACONESS CROSS POINTE		PART V, SECTION B, LINE 3 DESCRIPTION OF COMMUNITY INPUT IN 2011, DEACONESS HEALTH SYSTEM JOINED FOUR OTHER LOCAL HEALTH-RELATED ORGANIZATIONS, ECHO COMMUNITY HEALTH CARE, ST MARY'S MEDICAL CENTER, UNITED WAY, AND WELBORN BAPTIST FOUNDATION, TO PLAN FOR AND ADMINISTER A COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) MEMBERS OF THE DEACONESS COMMUNITY BENEFIT TEAM MET REGULARLY WITH OTHER MEMBERS OF THE COLLABORATIVE TO CREATE A STRATEGY AND TACTICS THAT ADDRESS OUR FOUR IDENTIFIED COMMUNITY HEALTH NEEDS WE ALSO PARTICIPATED IN FOCUS GROUP SESSIONS WITH 51 BUSINESS, COMMUNITY, AND SOCIAL SERVICE LEADERS AND STRATEGY SESSIONS WITH 42 PROVIDERS AND AGENCIES TO DEVELOP A PLAN THAT WOULD CAUSE POSITIVE CHANGE IN THE OVERALL HEALTH OF OUR POPULATION ADDITIONALLY, EACH PARTNER CREATED AN ORGANIZATION SPECIFIC PLAN TO ADDRESS THE SAME ISSUES THE PLANS WERE TRANSCRIBED, PRESENTED AT A PRESS CONFERENCE, AND POSTED ON THE WEBSITE OF EACH PARTNER'S ORGANIZATION
DEACONESS HOSPITAL, INC		PART V, SECTION B, LINE 4 OTHER HOSPITAL FACILITIES CHNA WAS CONDUCTED WITH DEACONESS GATEWAY HOSPITALDEACONESS CROSS POINTEST MARY'S MEDICAL CENTER

Identifier	ReturnReference	Explanation
DEACONESS GATEWAY HOSPITAL		PART V, SECTION B, LINE 4 OTHER HOSPITAL FACILITIES CHNA WAS CONDUCTED WITH DEACONESS HOSPITAL, INC DEACONESS CROSS POINTEST MARY'S MEDICAL CENTER
DEACONESS CROSS POINTE		PART V, SECTION B, LINE 4 OTHER HOSPITAL FACILITIES CHNA WAS CONDUCTED WITH DEACONESS HOSPITAL, INC DEACONESS GATEWAY HOSPITALST MARY'S MEDICAL CENTER

Identifier	ReturnReference	Explanation
DEACONESS HOSPITAL, INC		PART V, SECTION B, LINE 5C CHNA IS MADE WIDELY AVAILABLE ON THE HOSPITAL'S WEBSITE THE HOSPITAL COMMUNITY HEALTH NEEDS ASSESSMENT IS LOCATED AT HTTP //WWW.DEACONESS.COM/CHNA
DEACONESS GATEWAY HOSPITAL		PART V, SECTION B, LINE 5C CHNA IS MADE WIDELY AVAILABLE ON THE HOSPITAL'S WEBSITE THE HOSPITAL COMMUNITY HEALTH NEEDS ASSESSMENT IS LOCATED AT HTTP //WWW.DEACONESS.COM/CHNA

Identifier	ReturnReference	Explanation
DEACONESS CROSS POINTE		PART V, SECTION B, LINE 5C CHNA IS MADE WIDELY AVAILABLE ON THE HOSPITAL'S WEBSITE THE HOSPITAL COMMUNITY HEALTH NEEDS ASSESSMENT IS LOCATED AT HTTP //WWW.DEACONESS.COM/CHNA
DEACONESS HOSPITAL, INC		PART V, SECTION B, LINE 6I METHOD FOR ADDRESSING NEEDS IDENTIFIED IN CHNA 6A IN 2011, DEACONESS HEALTH SYSTEM JOINED FOUR OTHER LOCAL HEALTH-RELATED ORGANIZATIONS, ECHO COMMUNITY HEALTH CARE, ST MARY'S MEDICAL CENTER, UNITED WAY, AND WELBORN BAPTIST FOUNDATION, TO PLAN FOR AND ADMINISTER A COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) REVIEW OF THE ASSESSMENT DATA LED THE TEAM TO IDENTIFY FOUR MAIN ISSUES AT THE CORE OF POOR COMMUNITY HEALTH TOBACCO USE, OBESITY, SUBSTANCE ABUSE, AND MENTAL HEALTH THE COLLABORATIVE CREATED A GROUP PLAN OF ACTION TO ADDRESS THE FOUR IDENTIFIED COMMUNITY HEALTH ISSUES MEETING WITH COMMUNITY PARTNERS AND STAKEHOLDERS GUIDED THE PLANNING PROCESS ADDITIONALLY, EACH PARTNER CREATED AN ORGANIZATION SPECIFIC PLAN TO ADDRESS THE SAME ISSUES THE PLANS WERE TRANSCRIBED, PRESENTED AT A PRESS CONFERENCE, AND POSTED ON THE WEBSITE OF EACH PARTNER'S ORGANIZATION 6B STRATEGIES FOR EACH OF THE FOUR TARGET AREAS WERE CREATED FOR THE COLLABORATIVE AND FOR DEACONESS SINCE THE HOSPITAL SERVES VANDERBURGH AND WARRICK COUNTIES IN INDIANA, THE STRATEGY FOR DEACONESS INCLUDES TACTICS TO ADDRESS THESE ISSUES IN BOTH COMMUNITIES AN INTERNAL TEAM LEADER WAS ASSIGNED TO EACH OF THE FOUR TOPIC AREAS AND RESPONSIBLE FOR PUTTING TOGETHER A TEAM AND THEN A PLAN TO CREATE POSITIVE CHANGE IN THE SPECIFIC HEALTH AREA THE PLANNING PHASE IS COMPLETE AND THE EXECUTION PHASE TAKES PLACE IN TAX YEARS 2013, 2014, 2015 6C MEMBERS OF THE DEACONESS COMMUNITY BENEFIT TEAM MET REGULARLY WITH OTHER MEMBERS OF THE COLLABORATIVE TO CREATE A STRATEGY AND TACTICS THAT ADDRESS OUR FOUR IDENTIFIED COMMUNITY HEALTH NEEDS THE BENEFIT TEAM PARTICIPATED IN FOCUS GROUP SESSIONS WITH 51 BUSINESS, COMMUNITY, AND SOCIAL SERVICE LEADERS, AND STRATEGY SESSIONS WITH 42 PROVIDERS AND AGENCIES TO DEVELOP A PLAN THAT WOULD CAUSE POSITIVE CHANGE IN THE OVERALL HEALTH OF OUR POPULATION 6D THE FIRST STEP IN EXECUTING OUR COMMUNITY HEALTH NEEDS ASSESSMENT IMPLEMENTATION PLAN WAS RELEASING INFORMATION TO THE PUBLIC A PRESS CONFERENCE WAS HELD JUNE 13, 2013, AT A LOCAL BUSINESS DURING THE PRESS CONFERENCE, REPRESENTATIVES FROM THE COLLABORATIVE EXPLAINED THE CHNA SURVEY PROCESS, RESULTS, CONTRIBUTIONS OF COMMUNITY PARTNERS, AND THE FOUR HEALTH ISSUES SELECTED AS OUR FOCUS FOR THE NEXT THREE YEARS FOLLOWING THIS ANNOUNCEMENT, THE COLLABORATIVE SET UP MEETINGS FOR EACH OF THE FOUR HEALTH TOPICS AND INVITED ALL RELEVANT COMMUNITY PARTNERS TO ATTEND DURING THESE MEETINGS, THE GROUP REVIEWS THE ACTION ITEMS IN THE IMPLEMENTATION PLAN, REPORTS ON THE PROGRESS OF THOSE ITEMS, AND ASKS FOR ASSISTANCE OR ADDITIONAL RESOURCES AS APPROPRIATE 6G MEMBERS OF OUR THREE KEY INFORMANT GROUPS (COMMUNITY LEADERS, BUSINESS LEADERS, AND SOCIAL SERVICE AGENCIES) SUBMITTED THEIR TOP 5 HEALTH PRIORITIES FOR THE COMMUNITY THIS INFORMATION WAS COUPLED WITH THE SURVEY DATA RESULTING IN A LIST OF SEVEN KEY COMMUNITY HEALTH ISSUES FOLLOWING FURTHER ANALYSIS, THE COLLABORATIVE DECIDED THAT TOBACCO USE, OBESITY, SUBSTANCE ABUSE, AND MENTAL HEALTH ISSUES WERE THE ROOT CAUSES OF MULTIPLE HEALTH CONDITIONS AND HIGHER HEALTH CARE COSTS BY ADDRESSING THESE FOUR AREAS, THE COLLABORATIVE COULD HAVE THE BIGGEST IMPACT ON THE CURRENT HEALTH CONDITIONS IN OUR COMMUNITIES 6H AS PART OF OUR AGREEMENT WITH THE CHNA COLLABORATIVE, DEACONESS WILL FOCUS TIME AND RESOURCES FOR THE NEXT THREE YEARS ON CREATING POSITIVE CHANGE IN THE FOUR IDENTIFIED TOPIC AREAS DEACONESS OPERATES AN ACCOUNTABLE CARE ORGANIZATION (ACO) CALLED DEACONESS CARE INTEGRATION THE ACO HOUSES MANY OF THE PROGRAMS WE WILL USED TO ADDRESS OBESITY, TOBACCO USE, MENTAL HEALTH AND SUBSTANCE ABUSE SPECIFIC SERVICES INCLUDE CERTIFICATION FOR ALL DEACONESS CLINIC LOCATIONS AS PATIENT CENTERED MEDICAL HOMES (PCMH), USE OF HEALTH COACHES IN THE PCMH, REFERRALS TO OUR MEDICATION MANAGEMENT PROGRAM, DIABETES MANAGEMENT PROGRAM, SUBSTANCE ABUSE, AND MENTAL HEALTH SERVICES (DEACONESS OPERATES A BEHAVIORAL HEALTH CLINIC AS WELL AS INPATIENT AND OUTPATIENT MENTAL HEALTH SERVICES) THE DESIGN OF OUR ACO AND PCMH ENABLES STAFF MEMBERS TO EASILY ADDRESS THE FOUR IDENTIFIED COMMUNITY HEALTH NEEDS DURING ROUTINE OFFICE VISITS

Identifier	ReturnReference	Explanation
DEACONESS GATEWAY HOSPITAL		<p>PART V, SECTION B, LINE 6I METHOD FOR ADDRESSING NEEDS IDENTIFIED IN CHNA 6A IN 2011, DEACONESS HEALTH SYSTEM JOINED FOUR OTHER LOCAL HEALTH-RELATED ORGANIZATIONS, ECHO COMMUNITY HEALTH CARE, ST MARY'S MEDICAL CENTER, UNITED WAY, AND WELBORN BAPTIST FOUNDATION, TO PLAN FOR AND ADMINISTER A COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) REVIEW OF THE ASSESSMENT DATA LED THE TEAM TO IDENTIFY FOUR MAIN ISSUES AT THE CORE OF POOR COMMUNITY HEALTH TOBACCO USE, OBESITY, SUBSTANCE ABUSE, AND MENTAL HEALTH THE COLLABORATIVE CREATED A GROUP PLAN OF ACTION TO ADDRESS THE FOUR IDENTIFIED COMMUNITY HEALTH ISSUES MEETING WITH COMMUNITY PARTNERS AND STAKEHOLDERS GUIDED THE PLANNING PROCESS ADDITIONALLY, EACH PARTNER CREATED AN ORGANIZATION SPECIFIC PLAN TO ADDRESS THE SAME ISSUES THE PLANS WERE TRANSCRIBED, PRESENTED AT A PRESS CONFERENCE, AND POSTED ON THE WEBSITE OF EACH PARTNER'S ORGANIZATION 6B STRATEGIES FOR EACH OF THE FOUR TARGET AREAS WERE CREATED FOR THE COLLABORATIVE AND FOR DEACONESS SINCE THE HOSPITAL SERVES VANDERBURGH AND WARRICK COUNTIES IN INDIANA, THE STRATEGY FOR DEACONESS INCLUDES TACTICS TO ADDRESS THESE ISSUES IN BOTH COMMUNITIES AN INTERNAL TEAM LEADER WAS ASSIGNED TO EACH OF THE FOUR TOPIC AREAS AND RESPONSIBLE FOR PUTTING TOGETHER A TEAM AND THEN A PLAN TO CREATE POSITIVE CHANGE IN THE SPECIFIC HEALTH AREA THE PLANNING PHASE IS COMPLETE AND THE EXECUTION PHASE TAKES PLACE IN TAX YEARS 2013, 2014, 2015 6C MEMBERS OF THE DEACONESS COMMUNITY BENEFIT TEAM MET REGULARLY WITH OTHER MEMBERS OF THE COLLABORATIVE TO CREATE A STRATEGY AND TACTICS THAT ADDRESS OUR FOUR IDENTIFIED COMMUNITY HEALTH NEEDS THE BENEFIT TEAM PARTICIPATED IN FOCUS GROUP SESSIONS WITH 51 BUSINESS, COMMUNITY, AND SOCIAL SERVICE LEADERS, AND STRATEGY SESSIONS WITH 42 PROVIDERS AND AGENCIES TO DEVELOP A PLAN THAT WOULD CAUSE POSITIVE CHANGE IN THE OVERALL HEALTH OF OUR POPULATION 6D THE FIRST STEP IN EXECUTING OUR COMMUNITY HEALTH NEEDS ASSESSMENT IMPLEMENTATION PLAN WAS RELEASING INFORMATION TO THE PUBLIC A PRESS CONFERENCE WAS HELD JUNE 13, 2013, AT A LOCAL BUSINESS DURING THE PRESS CONFERENCE, REPRESENTATIVES FROM THE COLLABORATIVE EXPLAINED THE CHNA SURVEY PROCESS, RESULTS, CONTRIBUTIONS OF COMMUNITY PARTNERS, AND THE FOUR HEALTH ISSUES SELECTED AS OUR FOCUS FOR THE NEXT THREE YEARS FOLLOWING THIS ANNOUNCEMENT, THE COLLABORATIVE SET UP MEETINGS FOR EACH OF THE FOUR HEALTH TOPICS AND INVITED ALL RELEVANT COMMUNITY PARTNERS TO ATTEND DURING THESE MEETINGS, THE GROUP REVIEWS THE ACTION ITEMS IN THE IMPLEMENTATION PLAN, REPORTS ON THE PROGRESS OF THOSE ITEMS, AND ASKS FOR ASSISTANCE OR ADDITIONAL RESOURCES AS APPROPRIATE 6G MEMBERS OF OUR THREE KEY INFORMANT GROUPS (COMMUNITY LEADERS, BUSINESS LEADERS, AND SOCIAL SERVICE AGENCIES) SUBMITTED THEIR TOP 5 HEALTH PRIORITIES FOR THE COMMUNITY THIS INFORMATION WAS COUPLED WITH THE SURVEY DATA RESULTING IN A LIST OF SEVEN KEY COMMUNITY HEALTH ISSUES FOLLOWING FURTHER ANALYSIS, THE COLLABORATIVE DECIDED THAT TOBACCO USE, OBESITY, SUBSTANCE ABUSE, AND MENTAL HEALTH ISSUES WERE THE ROOT CAUSES OF MULTIPLE HEALTH CONDITIONS AND HIGHER HEALTH CARE COSTS BY ADDRESSING THESE FOUR AREAS, THE COLLABORATIVE COULD HAVE THE BIGGEST IMPACT ON THE CURRENT HEALTH CONDITIONS IN OUR COMMUNITIES 6H AS PART OF OUR AGREEMENT WITH THE CHNA COLLABORATIVE, DEACONESS WILL FOCUS TIME AND RESOURCES FOR THE NEXT THREE YEARS ON CREATING POSITIVE CHANGE IN THE FOUR IDENTIFIED TOPIC AREAS DEACONESS OPERATES AN ACCOUNTABLE CARE ORGANIZATION (ACO) CALLED DEACONESS CARE INTEGRATION THE ACO HOUSES MANY OF THE PROGRAMS WE WILL USED TO ADDRESS OBESITY, TOBACCO USE, MENTAL HEALTH AND SUBSTANCE ABUSE SPECIFIC SERVICES INCLUDE CERTIFICATION FOR ALL DEACONESS CLINIC LOCATIONS AS PATIENT CENTERED MEDICAL HOMES (PCMH), USE OF HEALTH COACHES IN THE PCMH, REFERRALS TO OUR MEDICATION MANAGEMENT PROGRAM, DIABETES MANAGEMENT PROGRAM, SUBSTANCE ABUSE, AND MENTAL HEALTH SERVICES (DEACONESS OPERATES A BEHAVIORAL HEALTH CLINIC AS WELL AS INPATIENT AND OUTPATIENT MENTAL HEALTH SERVICES) THE DESIGN OF OUR ACO AND PCMH ENABLES STAFF MEMBERS TO EASILY ADDRESS THE FOUR IDENTIFIED COMMUNITY HEALTH NEEDS DURING ROUTINE OFFICE VISITS</p>
DEACONESS CROSS POINTE		<p>PART V, SECTION B, LINE 6I METHOD FOR ADDRESSING NEEDS IDENTIFIED IN CHNA 6A IN 2011, DEACONESS HEALTH SYSTEM JOINED FOUR OTHER LOCAL HEALTH-RELATED ORGANIZATIONS, ECHO COMMUNITY HEALTH CARE, ST MARY'S MEDICAL CENTER, UNITED WAY, AND WELBORN BAPTIST FOUNDATION, TO PLAN FOR AND ADMINISTER A COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) REVIEW OF THE ASSESSMENT DATA LED THE TEAM TO IDENTIFY FOUR MAIN ISSUES AT THE CORE OF POOR COMMUNITY HEALTH TOBACCO USE, OBESITY, SUBSTANCE ABUSE, AND MENTAL HEALTH THE COLLABORATIVE CREATED A GROUP PLAN OF ACTION TO ADDRESS THE FOUR IDENTIFIED COMMUNITY HEALTH ISSUES MEETING WITH COMMUNITY PARTNERS AND STAKEHOLDERS GUIDED THE PLANNING PROCESS ADDITIONALLY, EACH PARTNER CREATED AN ORGANIZATION SPECIFIC PLAN TO ADDRESS THE SAME ISSUES THE PLANS WERE TRANSCRIBED, PRESENTED AT A PRESS CONFERENCE, AND POSTED ON THE WEBSITE OF EACH PARTNER'S ORGANIZATION 6B STRATEGIES FOR EACH OF THE FOUR TARGET AREAS WERE CREATED FOR THE COLLABORATIVE AND FOR DEACONESS SINCE THE HOSPITAL SERVES VANDERBURGH AND WARRICK COUNTIES IN INDIANA, THE STRATEGY FOR DEACONESS INCLUDES TACTICS TO ADDRESS THESE ISSUES IN BOTH COMMUNITIES AN INTERNAL TEAM LEADER WAS ASSIGNED TO EACH OF THE FOUR TOPIC AREAS AND RESPONSIBLE FOR PUTTING TOGETHER A TEAM AND THEN A PLAN TO CREATE POSITIVE CHANGE IN THE SPECIFIC HEALTH AREA THE PLANNING PHASE IS COMPLETE AND THE EXECUTION PHASE TAKES PLACE IN TAX YEARS 2013, 2014, 2015 6C MEMBERS OF THE DEACONESS COMMUNITY BENEFIT TEAM MET REGULARLY WITH OTHER MEMBERS OF THE COLLABORATIVE TO CREATE A STRATEGY AND TACTICS THAT ADDRESS OUR FOUR IDENTIFIED COMMUNITY HEALTH NEEDS THE BENEFIT TEAM PARTICIPATED IN FOCUS GROUP SESSIONS WITH 51 BUSINESS, COMMUNITY, AND SOCIAL SERVICE LEADERS, AND STRATEGY SESSIONS WITH 42 PROVIDERS AND AGENCIES TO DEVELOP A PLAN THAT WOULD CAUSE POSITIVE CHANGE IN THE OVERALL HEALTH OF OUR POPULATION 6D THE FIRST STEP IN EXECUTING OUR COMMUNITY HEALTH NEEDS ASSESSMENT IMPLEMENTATION PLAN WAS RELEASING INFORMATION TO THE PUBLIC A PRESS CONFERENCE WAS HELD JUNE 13, 2013, AT A LOCAL BUSINESS DURING THE PRESS CONFERENCE, REPRESENTATIVES FROM THE COLLABORATIVE EXPLAINED THE CHNA SURVEY PROCESS, RESULTS, CONTRIBUTIONS OF COMMUNITY PARTNERS, AND THE FOUR HEALTH ISSUES SELECTED AS OUR FOCUS FOR THE NEXT THREE YEARS FOLLOWING THIS ANNOUNCEMENT, THE COLLABORATIVE SET UP MEETINGS FOR EACH OF THE FOUR HEALTH TOPICS AND INVITED ALL RELEVANT COMMUNITY PARTNERS TO ATTEND DURING THESE MEETINGS, THE GROUP REVIEWS THE ACTION ITEMS IN THE IMPLEMENTATION PLAN, REPORTS ON THE PROGRESS OF THOSE ITEMS, AND ASKS FOR ASSISTANCE OR ADDITIONAL RESOURCES AS APPROPRIATE 6G MEMBERS OF OUR THREE KEY INFORMANT GROUPS (COMMUNITY LEADERS, BUSINESS LEADERS, AND SOCIAL SERVICE AGENCIES) SUBMITTED THEIR TOP 5 HEALTH PRIORITIES FOR THE COMMUNITY THIS INFORMATION WAS COUPLED WITH THE SURVEY DATA RESULTING IN A LIST OF SEVEN KEY COMMUNITY HEALTH ISSUES FOLLOWING FURTHER ANALYSIS, THE COLLABORATIVE DECIDED THAT TOBACCO USE, OBESITY, SUBSTANCE ABUSE, AND MENTAL HEALTH ISSUES WERE THE ROOT CAUSES OF MULTIPLE HEALTH CONDITIONS AND HIGHER HEALTH CARE COSTS BY ADDRESSING THESE FOUR AREAS, THE COLLABORATIVE COULD HAVE THE BIGGEST IMPACT ON THE CURRENT HEALTH CONDITIONS IN OUR COMMUNITIES 6H AS PART OF OUR AGREEMENT WITH THE CHNA COLLABORATIVE, DEACONESS WILL FOCUS TIME AND RESOURCES FOR THE NEXT THREE YEARS ON CREATING POSITIVE CHANGE IN THE FOUR IDENTIFIED TOPIC AREAS DEACONESS OPERATES AN ACCOUNTABLE CARE ORGANIZATION (ACO) CALLED DEACONESS CARE INTEGRATION THE ACO HOUSES MANY OF THE PROGRAMS WE WILL USED TO ADDRESS OBESITY, TOBACCO USE, MENTAL HEALTH AND SUBSTANCE ABUSE SPECIFIC SERVICES INCLUDE CERTIFICATION FOR ALL DEACONESS CLINIC LOCATIONS AS PATIENT CENTERED MEDICAL HOMES (PCMH), USE OF HEALTH COACHES IN THE PCMH, REFERRALS TO OUR MEDICATION MANAGEMENT PROGRAM, DIABETES MANAGEMENT PROGRAM, SUBSTANCE ABUSE, AND MENTAL HEALTH SERVICES (DEACONESS OPERATES A BEHAVIORAL HEALTH CLINIC AS WELL AS INPATIENT AND OUTPATIENT MENTAL HEALTH SERVICES) THE DESIGN OF OUR ACO AND PCMH ENABLES STAFF MEMBERS TO EASILY ADDRESS THE FOUR IDENTIFIED COMMUNITY HEALTH NEEDS DURING ROUTINE OFFICE VISITS</p>

Identifier	ReturnReference	Explanation
DEACONESS HOSPITAL, INC		PART V, SECTION B, LINE 14G OTHER METHOD USED TO PUBLICIZE THE FINANCIAL ASSISTANCE POLICY DEACONESS HOSPITAL SEEKS OUT THE PATIENTS THAT ARE SELF-PAY AND INTERVIEWS THESE PATIENTS WHILE THEY ARE IN THE FACILITY THE FINANCIAL ASSISTANCE POLICY IS PROMOTED TO PATIENTS DEACONESS HOSPITAL SEEKS OUT THOSE PATIENTS THAT WOULD QUALIFY FOR THE FINANCIAL ASSISTANCE POLICY COLLECTABILITY SCORING IS ALSO COMPLETED AND ALLOWANCES ARE MADE BASED UPON THESE SCORES
DEACONESS GATEWAY HOSPITAL		PART V, SECTION B, LINE 14G OTHER METHOD USED TO PUBLICIZE THE FINANCIAL ASSISTANCE POLICY DEACONESS HOSPITAL SEEKS OUT THE PATIENTS THAT ARE SELF-PAY AND INTERVIEWS THESE PATIENTS WHILE THEY ARE IN THE FACILITY THE FINANCIAL ASSISTANCE POLICY IS PROMOTED TO PATIENTS DEACONESS HOSPITAL SEEKS OUT THOSE PATIENTS THAT WOULD QUALIFY FOR THE FINANCIAL ASSISTANCE POLICY COLLECTABILITY SCORING IS ALSO COMPLETED AND ALLOWANCES ARE MADE BASED UPON THESE SCORES

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DEACONESS CROSS POINTE		PART V, SECTION B, LINE 14G OTHER METHOD USED TO PUBLICIZE THE FINANCIAL ASSISTANCE POLICY DEACONESS HOSPITAL SEEKS OUT THE PATIENTS THAT ARE SELF-PAY AND INTERVIEWS THESE PATIENTS WHILE THEY ARE IN THE FACILITY THE FINANCIAL ASSISTANCE POLICY IS PROMOTED TO PATIENTS DEACONESS HOSPITAL SEEKS OUT THOSE PATIENTS THAT WOULD QUALIFY FOR THE FINANCIAL ASSISTANCE POLICY COLLECTABILITY SCORING IS ALSO COMPLETED AND ALLOWANCES ARE MADE BASED UPON THESE SCORES
DEACONESS HOSPITAL, INC		PART V, SECTION B, LINE 20D DEACONESS USES ITS AVERAGE MANAGED CARE NEGOTIATED DISCOUNT FOR ALL COMMERCIAL PAYERS

Identifier	ReturnReference	Explanation
DEACONESS GATEWAY HOSPITAL		PART V, SECTION B, LINE 20D DEACONESS USES ITS AVERAGE MANAGED CARE NEGOTIATED DISCOUNT FOR ALL COMMERCIAL PAYERS
DEACONESS CROSS POINTE		PART V, SECTION B, LINE 20D DEACONESS USES ITS AVERAGE MANAGED CARE NEGOTIATED DISCOUNT FOR ALL COMMERCIAL PAYERS

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 2 NEEDS ASSESSMENT PROCESS IN ADDITION TO THE CHNA REPORTED IN PART V, SECTION B DEACONESS HOSPITAL UTILIZES A VARIETY OF SOURCES TO GATHER DATA ON LOCAL HEALTH CARE NEEDS A MAJOR SOURCE IS THE 7-COUNTY HEALTH SURVEY CONDUCTED BY WELBORN BAPTIST FOUNDATION DEACONESS ALSO USES DATA FROM THE UNITED WAY OF SOUTHWESTERN INDIANA'S COMPREHENSIVE NEEDS ASSESSMENT, COUNTY HEALTH RANKINGS WEBSITE, INDIANA STATE DEPARTMENT OF HEALTH, CENTERS FOR DISEASE CONTROL AND PREVENTION, NATIONAL CENTER FOR HEALTH STATISTICS, AND THE U S CENSUS BUREAU ADDITIONAL INFORMATION COMES THROUGH THE HOSPITAL'S INTERACTION WITH LOCAL SERVICE PROVIDERS AND OTHER NON-PROFIT ORGANIZATIONS THE COMMITTEE USES A DYNAMIC, ONGOING PROCESS TO INCLUDE A REVIEW OF PREVIOUS OR CURRENT ASSESSMENTS BY OTHER COMMUNITY GROUPS, PRESENTATIONS MADE BY OUTSIDE GROUPS SOLICITING DEACONESS HOSPITAL'S INVOLVEMENT IN COMMUNITY INITIATIVES, REVIEW OF HEALTH AND DEMOGRAPHIC INFORMATION OF INPATIENTS AND OUTPATIENTS, AND ANALYSIS OF INFORMATION FROM OUTSIDE ORGANIZATIONS AND INTERNAL RECORDS TO IDENTIFY TRENDS AND AREAS OF CONCERN REQUIRING ATTENTION</p>
		<p>PART VI, LINE 3 PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE DEACONESS HOSPITAL UTILIZES FINANCIAL COUNSELORS TO EDUCATE, INFORM AND ASSIST PATIENTS AND FAMILIES IN UNDERSTANDING THEIR FINANCIAL OBLIGATION, ABILITY TO QUALIFY FOR FINANCIAL ASSISTANCE THROUGH DEACONESS HOSPITAL'S FINANCIAL ASSISTANCE PROGRAM AND PAYMENT OPTIONS SPECIFICALLY, FINANCIAL COUNSELORS STAFF THE EMERGENCY DEPARTMENT, REGISTRATION AREAS, CASHIER AREA, AS WELL AS, FLOAT AMONG INPATIENT AREAS TO ENSURE EACH AND EVERY PATIENT REQUIRING ASSISTANCE IS REACHED IN ADDITION TO THE PERSONAL AND INDIVIDUALIZED COUNSELING PROVIDED BY THE FINANCIAL COUNSELORS, VARIOUS FORMS OF MEDIA ARE DISTRIBUTED THROUGHOUT DEACONESS HOSPITAL EXPLAINING THE FINANCIAL ASSISTANCE PROCESS ADDITIONALLY, POLICIES FOR FINANCIAL ASSISTANCE ARE POSTED WIDELY THROUGHOUT DEACONESS HOSPITAL AND ON THE INTERNET AT WWW.DEACONESS.COM HTTP //WWW.DEACONESS.COM/DEACONESSHOSPITAL/BUSINESS-OFFICE/FINANCIAL-ASSISTANCE.ASPX</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 4 COMMUNITY INFORMATION DEACONESS HOSPITAL IS A MAJOR REFERRAL CENTER FOR A 25-COUNTY TRI-STATE AREA IN SOUTHWESTERN INDIANA, WESTERN KENTUCKY AND SOUTHEASTERN ILLINOIS THE HOSPITAL AND ITS FACILITIES ARE LOCATED ON FOUR CAMPUSES WHICH INCLUDE THE MAIN 28-ACRE CAMPUS ON THE NEAR NORTH SIDE OF EVANSVILLE IN VANDERBURGH COUNTY, THE 63-ACRE GATEWAY CAMPUS LOCATED IN WARRICK COUNTY ON THE EASTERN BORDER OF VANDERBURGH COUNTY, AND TWO OTHER EASTSIDE EVANSVILLE LOCATIONS FOR PSYCHIATRIC BEHAVIORAL SERVICES AND REHABILITATION SERVICES THE HOSPITAL OPERATES A MAIN CAMPUS WITH A TOTAL OF 305 BEDS CONSISTING OF 38 INTENSIVE CARE BEDS, 16 CARDIAC INTENSIVE CARE BEDS, 66 CARDIAC BEDS, 23 ONCOLOGY/PULMONOLOGY BEDS, 61 ORTHOPAEDIC/NEUROLOGICAL BEDS, 96 MEDICAL/ SURGICAL BEDS AND 5 HOSPICE BEDS IN ADDITION, THE HOSPITAL PROVIDES A FULL-ARRAY OF COMPREHENSIVE OUTPATIENT AND AMBULATORY SERVICES ON ITS MAIN CAMPUS AND OTHER SPECIFIC SERVICES AT MULTIPLE SITES WITHIN ITS PRIMARY AND SECONDARY SERVICE AREAS THE HOSPITAL OPERATES THE 158 BED DEACONESS GATEWAY HOSPITAL WHICH WAS OPENED IN JANUARY 2006, ON THE GATEWAY CAMPUS CONSISTING OF 13 ADULT INTENSIVE CARE BEDS, 17 PEDIATRIC AND PEDIATRIC INTENSIVE CARE BEDS, 16 NEUROSURGICAL BEDS, 32 ORTHOPAEDIC BEDS, 16 NEURO INTENSIVE CARE BEDS, 32 SURGICAL ONCOLOGY BEDS, AND 32 GENERAL MED/TELEMETRY BEDS THE HOSPITAL PROVIDES A FULL ARRAY OF COMPREHENSIVE OUTPATIENT AND AMBULATORY SERVICE ON THE GATEWAY CAMPUS THE HOSPITAL OWNS AND OPERATES DEACONESS CROSS POINTE, A FREE-STANDING, 60-BED INPATIENT PSYCHIATRIC HOSPITAL LOCATED APPROXIMATELY 7 MILES EAST OF THE MAIN CAMPUS IN EVANSVILLE ALSO, THE HOSPITAL IS AN OWNER IN THREE JOINT VENTURE HOSPITALS 1 DEACONESS WOMEN'S HOSPITAL OF SOUTHERN INDIANA, LLC D/B/A THE WOMEN'S HOSPITAL, A FREE STANDING SPECIALTY 74-BED WOMEN'S AND INFANT'S HOSPITAL, LOCATED ON THE GATEWAY CAMPUS 2 HEALTHSOUTH/DEACONESS, LLC D/B/A TRI-STATE REGIONAL REHABILITATION HOSPITAL, A 80-BED INPATIENT ACUTE REHABILITATION HOSPITAL, LOCATED APPROXIMATELY 8 MILES TO THE SOUTHEAST OF THE MAIN CAMPUS 3 THE HEART HOSPITAL AT DEACONESS GATEWAY, LLC, A 24-BED CARDIOVASCULAR SPECIALTY HOSPITAL, RESIDING ON THE GATEWAY CAMPUS THE HOSPITAL PLAYS AN ACTIVE ROLE IN MEDICAL EDUCATION, OPERATING A THREE YEAR FAMILY MEDICINE RESIDENCY PROGRAM, A POST-GRADUATE PHARMACY RESIDENT PROGRAM, AND SEVERAL UNDERGRADUATE MEDICAL AFFILIATIONS THE HOSPITAL ALSO PROVIDES CONTINUING MEDICAL EDUCATION PROGRAMS FOR ATTENDING PHYSICIANS, OTHER HEALTH PROFESSIONALS, OTHER ALLIED HEALTH PROGRAMS, AND THE COMMUNITY AT LARGE THE HOSPITAL, THROUGH ITS RELATED CORPORATIONS, PROVIDES OUTREACH SERVICES TO NURSING HOMES, PHYSICIANS' OFFICES AND SURROUNDING SMALLER HOSPITALS IN ITS SERVICE AREA VANDERBURGH COUNTY DEMOGRAPHICS INCLUDE POPULATION VANDERBURGH COUNTY INCLUDES A POPULATION OF 183,833 PEOPLE, A NUMBER THAT IS EXPECTED TO REMAIN RELATIVELY FLAT OVER THE NEXT 5 YEARS WITHIN VANDERBURGH, ONE OF THE MOST SIGNIFICANT GROWTH SEGMENTS IS THE 65+ AGE POPULATION, WHERE AN 8 8% INCREASE IS PROJECTED FOR THE 5-YEAR PERIOD BETWEEN 2012 AND 2017 MARKET DIVERSITY THE EVANSVILLE AREA CONTINUES TO BE A RELATIVELY NON-DIVERSE POPULATION, WITH 86% OF THE POPULATION CHARACTERIZED AS WHITE OR CAUCASIAN ALONE AND 9% OF THE POPULATION CHARACTERIZED AS BLACK OR AFRICAN AMERICAN ALONE POOR AND VULNERABLE POPULATIONS ONE OUT OF SEVEN HOUSEHOLDS IN VANDERBURGH (15 1%) EARNS LESS THAN \$15,000 ANNUALLY IT IS ESTIMATED THAT 15 9% OF RESIDENTS ARE UNINSURED, A NUMBER THAT IS PROJECTED TO DECLINE TO 7 5% BY 2017, ASSUMING THAT THE EXPANSION OF MEDICAID TAKES PLACE AS ORIGINALLY SCHEDULED HEALTH OUTCOMES BASED ON THE 2012 COUNTY HEALTH RAKINGS, VANDERBURGH COUNTY RANKS 76TH OUT OF 92 INDIANA COUNTIES BASED ON SPECIFIC HEALTH FACTORS AND HEALTH OUTCOMES IT RANKS 78TH RELATIVE TO ITS PHYSICAL ENVIRONMENT (E G AIR POLLUTION) (SOURCE ROBERT WOODS JOHNSON FOUNDATION, ACCESSED AT WWW.COUNTYHEALTHRANKINGS.ORG) HOUSEHOLD INCOME THE MEDIAN HOUSEHOLD INCOME IN VANDERBURGH COUNTY IS ESTIMATED AT \$38,851 FOR 2012 MEDIAN AGE THE MEDIAN AGE IN VANDERBURGH DURING 2012 WAS 38 YEARS WARRICK COUNTY DEMOGRAPHICS INCLUDE POPULATION WARRICK COUNTY INCLUDES A POPULATION OF 61,138 PEOPLE, A NUMBER THAT IS EXPECTED TO GROW BY MORE THAN 5% OVER THE NEXT 5 YEARS WITHIN WARRICK, ONE OF THE MOST SIGNIFICANT GROWTH SEGMENTS IS THE 65+ AGE POPULATION, WHERE A 27 8% INCREASE IS PROJECTED FOR THE 5-YEAR PERIOD BETWEEN 2012 AND 2017 MARKET DIVERSITY THE WARRICK AREA CONTINUES TO BE A RELATIVELY NON-DIVERSE POPULATION, WITH 95% OF THE POPULATION CHARACTERIZED AS WHITE OR CAUCASIAN ALONE POOR AND VULNERABLE POPULATIONS A RELATIVELY AFFLUENT POPULATION, ONLY 8% OF WARRICK'S HOUSEHOLDS EARNS LESS THAN \$15,000 ANNUALLY IT IS ESTIMATED THAT 7% OF RESIDENTS ARE UNINSURED, A NUMBER THAT IS PROJECTED TO DECLINE TO 3% BY 2017, ASSUMING THAT THE EXPANSION OF MEDICAID TAKES PLACE AS ORIGINALLY SCHEDULED HEALTH OUTCOMES BASED ON THE 2012 COUNTY HEALTH RAKINGS, WARRICK COUNTY RANKS 11TH OUT OF 92 INDIANA COUNTIES BASED ON SPECIFIC HEALTH FACTORS AND HEALTH OUTCOMES IT RANKS 85TH BASED ON ITS PHYSICAL ENVIRONMENT (E G AIR POLLUTION) HOUSEHOLD INCOME THE MEDIAN HOUSEHOLD INCOME IN WARRICK COUNTY IS ESTIMATED AT \$47,922 FOR 2012 MEDIAN AGE THE MEDIAN AGE IN WARRICK DURING 2012 WAS 40 YEARS</p>
		<p>PART VI, LINE 5 OTHER IMPORTANT COMMUNITY HEALTH PROMOTION THE ORGANIZATION FURTHERS ITS EXEMPT PURPOSE BY PROMOTING HEALTH OF THE COMMUNITY INCLUDES A MAJORITY OF ORGANIZATION'S GOVERNING BODY IS INDEPENDENT AND COMPRISED OF PERSONS WHO RESIDED IN THE ORGANIZATION'S PRIMARY SERVICE AREA, EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNITY, AND APPLIES SURPLUS FUNDS TO IMPROVEMENTS IN PATIENT CARE</p>

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 AFFILIATED HEALTH CARE SYSTEM DEACONESS HOSPITAL WORKS IN CONCERT WITH DEACONESS HEALTH SYSTEM AND DEACONESS CLINIC TO PROVIDE HEALTHCARE SERVICES WITH A COMPASSIONATE AND CARING SPIRIT TO PERSONS, FAMILIES AND COMMUNITIES OF THE TRI-STATE DEACONESS HEALTH SYSTEM WORKS TO INCREASE ACCESS TO HEALTHCARE SERVICES WITHIN OUR COMMUNITY THROUGH DEACONESS HOSPITAL AND DEACONESS CLINIC DEACONESS HOSPITAL IS A MEDICAL INSTITUTION DEDICATED TO PROVIDING QUALITY PATIENT CARE WITH UNRELENTING ATTENTION TO CLINICAL EXCELLENCE, PATIENT SAFETY AND AN UNPARALLELED PASSION AND COMMITMENT TO ASSURE THE VERY BEST HEALTHCARE FOR THE PATIENTS SERVED DEACONESS CLINIC PROVIDES EXCELLENT PRIMARY AND MULTI-SPECIALTY HEALTHCARE IN A PERSONALIZED FASHION WITH A DEDICATED FOCUS TO SERVE THE COMMUNITY WITH EXCELLENT, TIMELY AND COMPASSIONATE PATIENT CARE PART VI, LINE 7, LIST OF STATES RECEIVING COMMUNITY BENEFIT REPORT INDIANA

Additional Data

Software ID:

Software Version:

EIN: 35-0593390

Name: DEACONESS HOSPITAL INC

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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?

45

Name and address	Type of Facility (describe)
DEACONESS PROCEDURE CENTER 421 CHESTNUT STREET EVANSVILLE,IN 47713	OUTPATIENT SERVICES
DEACONESS HOSPITAL PHYSICAL MEDICINE 520 MARY STREET SUITE 280 EVANSVILLE,IN 47747	OUTPATIENT SERVICES
DEACONESS COMPREHENSIVE PAIN CTR & PROG 4600 WLLOYD EXPRESSWAY EVANSVILLE,IN 47712	OUTPATIENT SERVICES
DEACONESS CHEMOTHERAPY INFUSION CTR 4055 GATEWAY BLVD SUITE 1200 NEWBURGH,IN 47630	OUTPATIENT SERVICES
DEACONESS HOSPITAL INFUSION SVCS 421 CHESTNUT STREET EVANSVILLE,IN 47713	OUTPATIENT SERVICES
DEACONESS HOSPITAL PHYSICAL MEDICINE 10455 ORTHOPAEDIC DRIVE NEWBURGH,IN 47630	OUTPATIENT SERVICES
DEACONESS COMPREHENSIVE PAIN CTR-GATEWAY 4099 GATEWAY BLVD NEWBURGH,IN 47630	OUTPATIENT SERVICES
DEACONESS CRITICAL CARE GROUP 519 HARRIET STREET EVANSVILLE,IN 47747	OUTPATIENT SERVICES
DEACONESS HOSPITAL BREAST CENTER 520 MARY STREET SUITE 140 EVANSVILLE,IN 47710	OUTPATIENT SERVICES
DEACONESS REGIONAL LABORATORY 421 CHESTNUT STREET EVANSVILLE,IN 47713	OUTPATIENT SERVICES
DEACONESS HOME CARE 701 GARFIELD STREET EVANSVILLE,IN 47747	OUTPATIENT SERVICES
CHANCELLOR CENTER FOR ONCOLOGY 4055 GATEWAY BLVD NEWBURGH,IN 47630	OUTPATIENT SERVICES
DEACONESS SLEEP LAB 350 W COLUMBIA STREET SUITE 210 EVANSVILLE,IN 47710	OUTPATIENT SERVICES
DEACONESS SLEEP LAB 350 W COLUMBIA STREET SUITE LL-10 EVANSVILLE,IN 47710	OUTPATIENT SERVICES
DEACONESS OHIO VALLEY HOSPICE 701 GARFIELD STREET EVANSVILLE,IN 47747	OUTPATIENT SERVICES
DEACONESS REGIONAL LABORATORY 4133 GATEWAY BLVD SUITE 110 NEWBURGH,IN 47630	OUTPATIENT SERVICES
THE FAMILY PRACTICE CENTER 515 READ STREET EVANSVILLE,IN 47710	OUTPATIENT SERVICES
DEACONESS WOUND CARE CENTER 611 HARRIET STREET SUITE 501 EVANSVILLE,IN 47710	OUTPATIENT SERVICES
DEACONESS HOSPITAL MAMMOGRAPHY & IMAGING 421 CHESTNUT STREET EVANSVILLE,IN 47713	OUTPATIENT SERVICES
DEACONESS CLINIC GATEWAY REG LAB 4233 GATEWAY BLVD NEWBURGH,IN 47630	OUTPATIENT SERVICES
DEACONESS ANTICOAGULATION CLINIC 4107 GATEWAY BLVD NEWBURGH,IN 47630	OUTPATIENT SERVICES
DEACONESS CLINIC WEST REG LAB RADIOLOGY 545 S BOEHNE CAMP ROAD EVANSVILLE,IN 47712	OUTPATIENT SERVICES
MIDWEST RADIOLOGIC IMAGING 10455 ORTHOPAEDIC DRIVE NEWBURGH,IN 47630	OUTPATIENT SERVICES
MIDWEST RADIOLOGICAL IMAGING 4087 GATEWAY BLVD NEWBURGH,IN 47630	OUTPATIENT SERVICES
DEACONESS REGIONAL LABORATORY 611 HARRIET STREET SUITE 102 EVANSVILLE,IN 47710	OUTPATIENT SERVICES
DEACONESS RILEY CHILDREN'S SPECIALTY CTR 4133 GATEWAY BLVD NEWBURGH,IN 47630	OUTPATIENT SERVICES
DEACONESS RILEY SPECIALITY CTR OP 4121 GATEWAY BLVD NEWBURGH,IN 47630	OUTPATIENT SERVICES
DOCTOR'S PLAZA X-RAY 611 HARRIET STREET EVANSVILLE,IN 47710	OUTPATIENT SERVICES
DEACONESS PRIMARY CARE FOR SENIORS 4498 FIRST AVENUE EVANSVILLE,IN 47710	OUTPATIENT SERVICES
DEACONESS REGIONAL LABORATORY 4494 N FIRST AVENUE EVANSVILLE,IN 47710	OUTPATIENT SERVICES

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?
45

Name and address	Type of Facility (describe)
DEACONESS CLINIC PRINCETON RADIOLOGY SRV 685 VAIL STREET PRINCETON,IN 47670	OUTPATIENT SERVICES
DEACONESS PRIMARY CARE FOR SENIORS 1750 OAK HILL ROAD EVANSVILLE,IN 47710	OUTPATIENT SERVICES
DEACONESS PRE-ADMISSION TESTING 520 MARY STREET SUITE 330 EVANSVILLE,IN 47747	OUTPATIENT SERVICES
MT VERNON MEDICAL CENTER LAB & RADIOLOGY 1900 W FOURTH STREET MT VERNON,IN 47620	OUTPATIENT SERVICES
DEACONESS FAMILY MEDICINE 611 HARRIET STREET SUITE 504 EVANSVILLE,IN 47710	OUTPATIENT SERVICES
DEACONESS DIABETES CENTER - EDUCATION 421 CHESTNUT STREET EVANSVILLE,IN 47713	OUTPATIENT SERVICES
DEACONESS GATEWAY GASTROENTEROLOGY 4133 GATEWAY BLVD NEWBURGH,IN 47630	OUTPATIENT SERVICES
DEACONESS WEIGHT LOSS SOLUTIONS 310 W IOWA STREET EVANSVILLE,IN 47710	OUTPATIENT SERVICES
DEACONESS REGIONAL LABORATORY 1204 W WILLIAMS STREET OAKLAND CITY,IN 47660	OUTPATIENT SERVICES
DEACONESS CROSS POINTE-OWENSBORO 920 FREDERICA STREET SUITE 1003 OWENSBORO,KY 42301	OUTPATIENT SERVICES
DEACONESS CROSS POINTE-HENDERSON 209 N ELM STREET HENDERSON,KY 42420	OUTPATIENT SERVICES
DEACONESS CROSS POINTE OUTPATIENT CLINIC 445 CROSS POINTE BLVD EVANSVILLE,IN 47715	OUTPATIENT SERVICES
DEACONESS CROSS POINTE 7200 E INDIANA EVANSVILLE,IN 47715	OUTPATIENT SERVICES
DEACONESS RADIOLOGY LABORATORY- MT PLEA 8600 NORTH KENTUCKY AVENUE EVANSVILLE,IN 47725	OUTPATIENT SERVICES
DEACONESS RADIOLOGY SERVICES- MT PLEASA 8600 NORTH KENTUCKY AVENUE EVANSVILLE,IN 47725	OUTPATIENT SERVICES

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
DEACONESS HOSPITAL INC

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

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

OMB No 1545-0047

2012

Open to Public
Inspection

Employer identification number
35-0593390

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
See Additional Data Table							

2

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

22

3

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

Part III

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

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

Part IV Supplemental Information.		
Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information		
Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 DEACONESS HOSPITAL CONFIRMS ALL RECIPIENTS OF FUNDS ARE ORGAANIZATIONS WHOSE GOALS COINCIDE WITH DEACONESS' MISSION OF PROVIDING QUALITY HEALTH CARE WITH A COMPASSIONATE AND CARING SPIRIT THE ORGANIZATIONS PROVIDE NEEDED SERVICES TO OUR COMMUNITY TO IMPROVE HEALTH AND WELLNESS FOR THE CITIZENS IN THE SURROUNDING AREA

Software ID:

Software Version:

EIN: 35-0593390

Name: DEACONESS HOSPITAL INC

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
GILDA'S CLUB EVANSVILLE INCPO BOX 5134 EVANSVILLE,IN 47716	26-1932741	3	84,431				CAPITAL CAMPAIGN
EVANSVILLE MUSEUM OF ARTS AND SCIENCE411 SE RIVERSIDE DR EVANSVILLE,IN 47713	35-0874517	3	41,500				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
YMCA OF SW INDIANA INC 222 NW 6TH ST EVANSVILLE,IN 47708	35-0869074	3	26,750				GENERAL SUPPORT
MARIAN UNIVERSITY3200 COLD SPRING ROAD INDIANAPOLIS,IN 462221997	35-0868175	3	25,000				D O SCHOLARSHIP PROGRAM

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
IVY TECH FOUNDATION 3501 N 1ST AVENUE EVANSVILLE,IN 47710	23-7073977	3	24,600				GENERAL SUPPORT
CHILDREN'S MUSEUM OF EVANSVILLEPO BOX 122 EVANSVILLE,IN 477010074	35-1951848	3	21,500				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
JUVENILE DIABETES10401 N MERIDIAN ST SUITE 150 INDIANAPOLIS,IN 46290	23-1907729	3	15,000				GENERAL SUPPORT
KOMEN GREATER EVANSVILLE AFFILIATE 4424 VOGEL RD STE 205 EVANSVILLE,IN 47715	75-2844632	3	15,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
YWCA118 VINE ST EVANSVILLE,IN 47708	35-0869075	3	12,500				GENERAL SUPPORT
EVANSVILLE AREA COMMUNITY CHURCHES 713 N 2ND AVE EVANSVILLE,IN 47710	35-0886837	3	12,000				FOOD FOR FOOD PANTRY

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
AURORA1100 LINCOLN AVE PO BOX 74 EVANSVILLE,IN 477010074	35-1759576	3	10,000				CAPITAL CAMPAIGN
EVANSVILLE SOCCER CLUBPO BOX 15906 EVANSVILLE,IN 47716	35-2086976	3	10,000				UNDERSERVED YOUTH

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
HABITAT FOR HUMANITY 1401 N FARES AVENUE EVANSVILLE,IN 47711	35-1602775	3	10,000				GENERAL SUPPORT
EVANSVILLE KIDNEY ASSOCIATION1312 PROFESSIONAL BLVD STE 200 EVANSVILLE,IN 47714	26-0219765	3	9,224				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
CONGREGATIONS OF ACTING FOR JUSTICE713 N 2ND AVE EVANSVILLE,IN 47710	30-0051217	3	8,000				GENERAL SUPPORT
GIRL SCOUTS OF SOUTHWEST INDIANA223 NW 2ND STREET EVANSVILLE,IN 47708	35-0876380	3	8,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
UNITED WAY OF SW INDIANAPO BOX 18 EVANSVILLE,IN 47701	35-0868069	3	8,000				GENERAL SUPPORT
EASTER SEALS REHABILITATION CENTER 3701 BELLEMEADE AVE EVANSVILLE,IN 47714	35-1087526	3	7,925				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
AMERICAN CANCER SOCIETY5250 VOGEL RD SUITE A EVANSVILLE,IN 47715	13-1788491	3	7,572				GENERAL SUPPORT
KEEP EVANSVILLE BEAUTIFUL209 MAIN STREET EVANSVILLE,IN 47708	35-1449381	3	6,555				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
TOUCH INC2401 E CHANDLER AVE EVANSVILLE,IN 47714	26-3989768	3	6,112				GENERAL SUPPORT
AMERICAN RED CROSS29 S STOCKWELL RD EVANSVILLE,IN 47714	53-0196605	3	5,100				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
OTHERS 5000			203,619				GENERAL SUPPORT

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

Name of the organization DEACONESS HOSPITAL INC	Employer identification number 35-0593390
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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				
	<div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input checked="" type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>				
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b	Yes		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2	Yes		
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				
	<div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Form 990 of other organizations</div><div><input type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>				
	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			
	<div><div>a Receive a severance payment or change-of-control payment?</div><div>b Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div><div>c Participate in, or receive payment from, an equity-based compensation arrangement?</div></div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div>	4a	Yes		
		4b	Yes		
		4c		No	
5	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.				
	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of				
a	The organization?	5a		No	
b	Any related organization?	5b		No	
	If "Yes," to line 5a or 5b, describe in Part III				
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of				
		6a		No	
a	The organization?	6b	Yes		
b	Any related organization?				
	If "Yes," to line 6a or 6b, describe in Part III				
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7		No	
8	Were any amounts reported in Form 990, Part VII, paid or 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
	PART I, LINE 1A	SOCIAL CLUB DUES ARE PAID FOR LINDA WHITE, JAMES PORTER AND SHAWN MCCOY FOR ORGANIZATION BUSINESS ONLY ANY PERSONAL USE OF THE CLUB MUST BE PAID BY THE EMPLOYEES
	PART I, LINES 4A-B	SEVERANCE, NONQUALIFIED, AND EQUITY-BASED PAYMENTS SEVERANCE NONQUALIFIED EQUITY-BASED LINDA E WHITE \$ -0- \$17,000 \$ -0- DAVID A KOEHLER, JR , MD 0 17,000 0 SHAWN W MCCOY 0 17,000 0 JAMES R PORTER, MD 0 17,000 0 CHERONA J HAJEWSKI 0 17,000 0 BRUCE E EPMEIER 0 17,000 0 VENKATESH R MADADI, MD 0 17,000 0 RAJESH J PATEL, MD 0 17,000 0 LAWRENCE C KILINSKI, JR , MD 0 17,000 0 CHERYL A WATHEN 0 17,000 0 HARRY L SMITH, JR 374,762 0 0 PART I, 4B CONTRIBUTIONS MADE TO A SUPPLEMENTAL ACCUMULATION ACCOUNT LINDA WHITE \$206,738 SHAWN MCCOY \$77,132 CHERYL WATHEN \$51,429 JAMES PORTER \$89,326 BRUCE EPMEIER \$36,184 CHERONA HAJEWSKI \$42,616 HARRY SMITH \$19,077 PAYOUT FROM A SUPPLEMENTAL ACCUMULATION ACCOUNT BRUCE EPMEIER \$57,102
	PART I, LINE 6	RELATED ORG COMPENSATION CONTINGENT UPON NET EARNINGS INCENTIVE COMPENSATION PAYMENTS ARE BASED UPON SUCCESSFUL ACHIEVEMENT OF ESTABLISHED INPATIENT SATISFACTION MEASURES, OUTPATIENT SATISFACTION MEASURES, COMPLIANCE WITH PUBLICLY REPORTED QUALITY INDICATORS, OPERATING MARGIN AS WELL AS OTHER TECHNICAL AND PERSONAL FUNCTIONAL GOALS DEACONESS HOSPITAL'S INCENTIVE COMPENSATION PROGRAMS ARE FORMULATED TO REWARD BEHAVIOR THAT BALANCES PATIENT NEEDS AND EFFICIENT DELIVERY OF PATIENT CARE TO ENSURE THE BEST OUTCOMES ARE ACHIEVED

Software ID:

Software Version:

EIN: 35-0593390

Name: DEACONESS HOSPITAL INC

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				
LINDA E WHITE	(i)	311,414	320,304	9,668	138,093	10,215	789,694	0
	(ii)	317,441	0	6,800	83,645	10,215	418,101	0
DAVID A KOEHLER JR MD	(i)	81,606	9,709	6,700	0	0	98,015	0
	(ii)	144,298	22,921	720	13,977	443	182,359	0
MATHIAS KOLLECK II	(i)	218,342	54,987	51,879	21,271	23,770	370,249	0
	(ii)	0	0	0	0	0	0	0
SHAWN W MCCOY	(i)	341,560	155,831	3,351	92,132	27,373	620,247	0
	(ii)	0	0	9,000	0	0	9,000	0
CHERYL A WATHEN	(i)	156,046	121,875	4,856	38,866	20,456	342,099	0
	(ii)	162,500	0	8,800	27,563	20,456	219,319	0
JAMES R PORTER MD	(i)	380,503	143,856	1,851	104,326	26,735	657,271	0
	(ii)	0	0	2,800	0	0	2,800	0
CHERONA J HAJEWSKI	(i)	269,058	102,740	6,731	57,616	25,969	462,114	0
	(ii)	0	0	0	0	0	0	0
BRUCE E EPMEIER	(i)	198,588	75,846	60,803	50,170	19,360	404,767	57,102
	(ii)	0	0	0	0	0	0	0
LARRY F PILE	(i)	94,445	34,453	150,713	3,929	7,803	291,343	0
	(ii)	0	0	2,205	0	0	2,205	0
LYNN C LINGAFELTER	(i)	172,162	32,485	250	25,650	443	230,990	0
	(ii)	0	0	0	0	0	0	0
RICHARD B PERRY	(i)	144,423	62,616	1,131	13,291	16,888	238,349	0
	(ii)	0	0	0	0	0	0	0
JOHN L ZABROWSKI	(i)	172,401	33,855	1,531	14,471	26,257	248,515	0
	(ii)	0	0	3,000	0	0	3,000	0
JOYCE A THOMAS	(i)	142,560	29,232	1,611	26,756	23,010	223,169	0
	(ii)	0	0	0	0	0	0	0
REBECCA L MALOTTE	(i)	142,470	33,740	1,063	40,360	14,263	231,896	0
	(ii)	0	0	0	0	0	0	0
VENKATESH R MADADI	(i)	631,337	0	49,481	37,116	19,020	736,954	0
	(ii)	0	0	0	0	0	0	0
NIRMAL JOSHI MD	(i)	651,704	0	70,702	39,351	21,193	782,950	0
	(ii)	0	0	0	0	0	0	0
RAJESH J PATEL MD	(i)	699,301	0	43,956	14,412	20,183	777,852	0
	(ii)	0	0	0	0	0	0	0
AYMAN ELFAR MD	(i)	560,800	0	32,381	32,233	19,597	645,011	0
	(ii)	0	0	0	0	0	0	0
LAWRENCE C KILINSKI JR MD	(i)	551,067	0	43,398	33,309	20,350	648,124	0
	(ii)	0	0	0	0	0	0	0
HARRY L SMITH JR	(i)	0	0	392,735	23,761	20,015	436,511	19,077
	(ii)	0	0	0	0	0	0	0

Schedule K
(Form 990)

Supplemental Information on Tax Exempt Bonds

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
DEACONESS HOSPITAL INC

Employer identification number
35-0593390

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 INDIANA FINANCE AUTHORITY	35-1602316	45471AAK8	03-26-2009	55,914,771	FACILITY CONSTRUCTION		X		X		X
B INDIANA FINANCE AUTHORITY	35-1602316	45471AFF4	12-02-2011	20,667,197	3/15/99 REFUNDING		X		X		X
C INDIANA FINANCE AUTHORITY	35-1602316		11-20-2012	13,005,000	1992 REFUNDING		X		X		X
D INDIANA FINANCE AUTHORITY	35-1602316	45471ALU4	07-23-2013	40,180,000	3/29/09 REFUNDING		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	13,440,000							
2	Amount of bonds legally defeased								
3	Total proceeds of issue	55,914,771		20,667,197		13,005,000		40,180,000	
4	Gross proceeds in reserve funds	5,636,806							
5	Capitalized interest from proceeds	5,733,841							
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	828,073		397,197		103,657		180,000	
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	43,061,620							
11	Other spent proceeds	699,759		20,270,000		12,901,343		40,000,000	
12	Other unspent proceeds								
13	Year of substantial completion	2011							
		Yes	No						
14	Were the bonds issued as part of a current refunding issue?		X	X		X		X	
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?	X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		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		X		X
2	Are there any lease arrangements that may result in private business use of bond-financed property?	X			X		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		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?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		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?								
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%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 00000%		%		%		0 00000%	
6	Total of lines 4 and 5	0%		%		%		0%	
7	Does the bond issue meet the private security or payment test?		X		X		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		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?								
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		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		X
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?	X			X	X			X
b	Exception to rebate?		X	X			X		X
c	No rebate due?		X		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		X
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		X
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								

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		X
b	Name of provider	TRINITY PLUS							
c	Term of GIC	2 000000000000							
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X							
6	Were any gross proceeds invested beyond an available temporary period?		X				X		X
7	Has the organization established written procedures to monitor the requirements of section 148?	X		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		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
SCHEDULE K, PART II, COLUMN A (WORKSHEET 1), LINE 1		AMOUNT OF BONDS RETIRED \$13,440,000 OF THE ORIGINAL ISSUED PRINCIPAL AMOUNT OF THE 2009A BOND ISSUED 3/26/1999 WAS ADVANCED REFUNDED BY THE 2013A BOND ISSUE
SCHEDULE K, PART II, COLUMN A (WORKSHEET 1), LINE 11		OTHER SPENT PROCEEDS THE OTHER SPENT PROCEEDS ARE THE CURRENT REFUNDING PROCEEDS OF THE BOND ISSUE
SCHEDULE K, PART II, COLUMN A (WORKSHEET 2), LINE 6		PROCEEDS IN REFUNDING ESCROW THE PROCEEDS IN COLUMN A ON THE 2ND WORKSHEET K WILL BE USED ON 3/1/14 TO REFUND THE 2009A AND 2004A BOND ISSUES

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

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

Name of the organization
DEACONESS HOSPITAL INC

Employer identification number
35-0593390

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	INDIANA FINANCE AUTHORITY	35-1602316	45471AKY7	03-05-2013	71,336,168	5/27/04 AND 3/26/09 REFUNDING		X		X		X
B	INDIANA FINANCE AUTHORITY	35-1602316		03-05-2013	21,440,000	5/27/04 REFUNDING		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue	71,336,168		21,440,000					
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows	70,606,631							
7	Issuance costs from proceeds	729,538		125,000					
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds								
11	Other spent proceeds	21,315,000		21,315,000					
12	Other unspent proceeds								
13	Year of substantial completion								
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X	X					
15	Were the bonds issued as part of an advance refunding issue?	X			X				
16	Has the final allocation of proceeds been made?	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?								
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?								
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 00000%		%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 00000%		0%		%		%	
6	Total of lines 4 and 5	0%		0%		%		%	
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?								
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				
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?	X		X					
b	Exception to rebate?		X		X				
c	No rebate due?		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				
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X	X					
b	Name of provider	FIFTH THIRD		FIFTH THIRD					
c	Term of hedge	16 000000000000		16 000000000000					
d	Was the hedge superintegrated?		X		X				
e	Was a hedge terminated?		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				
b	Name of provider								
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				
7	Has the organization established written procedures to monitor the requirements of section 148?	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					

Part VI

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

Identifier	Return Reference	Explanation
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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 DEACONESS HOSPITAL INC	Employer identification number 35-0593390
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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
See Additional Data Table					

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
		SCH L, PART IV, ABBREVIATION BD MBR = BOARD MEMBER COMP = REPORTABLE COMPENSATIONSRVS = SERVICES

Additional Data

Software ID:
Software Version:
EIN: 35-0593390
Name: DEACONESS HOSPITAL INC

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(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) NANCY KOEHLER	FAMILY OF BD MBR	130,892	COMP		No
(2) ANN TORNATTA	FAMILY OF BD MBR	109,033	COMP		No
(3) LETTA FRACCARO	FAMILY OF BD MBR	50,203	COMP		No
(4) MISTY ADYE	FAMILY OF BD MBR	32,912	COMP		No
(5) ALEX SEIBERT	FAMILY OF OFFICER	75,814	COMP		No
(6) VECTREN ENERGY DELIVERY	COMMON BOARD MEMBER	5,110,974	GAS/ELECTRIC UTILITY		No
(7) OLD NATIONAL BANK	COMMON BOARD MEMBER	1,830,562	LEASES		No
(8) EVANSVILLE RADIOLOGY PC	COMMON BOARD MEMBER	790,733	MGMT SRVS		No
(9) SOUTH CENTRAL COMMUNICATIONS	COMMON BOARD MEMBER	128,887	ADVERTISING PROVIDER		No

SCHEDULE M
(Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
DEACONESS HOSPITAL INC

Employer identification number
35-0593390

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles	X	2	47,928	COST
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial	X	1	290,000	FAIR MARKET VALUE
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ► (GIFT CERTIFICATES)	X	100	32,471	COST
26 Other ► ()				
27 Other ► ()				
28 Other ► ()				

29

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

30a

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

30a

Yes

No

b

If "Yes," describe the arrangement in Part II

31

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

31

Yes

32a

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

32a

No

b

If "Yes," describe in Part II

33

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

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

Cat No 51227J

Schedule M (Form 990) (2012)

Part II

Supplemental Information.

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

Identifier	Return Reference	Explanation
THIRD PARTY USE	PART I, LINE 32B	SCHEDULE M - SUPPLEMENTAL INFORMATION THE NUMBER OF CONTRIBUTIONS REPORTED IN COLUMN B ON SCHEDULE M IS THE ACTUAL NUMBER OF ITEMS RECEIVED FROM EACH CONTRIBUTOR

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
DEACONESS HOSPITAL INC**Employer identification number**

35-0593390

Identifier	Return Reference	Explanation
ORGANIZATION'S MISSION	FORM 990, PART III, LINE 1	DEACONESS HOSPITAL PROVIDES QUALITY HEALTHCARE SERVICES WITH A COMPASSIONATE AND CARING SPIRIT TO PERSONS, FAMILIES AND COMMUNITIES OF THE TRI-STATE. AT DEACONESS HOSPITAL, OUR VALUES ARE BASED ON OUR COMMITMENT TO QUALITY. WE DEFINE QUALITY AS THE CONTINUOUS IMPROVEMENT OF SERVICES TO MEET THE NEEDS AND EXCEED THE EXPECTATIONS OF THE CUSTOMERS WE SERVE. OUR VALUES ARE QUALITY IN EVERYTHING WE DO, RESPECT FOR ALL PEOPLE, EFFICIENCY AND EFFECTIVENESS IN THE USE OF RESOURCES, INNOVATION TOWARD CONTINUOUS SYSTEMS IMPROVEMENT, PARTNERSHIP WITH THOSE WE SERVE AND WITH SUPPLIERS, EDUCATION FOR CONTINUOUS GROWTH AND KNOWLEDGE AND PRIDE IN WORKMANSHIP. TO ACCOMPLISH ITS MISSION, DEACONESS HOSPITAL IS COMMITTED TO IMPROVING THE QUALITY OF LIFE FOR THE PEOPLE OF THE TRI-STATE BY DEMONSTRATING EXCELLENCE IN HEALTHCARE SERVICES, PROVIDING ACCESS TO HEALTHCARE, PROVIDING CHARITY CARE TO THOSE IN NEED, PROMOTING HEALTHY LIFESTYLES, OFFERING SPIRITUAL AND PSYCHOLOGICAL SUPPORT, SUPPORTING HEALTH RELATED EDUCATION, AND ADVANCING HEALTH KNOWLEDGE THROUGH RESEARCH.

Identifier	Return Reference	Explanation
PROGRAM SERVICES ACCOMPLISHMENT 1 PATIENT SERVICE REVENUE	FORM 990, PART III, LINE 4A	<p>DEACONESS HOSPITAL IS A MAJOR REFERRAL CENTER FOR A 25 COUNTY TRI-STATE AREA IN SOUTHWESTERN INDIANA, WESTERN KENTUCKY AND SOUTHEASTERN ILLINOIS. THE HOSPITAL AND ITS FACILITIES ARE LOCATED ON FOUR CAMPUSES WHICH INCLUDE THE MAIN 28-ACRE CAMPUS ON THE NEAR NORTH SIDE OF EVANSVILLE IN VANDERBURGH COUNTY, THE 63-ACRE GATEWAY CAMPUS LOCATED IN WARRICK COUNTY ON THE EASTERN BORDER OF VANDERBURGH COUNTY, AND TWO OTHER EASTSIDE EVANSVILLE LOCATIONS FOR PSYCHIATRIC BEHAVIORAL SERVICES AND REHABILITATION SERVICES. THE HOSPITAL OPERATES A MAIN CAMPUS WITH A TOTAL OF 271 BEDS CONSISTING OF 38 INTENSIVE CARE BEDS, 16 CARDIAC INTENSIVE CARE BEDS, 45 CARDIAC BEDS, 23 ONCOLOGY/ PULMONOLOGY BEDS, 61 ORTHOPAEDIC/ NEUROLOGICAL BEDS, 83 MEDICAL/ SURGICAL BEDS AND 5 HOSPICE BEDS. IN ADDITION, THE HOSPITAL PROVIDES A FULL-ARRAY OF COMPREHENSIVE OUTPATIENT AND AMBULATORY SERVICES ON ITS MAIN CAMPUS AND OTHER SPECIFIC SERVICES AT MULTIPLE SITES WITHIN ITS PRIMARY AND SECONDARY SERVICE AREAS. THE HOSPITAL OPERATES THE 158 BED DEACONESS GATEWAY HOSPITAL WHICH WAS OPENED IN JANUARY 2006, ON THE GATEWAY CAMPUS CONSISTING OF 13 ADULT INTENSIVE CARE BEDS, 17 PEDIATRIC AND PEDIATRIC INTENSIVE CARE BEDS, 16 NEUROSURGICAL BEDS, 32 ORTHOPAEDIC BEDS, 16 NEURO INTENSIVE CARE BEDS, 32 SURGICAL ONCOLOGY BEDS AND 32 GENERAL MED/ TELEMETRY BEDS. THE HOSPITAL PROVIDES A FULL ARRAY OF COMPREHENSIVE OUTPATIENT AND AMBULATORY SERVICE ON THE GATEWAY CAMPUS. THE HOSPITAL OWNS AND OPERATES DEACONESS CROSS POINTE, A FREE-STANDING, 60 BED INPATIENT PSYCHIATRIC HOSPITAL LOCATED APPROXIMATELY 7 MILES EAST OF THE MAIN CAMPUS IN EVANSVILLE.</p>

Identifier	Return Reference	Explanation
PROGRAM SERVICES ACCOMPLISHMENT 2 CHARITY CARE/ SUBSIDIZED CARE	FORM 990, PART III, LINE 4B	DEACONESS HOSPITAL MAKES A DISTINCTION BETWEEN CHARITY CARE AND BAD DEBT. IN DETERMINING AN INDIVIDUAL OR FAMILY'S ABILITY TO PAY, DEACONESS HOSPITAL EVALUATES WHETHER OR NOT THE RESPONSIBLE PARTY HAS SUFFICIENT RESOURCES AVAILABLE FOR PAYMENT. IF AN INDIVIDUAL IS DETERMINED TO NOT HAVE SUFFICIENT RESOURCES TO PAY, THEY ARE CONSIDERED ELIGIBLE FOR CHARITY CARE AND WILL NOT BE PROCESSED THROUGH EITHER INTERNAL OR EXTERNAL COLLECTIONS. ACCOUNTS OF CHARITY CARE PATIENTS WHO ARE UNABLE TO PAY DO NOT RESULT IN BAD DEBT AND ARE NOT COLLECTED UPON. DEACONESS HOSPITAL PROVIDES CARE TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS BELOW COST, RECOGNIZING ITS MISSION TO THE COMMUNITY, SERVICES ARE PROVIDED TO BOTH MEDICARE AND MEDICAID PATIENTS. TO THE EXTENT OF REIMBURSEMENT IS BELOW COST, DEACONESS HOSPITAL ABSORBS THESE COSTS IN MEETING ITS MISSION TO THE COMMUNITY. IN SUPPORT OF ITS MISSION, DEACONESS HOSPITAL PROVIDED \$22.1 MILLION OF CHARITY CARE AND \$15.7 MILLION OF SUBSIDIZED SERVICES TO THE MEDICAID PROGRAM, AND \$60.5 MILLION OF SUBSIDIZED SERVICES TO THE MEDICARE PROGRAM.

Identifier	Return Reference	Explanation
PROGRAM SERVICE STATEMENT	FORM 990, PART III, LINE 4C	PROGRAM SERVICES ACCOMPLISHMENT 3 GRADUATE MEDICAL EDUCATION, MEDICAL EDUCATION & COMMUNITY BENEFITS DEACONESS HOSPITAL PLAYS AN ACTIVE ROLE IN MEDICAL EDUCATION, OPERATING A THREE YEAR FAMILY MEDICINE RESIDENCY PROGRAM AND A POST-GRADUATE PHARMACY RESIDENCY PROGRAM DEACONESS HOSPITAL ALSO PROVIDES CONTINUING MEDICAL EDUCATION PROGRAMS FOR ATTENDING PHYSICIANS, OTHER HEALTH PROFESSIONALS, OTHER ALLIED HEALTH PROGRAMS, COMMUNITY HEALTH PROGRAMS AND A CHAPLAIN RESIDENCY PROGRAM IN ADDITION TO EDUCATIONAL SERVICES, DEACONESS HOSPITAL PROVIDED \$6.4 MILLION IN COMMUNITY BENEFIT ACTIVITIES (ALL ON A COST BASIS), SERVING A MINIMUM OF 768,486 PEOPLE WITHIN THE TRI-STATE AREA

Identifier	Return Reference	Explanation
ALL OTHER ACCOMPLISHMENTS	FORM 990, PART III, LINE 4D	OTHER PROGRAM SERVICE REVENUE CONSISTS OF DEACONESS HOSPITAL'S INCOME FROM THE INVESTMENT IN JOINT VENTURES. OTHER PROGRAM SERVICE EXPENSES CONSISTED OF COMMUNITY BENEFIT GRANTS/ASSISTANCE.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	CLASS OF MEMBERS OR STOCKHOLDERS DEACONESS HEALTH SYSTEM, INC IS THE SOLE CORPORATE MEMBER OF DEACONESS HOSPITAL, INC

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7A	ELECTION OF GOVERNING BODY THE BOARD OF DIRECTORS MAY ELECT ONE OR MORE NON-MEDICAL STAFF MEMBERS OF THE GOVERNING BODY THROUGH AN APPROVED ELECTION AND APPROVAL PROCESS THE ELECTION AND APPROVAL PROCESS FOR NON-MEDICAL STAFF MEMBERS BEGINS WITH A RECOMMENDATION BY THE GOVERNANCE COMMITTEE FOR MEMBERSHIP TO THE BOARD OF DIRECTORS THAT RECOMMENDATION IS THEN REVIEWED AND APPROVED BY THE BOARD OF DIRECTORS DEPENDING ON THE DECISION REACHED BY THE BOARD OF DIRECTORS, MEMBERSHIP MAY OR MAY NOT BE GRANTED TO THAT INDIVIDUAL MEDICAL STAFF EXECUTIVE COUNCIL LEADERSHIP ARE APPOINTED TO BOARD OF DIRECTOR MEMBERSHIP THROUGH THEIR POSITION AS ELECTED MEDICAL STAFF LEADERS THROUGH THE ELECTION PROCESS OF THE MEDICAL STAFF EXECUTIVE COUNCIL, THEIR APPOINTMENT IS CONFIRMED AND APPROVED

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	FORM 990 REVIEW PROCESS THE PROCESS THAT DEACONESS HOSPITAL UTILIZES TO PRESENT THE FORM 990 TO ITS GOVERNING BODY PRIOR TO FILING IS TO PRESENT THE FORM 990 TO THE CFO AND CEO OF THE ORGANIZATION FOR REVIEW AFTER THIS REVIEW IS PERFORMED AND ALL QUESTIONS ARE ANSWERED, THE FORM 990 IS PRESENTED TO THE BOARD OF DIRECTORS AT THE BOARD MEETING PRIOR TO THE FILING DATE OF THE FORM 990 ANY ADDITIONAL QUESTIONS ARE ANSWERED AND THE FINAL FILING IS THEN COMPLETED

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	COMPLIANCE WITH CONFLICT OF INTEREST POLICY CONFLICT OF INTEREST REVIEW AND COMPLIANCE ACTIVITIES ARE CONDUCTED THROUGHOUT THE YEAR UNDER THE DIRECTION OF DEACONESS HOSPITAL'S CORPORATE COMPLIANCE OFFICER UPON APPOINTMENT AND, ANNUALLY, THEREAFTER, OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES, ALSO KNOWN AS INTERESTED PERSONS, ARE REQUIRED TO COMPLETE "THE CONFLICTS OF INTEREST QUESTIONNAIRE" AND/OR "THE DISCLOSURE QUESTIONNAIRE" THESE DOCUMENTS SERVE TO ENSURE INTERESTED PERSONS OR COMMITTEE MEMBERS WITH BOARD DELEGATED POWERS HAVE AN APPROPRIATE AND TIMELY MANNER IN WHICH TO DISCLOSE ANY POTENTIAL CONFLICTS CONFLICTS ARE CONSIDERED WITH RESPECT TO OUTSIDE INTEREST, INVESTMENTS, OUTSIDE ACTIVITIES, AND BUSINESS INTERESTS AMONG THE INTERESTED PERSONS AS WELL AS THEIR FAMILY MEMBERS ON A PERIODIC BASIS, REVIEWS OCCUR TO ENSURE DEACONESS HOSPITAL OPERATES IN A MANNER CONSISTENT WITH ITS CHARITABLE PURPOSE SUBJECTS THAT ARE REVIEWED ON A PERIODIC BASIS INCLUDE COMPENSATION, PHYSICIAN RELATIONSHIPS, PARTNERSHIP AND JOINT VENTURE ARRANGEMENTS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	COMPENSATION FOR TOP OFFICIALS AND OTHER OFFICERS DEACONESS HOSPITAL UTILIZES A COMPENSATION COMMITTEE TO APPROVE EXECUTIVE, DIRECTOR AND PHY SICIAN COMPENSATION AS WELL AS EXECUTIVE AND PHY SICIAN BENEFITS PROGRAMS THE COMPENSATION COMMITTEE IS APPOINTED BY THE BOARD OF DIRECTORS AND MUST MEET THE INDEPENDENCE REQUIREMENTS OF THE SEC THE COMMITTEE HAS THE POWER AND AUTHORITY TO 1 ANNUALLY REVIEW AND APPROVE AND RECOMMEND TO THE BOARD OF DIRECTORS FOR ITS FINAL APPROVAL FOR THE CEO AND EACH OTHER EXECUTIVE OFFICER OF THE SYSTEM ALL ELEMENTS OF EXECUTIVE COMPENSATION 2 MONITOR BROADLY THE STRUCTURE, PHILOSOPHY OR COMPETITIVENESS OF THE SYSTEM'S GENERAL HIRING OR COMPENSATION PRACTICES 3 OVERSEE THE ESTABLISHMENT AND ADMINISTRATION OF THE COMPANY'S BROAD-BASED BENEFIT PLANS AND PROGRAMS 4 REVIEW OR APPROVE SIGNIFICANT AMENDMENTS OR CHANGES TO THE PLANS AND PROGRAMS 5 RETAIN AND TERMINATE ANY COMPENSATION CONSULTANT TO BE USED TO ASSIST IN THE EVALUATION OF DIRECTOR, CEO OR EXECUTIVE OFFICE COMPENSATION 6 SOLE AUTHORITY TO APPROVE THE CONSULTANT'S FEES AND OTHER RETENTION TERMS 7 OBTAIN ADVICE AND ASSISTANCE FROM INTERNAL OR EXTERNAL LEGAL, ACCOUNTING OR OTHER ADVISORS 8 APPROVE ALL PHY SICIAN AND PHY SICIAN RELATED CONTRACTS 9 MAKE REGULAR REPORTS TO THE BOARD

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	GOVERNING DOCUMENTS DISCLOSURE EXPLANATION DEACONESS HOSPITAL'S ARTICLES OF INCORPORATION ARE AVAILABLE ON THE SECRETARY OF STATE'S WEBSITE. DEACONESS HOSPITAL IS PART OF A CONSOLIDATED FINANCIAL STATEMENT WHICH IS AVAILABLE WITH THE PUBLIC DISCLOSURE COPY OF THE IRS FORM 990. ALSO, AS REQUIRED BY LAW, THE HOSPITAL SUBMITS ITS CONSOLIDATED FINANCIAL STATEMENTS TO THE INDIANA DEPARTMENT OF HEALTH WHICH ARE PUBLISHED ON ITS WEBSITE. GOVERNING DOCUMENTS, ASIDE FROM THE ARTICLES OF INCORPORATION, AND THE CONFLICT OF INTEREST POLICY ARE NOT AVAILABLE FOR PUBLIC INSPECTION.

Identifier	Return Reference	Explanation
CONTACT ADDRESSES FOR OFFICERS, DIRECTORS, ETC	FORM 990, PART VII	LARRY F PILE - 12035 LONGVIEW LAKE CIRCLE, LAKEWOOD, FL 34211

Identifier	Return Reference	Explanation
OTHER FEES	FORM 990, PART IX, LINE 11G	PROFESSIONAL FEES PROGRAM SERVICE EXPENSES 44,186,677 MANAGEMENT AND GENERAL EXPENSES 1,185,051 FUNDRAISING EXPENSES 26,346 TOTAL EXPENSES 45,398,074 PROFESSIONAL FEES-PHYSICIANS PROGRAM SERVICE EXPENSES 10,689,870 MANAGEMENT AND GENERAL EXPENSES 88,961 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 10,778,831

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	CHANGE IN PENSION LIABILITY 31,884,890 NET UNREALIZED GAIN ON INVESTMENTS 7,547,271 FOUNDATION MONIES GRANTED FROM RESTRICTION -775,678 CAPITAL CONTRIBUTION TO DEACONESS HEALTH SYSTEM -20,613,264 CHANGE IN BENEFICIAL INTERESTS IN TRUSTS 85,722

Identifier	Return Reference	Explanation
OVERSIGHT OF AUDIT	FORM 990, PART XII, LINE 2C	THE BOARD OF DIRECTORS ASSUMES RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT OF THE FINANCIAL STATEMENTS AND SELECTION OF THE INDEPENDENT ACCOUNTANT, AND NO PROCESSES HAVE CHANGED FROM PRIOR YEAR

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
DEACONESS HOSPITAL INC

Employer identification number
35-0593390

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
(1) REGIONAL EMERGENCY DEPARTMENT 600 MARY ST EVANSVILLE, IN 47710 46-3509500	HEALTHCARE	IN	-14,638	707,043	DEACONESS HOSPITAL

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) DEACONESS HEALTH SYSTEM INC 600 MARY STREET EVANSVILLE, IN 47747 35-1532889	HEALTHCARE	IN	501(C)(3)	LINE 11A, I	N/A		No
(2) DEACONESS CLINIC INC 421 CHESNUT STREET EVANSVILLE, IN 47713 26-3083364	HEALTHCARE	IN	501(C)(3)	LINE 3	DEACONESS HEALTH SYSTEM		No

Part III

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end- of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) DEACONESS HEALTH PLANS LLC 350 W COLUMBIA SUITE 400 EVANSVILLE, IN 47710 38-3492529	PREFERRED PROVIDER NETWORK	IN	DEACONESS HOSPITAL	RELATED	419,365	1,986,583		No			No	94 130 %
(2) PROGRESSIVE HEALTH OF IN LLC 150 N ROSENBERGER EVANSVILLE, IN 47712 20-8480988	OUTPATIENT	IN	DEACONESS HOSPITAL	RELATED	2,107,164	1,012,050		No			No	51 000 %
(3) HEART HOSPITAL AT DEACONESS GATEWAY LLC 4007 GATEWAY BLVD NEWBURGH, IN 47630 26-1766835	HOSPITAL	DE	DEACONESS HOSPITAL	RELATED	6,728,196	10,354,199		No			No	51 000 %
(4) TRI-STATE RADIATION ONCOLOGY 1500 ROSECRANS AVENUE MANHATTAN BEACH, CA 90266 26-3706834	OUTPATIENT	DE	DEACONESS HOSPITAL	RELATED	1,018,970	2,045,142		No			No	51 000 %

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) TRI-STATE MEDICAL MANAGEMENT INC 600 MARY STREET EVANSVILLE, IN 47747 35-1875888	PHYSICIAN MANAGEMENT	IN	DEACONESS HOSPITAL	C			100 000 %	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

Yes

1c

No

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

Yes

1k

Yes

1l

No

1m

No

1n

No

1o

Yes

1p

Yes

1q

Yes

1r

Yes

1s

No

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) DEACONESS HEALTH PLANS LLC	J	59,888	
(2) HEART HOSP AT DEAC GATEWAY LLC	O	8,742,079	
(3) HEART HOSP AT DEAC GATEWAY LLC	P	1,912,305	
(4) DEACONESS HEALTH PLANS LLC	Q	91,890	
(5) HEART HOSP AT DEAC GATEWAY LLC	Q	5,456,072	

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: 35-0593390
Name: DEACONESS HOSPITAL INC

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	
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CONSOLIDATED FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2013 AND 2012

CLAY ADVISORS



DEACONESS HEALTH SYSTEM

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Deaconess Health System
317-633-1755 • 317-633-6089 • www.deaconessinc.com

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Deaconess Health System
Evansville, Indiana

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the System'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 System'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.

Board of Directors
Deaconess Health System
Evansville, Indiana

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 System as of September 30, 2013 and 2012, and its results of operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Report on Supplementary Information

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

Blue & Co., LLC

Indianapolis, Indiana
December 12, 2013

DEACONESS HEALTH SYSTEM

CONSOLIDATED BALANCE SHEETS SEPTEMBER 30, 2013 AND 2012

ASSETS		
	2013	2012
Current assets		
Cash and cash equivalents	\$ 52,866,996	\$ 63,419,560
Funds held by trustee, current portion	4,351,163	5,712,886
Patient accounts receivable, less allowance for estimated uncollectible amounts of \$48,269,000 in 2013 and \$45,213,000 in 2012	91,926,203	101,449,536
Inventories	6,390,227	6,362,040
Prepaid expenses and other current assets	13,611,494	11,060,431
Total current assets	169,146,083	188,004,453
Investments limited as to use, less current portion		
Board designated funds	338,628,898	254,201,470
Board designated funds - Foundation	6,227,279	5,653,343
Donor restricted - Foundation	5,631,349	5,056,888
Total investments limited as to use	350,487,526	264,911,701
Property and equipment		
Land and improvements	18,499,820	18,316,168
Buildings and improvements	512,219,948	493,491,934
Furniture, fixtures and equipment	268,889,761	254,137,426
	799,609,529	765,945,528
Less allowances for depreciation	466,548,646	422,607,617
	333,060,883	343,337,911
Construction in progress	5,059,421	9,884,463
Total property and equipment, net	338,120,304	353,222,374
Other assets		
Deferred financing costs	1,339,386	2,762,552
Investments in joint ventures	22,824,794	22,865,777
Goodwill	22,217,481	22,217,481
Other	13,099,377	11,679,179
Total other assets	59,481,038	59,524,989
Total assets	\$ 917,234,951	\$ 865,663,517

See accompanying notes to consolidated financial statements

DEACONESS HEALTH SYSTEM

CONSOLIDATED BALANCE SHEETS SEPTEMBER 30, 2013 AND 2012

LIABILITIES AND NET ASSETS

	2013	2012
Current liabilities		
Accounts payable and other current liabilities	\$ 31,702,536	\$ 33,058,097
Salaries, wages and related liabilities	42,681,091	39,843,727
Estimated third-party payor settlements	8,406,371	6,415,881
Accrued interest	659,528	651,549
Current portion of long-term debt	9,133,566	10,488,544
Total current liabilities	92,583,092	90,457,798
Long-term liabilities		
Long-term debt, less current portion	214,169,948	218,863,067
Other long-term liabilities	61,176,553	90,803,439
Total long-term liabilities	275,346,501	309,666,506
Total liabilities	367,929,593	400,124,304
Net assets		
Unrestricted	534,398,299	451,746,047
Temporarily restricted	3,782,581	3,293,842
Permanently restricted	1,848,768	1,763,046
Net assets - controlling interest	540,029,648	456,802,935
Non-controlling interest	9,275,710	8,736,278
Total net assets	549,305,358	465,539,213
Total liabilities and net assets	\$ 917,234,951	\$ 865,663,517

See accompanying notes to consolidated financial statements

DEACONESS HEALTH SYSTEM

CONSOLIDATED STATEMENTS OF OPERATIONS YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
Unrestricted revenue and other support		
Net patient service revenue	\$ 698,254,409	\$ 675,570,391
Less provision for bad debts	40,449,714	41,765,158
Net patient service revenue net of provision for bad debts	657,804,695	633,805,233
Other revenue	37,754,865	42,835,021
Total unrestricted revenue and other support	695,559,560	676,640,254
Expenses		
Salaries and wages	260,654,326	251,853,175
Employee benefits	76,684,011	70,832,778
Supplies	115,003,737	110,192,200
Contract services	67,198,801	69,608,219
Repairs and maintenance	20,335,459	19,689,741
Depreciation	44,914,865	39,625,915
Interest	8,722,770	9,227,267
Utilities	12,663,308	13,209,277
Other	41,023,216	51,909,459
Total expenses	647,200,493	636,148,031
Income from operations	48,359,067	40,492,223
Nonoperating revenues (expenses)		
Investment income	10,653,357	8,036,317
Contributions, gifts, and bequests	811,361	559,871
Grants	(1,604,543)	(1,525,180)
Loss on bond defeasance	(6,180,741)	(95,195)
Total nonoperating revenues (expenses)	3,679,434	6,975,813
Excess revenues over expenses	52,038,501	47,468,036
Other changes in unrestricted net assets		
Net unrealized gain on investments	7,694,976	20,183,539
Pension related changes other than net periodic pension cost	31,884,890	(20,535,930)
Net assets released from restriction	324,309	692,091
Distributions	(8,750,992)	(10,203,113)
Change in unrestricted net assets	83,191,684	37,604,623
Temporarily restricted net assets		
Contributions, gifts and bequests	664,129	1,122,293
Net unrealized gain on investments	93,903	57,307
Investment income	55,016	24,559
Net assets released from restriction	(324,309)	(692,091)
Change in temporarily restricted net assets	488,739	512,068
Permanently restricted net assets		
Contributions, gifts and bequests	85,722	1,071,042
Change in net assets	<u>\$ 83,766,145</u>	<u>\$ 39,187,733</u>

See accompanying notes to consolidated financial statements

DEACONESS HEALTH SYSTEM

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	Controlling Interest			Non-controlling Interest	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Net assets					
September 30, 2011	\$ 413,424,021	\$ 2,781,774	\$ 692,004	\$ 9,453,681	\$ 426,351,480
Excess revenues over expenses	37,982,326	-0-	-0-	9,485,710	47,468,036
Net unrealized gain on investments	20,183,539	57,307	-0-	-0-	20,240,846
Pension related changes other than net periodic pension cost	(20,535,930)	-0-	-0-	-0-	(20,535,930)
Net assets released from restriction	692,091	(692,091)	-0-	-0-	-0-
Investment income	-0-	24,559	-0-	-0-	24,559
Contributions, gifts and bequests	-0-	1,122,293	1,071,042	-0-	2,193,335
Distributions	-0-	-0-	-0-	(10,203,113)	(10,203,113)
Change in net assets	<u>38,322,026</u>	<u>512,068</u>	<u>1,071,042</u>	<u>(717,403)</u>	<u>39,187,733</u>
September 30, 2012	451,746,047	3,293,842	1,763,046	8,736,278	465,539,213
Excess revenues over expenses	42,748,077	-0-	-0-	9,290,424	52,038,501
Net unrealized gain on investments	7,694,976	93,903	-0-	-0-	7,788,879
Pension related changes other than net periodic pension cost	31,884,890	-0-	-0-	-0-	31,884,890
Net assets released from restriction	324,309	(324,309)	-0-	-0-	-0-
Investment income	-0-	55,016	-0-	-0-	55,016
Contributions, gifts and bequests	-0-	664,129	85,722	-0-	749,851
Distributions	-0-	-0-	-0-	(8,750,992)	(8,750,992)
Change in net assets	<u>82,652,252</u>	<u>488,739</u>	<u>85,722</u>	<u>539,432</u>	<u>83,766,145</u>
September 30, 2013	<u>\$ 534,398,299</u>	<u>\$ 3,782,581</u>	<u>\$ 1,848,768</u>	<u>\$ 9,275,710</u>	<u>\$ 549,305,358</u>

See accompanying notes to consolidated financial statements

DEACONESS HEALTH SYSTEM

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
Operating activities		
Change in net assets	\$ 83,766,145	\$ 39,187,733
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	44,914,865	39,625,915
Provision for bad debts	40,449,714	41,765,158
Net unrealized gain on investments	(7,788,879)	(20,240,846)
Net realized gain on investments	(913,317)	(308,747)
Unrealized loss on interest rate swap	241,604	-0-
Gain on disposal of assets	(78,096)	(85,189)
Loss on bond defeasance	6,180,741	95,195
Amortization of deferred financing costs and original issue discount	102,100	211,753
Pension related changes other than net periodic pension cost	(31,884,890)	20,535,930
Restricted activity, net	(574,461)	(1,583,110)
Distributions to non-controlling interest investors	8,750,992	10,203,113
Changes in operating assets and liabilities		
Patient accounts receivable	(30,926,381)	(23,246,241)
Inventories	(28,187)	(1,192,612)
Prepaid expenses and other current assets	(2,551,063)	(1,983,935)
Investments in joint ventures and other assets	(1,379,215)	(5,271,880)
Accounts payable and other current liabilities	(1,355,561)	2,318,890
Salaries, wages and related liabilities	2,837,364	6,494,397
Estimated third-party payor settlements	1,990,490	353,224
Accrued interest	7,979	(75,345)
Other long-term liabilities	2,016,400	841,358
Net cash flows from operating activities	113,778,344	107,644,761
Investing activities		
Purchases of property and equipment	(29,920,774)	(31,019,808)
Proceeds from disposal of property and equipment	186,075	385,499
Net transfers from trustee assets for principal, interest and construction draws	1,361,717	1,534,443
Purchases of board designated funds	(227,521,459)	(147,589,783)
Proceeds from sale of board designated funds	151,796,236	93,197,205
Cash paid for goodwill	-0-	(36,656)
Other investing activities	(1,148,400)	(1,412,923)
Net cash flows from investing activities	(105,246,605)	(84,942,023)
Financing activities		
Distributions to non-controlling interest investors	(8,750,992)	(10,203,113)
Restricted activity, net	574,461	1,583,110
Payments on line of credit, net	-0-	(1,131)
Payments on long-term debt	(10,468,545)	(10,342,299)
Proceeds from long-term debt	152,021,832	28,340,000
Payments to refinance long-term debt	(151,396,840)	(28,340,000)
Cash paid for deferred financing costs	(1,064,219)	(281,467)
Net cash flows from financing activities	(19,084,303)	(19,244,900)
Change in cash and cash equivalents	(10,552,564)	3,457,838
Cash and cash equivalents		
Beginning of year	63,419,560	59,961,722
End of year	\$ 52,866,996	\$ 63,419,560

See accompanying notes to consolidated financial statements

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Deaconess Health System (System) is an integrated multi-facility health system providing comprehensive health care services to southern Indiana, southeastern Illinois and western Kentucky, employing over 5,000 within the Tri-State area

Deaconess Health System, Inc was formed to coordinate management and strategic planning and provide operational facilities for entities within the System, the most significant of which are Deaconess Hospital, Inc (Hospital) and Deaconess Clinic, Inc (Clinic), not-for-profit corporations whose missions are to provide quality health care services with a compassionate and caring spirit to persons, families and communities of the Tri-State area

The board of Deaconess Health System, Inc is granted the authority to provide overall direction and control of the entities through their respective bylaws. Deaconess Health System, Inc wholly owns the Clinic and Deaconess Care Integration, LLC and is the sole corporate member of the Hospital

The Clinic is comprised of Deaconess employed physicians practicing primary care and multi-specialty medicine within 22 outpatient physician offices located throughout southern Indiana, southeastern Illinois and western Kentucky and two urgent care centers located in Evansville, Indiana. The facilities provide illness and injury care, preventative care, lab and x-ray services. The Clinic also encompasses the Deaconess Clinical Research Institute which provides drug research studies for the pharmaceutical industry

Deaconess Care Integration, LLC was formed during 2012 as an accountable care organization with the purpose of developing a care delivery model focused on quality metrics and reductions in cost for the Medicare population

The Hospital, located in Evansville, Indiana, is comprised of two general acute care facilities, a mental health facility and two outpatient primary care facilities for seniors. The inpatient services have a combined capacity of 523 intensive care, pediatric, medical/surgical, orthopedic and neurosurgical beds

The Hospital wholly owns Regional Emergency Staffing Department, LLC and holds majority ownership interests in the following entities

- The Heart Hospital at Deaconess Gateway, LLC – 51%
- Progressive Health of Indiana, LLC – 51%

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

- Tri-State Radiation Oncology, LLC – 51%
- Deaconess Health Plans, LLC – 94%

Regional Emergency Department Staffing, LLC was formed during 2013 to assist hospitals in staffing emergency room departments and in improving the overall quality of services rendered in emergency room departments

The Heart Hospital at Deaconess Gateway, LLC is a 24 bed hospital providing preventative care, medical care, emergent care, diagnostic testing, cardiovascular procedures, cardiovascular surgery and cardiac rehabilitation on an outpatient and inpatient basis

Progressive Health of Indiana, LLC provides physical, occupational and speech therapy services throughout southern Indiana

Tri-State Radiation Oncology, LLC provides oncology and cancer services, including radiation therapy, pain management, counseling and rehabilitation

Deaconess Health Plans, LLC is a preferred provider organization – managed care network formed to encourage collaboration in providing patient service and cost management

Principles of Consolidation

The consolidated financial statements include the accounts of Deaconess Health System and its wholly owned and controlled subsidiaries. All material inter-company accounts and transactions have been eliminated in consolidation.

Investments in Joint Ventures

The Hospital holds a 50% ownership in the Deaconess Women's Hospital of Southern Indiana, LLC d/b/a The Women's Hospital which is a 74-bed facility dedicated to comprehensive women's care, including obstetrics, neonatal intensive care, cancer treatment and infertility and imaging services. The Hospital recorded an investment in The Women's Hospital of approximately \$3,280,000 and \$5,280,000 as of September 30, 2013 and 2012, respectively. During 2013 and 2012, the Hospital received income distributions of approximately \$6,747,000 and \$2,221,000, respectively.

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

The Hospital holds a 22% ownership interest in HealthSouth/Deaconess, LLC, d/b/a HealthSouth Deaconess Rehabilitation Hospital, an 80-bed comprehensive facility dedicated to improving, maintaining or restoring physical strength, cognition and mobility through therapeutic methods and technologies for rehabilitation. The Hospital recorded an investment in the HealthSouth Deaconess Rehabilitation Hospital of approximately \$4,787,000 and \$3,997,000 as of September 30, 2013 and 2012, respectively. During 2013 and 2012, the Hospital received income distributions of approximately \$1,567,000 and \$2,044,000, respectively.

The Hospital holds a 50% ownership interest in Evansville Surgery Center Associates, LLC providing two locations of multispecialty outpatient surgery centers dedicated to the diagnosis and preoperative, intraoperative and postoperative care of patients. The Hospital recorded an investment in Evansville Surgery Center Associates, LLC of approximately \$10,368,000 and \$10,138,000 as of September 30, 2013 and 2012, respectively. During 2013 and 2012, the Hospital received income distributions of approximately \$8,675,000 and \$9,125,000, respectively.

The Hospital holds a 12.5% ownership interest in the Indiana Healthcare Reciprocal Risk Retention Group which was formed to provide liability insurance, reinsurance and risk management services to the members. The Hospital recorded an investment in the Indiana Healthcare Reciprocal Risk Retention Group of approximately \$4,055,000 and \$3,183,000 as of September 30, 2013 and 2012, respectively. No income distributions were received in 2013 and 2012.

The Hospital holds 33.3% of the membership shares in The Healthcare Group, LLC, a preferred provider organization – managed care network, in exchange for the Hospital accepting a governance role and responsibility to share in the losses and gains and other obligations. The Healthcare Group, LLC encourages collaboration in providing patient service and cost management. The Hospital recorded an investment in the Healthcare Group, LLC of approximately \$237,000 and \$168,000 as of September 30, 2013 and 2012, respectively. No income distributions were received in 2013 and 2012.

Investments in organizations where the System's ownership percentage is equal to or less than 50% are included in investments in joint ventures on the consolidated balance sheets. The System's portion of income from unconsolidated organizations is reported with other revenue and was approximately \$16,838,000 and \$16,294,000 for 2013 and 2012, respectively.

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including the allowance for estimated uncollectible accounts, estimated third-party payor settlements, defined pension plan obligations and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period and could differ from actual results.

Charity Care, Community Benefit and Assistance to the Uninsured

The System provides care to patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the System. Essentially, these policies define charity services as those services for which no payment or reduced payment based upon a graduated scale, is anticipated, up to 300% of Federal Poverty Income Guidelines, published by the Department of Health and Human Services and where incurred charges are considered significant when compared to the income of the patient. Because collection of amounts determined to qualify as charity care is not pursued, such amounts are not reported as revenue.

The System's charity care policy reflects the current economic conditions and other factors unique to the System's customer base. Charity care provided during 2013 and 2012, measured at established rates, was approximately \$80,614,000 and \$86,824,000, respectively. In addition, other programs and services for the benefit of the community are provided. The costs of these programs are included in operating expenses. The System receives reimbursements from certain governmental payors to assist in the funding of charity care.

Of the System's total expenses reported (approximately \$647,200,000 and \$636,148,000 during 2013 and 2012, respectively), an estimated \$27,500,000 and \$30,587,000 arose from providing services to charity patients during 2013 and 2012, respectively. The estimated costs of providing patient assistance services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Hospital's total expenses divided by gross patient service revenue.

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

The System has a policy for uninsured patients with discounted rates similar to contractual payors. Uninsured self pay discounts provided to patients were approximately \$16,990,000 and \$15,542,000 in 2013 and 2012, respectively.

Statements of Cash Flows

Cash and cash equivalents are defined as investments in highly liquid debt instruments with an original maturity of three months or less, excluding amounts whose use is limited by arrangements under trust agreements, board designation or by donors. The System maintains its cash in accounts, which at times may exceed federally insured limits. The policy of the System is to collateralize deposits. The System has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash and cash equivalents.

Additional cash flows information for 2013 and 2012 is as follows,

	2013	2012
Supplemental cash flows information		
Cash paid for interest, net of capitalized interest	\$ 8,715,000	\$ 9,303,000
Property and equipment in liabilities	\$ -0-	\$ 2,585,000
Equipment acquired through capital leases	\$ -0-	\$ 2,665,000

Patient Accounts Receivable, Estimated Third-Party Payor Settlements and Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Estimated retroactive adjustments under reimbursement agreements with certain third-party payors are included with estimated third-party payor settlements. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Patient accounts receivable are reduced by an allowance for uncollectible accounts based on the System's evaluation of its major payor sources of revenue, the aging of the accounts, historical losses, current economic conditions, and other factors unique to its service area and the healthcare industry. Management regularly reviews data about the major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the System analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary. For receivables associated with self-pay payments the System records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

During 2013, the System's allowance for uncollectible accounts increased approximately \$3,056,000 from \$45,213,000 to \$48,269,000. The uncollectible allowance for self-pay balances increased approximately \$2,836,000 as the uncollectible estimate increased to 85% of self-pay balances at September 30, 2013. The change is mainly the result of negative trends experienced in the collection of accounts during 2013. The uncollectible allowance reserved for third-party payors increased approximately \$220,000 as the uncollectible estimate increased to 6% of third-party payors at September 30, 2013. The change is mainly the result of negative trends experienced in the collection of accounts during 2013.

In addition, the System's self-pay related write-offs increased by approximately \$1,632,000 in 2013. The increase was the result of negative trends experienced in the collection of amounts from self-pay patients in 2013.

As of September 30, 2013, the allowance for uncollectible accounts of \$48,269,000 was comprised of \$40,842,000 reserved for self-pay balances and \$7,427,000 reserved for third-party payor balances. As of September 30, 2012, the allowance for uncollectible accounts of \$45,213,000 was comprised of \$38,006,000 reserved for self-pay balances and \$7,207,000 reserved for third-party payor balances.

Inventories

Inventories (principally pharmaceuticals and medical supplies) are stated at the lower of cost (first in, first out) or market.

Property and Equipment and Depreciation

Property and equipment are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets, ranging from 3 to 40 years, using the straight-line method. Equipment under capital leases are amortized on the straight-line method over the lease term or the estimated useful life of the equipment, if shorter.

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Investments Limited as to Use

Investments are stated at fair value. Dividends, interest income and realized gains and losses on sales of investments are recorded as nonoperating investment income. Unrealized gains (losses) on investments are reported as other changes in net assets in the consolidated statements of operations.

Investments consist of short-term investments (principally cash equivalents), US Government and government agency obligations, marketable debt securities (corporate bonds and fixed income mutual funds), marketable equity securities (common and preferred corporate stock), equity mutual funds, private equity funds, and mortgage backed securities. Fair values for investments are based on quoted market prices. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Private equity investments consist of limited partnerships investing in common stock of small and medium capitalization companies. Investments in those limited partnerships are reported at fair value as determined by the individual manager of each partnership. Although the manager uses its best judgment in estimating the fair value of the investments in the investment funds, there are inherent limitations in any estimation technique. Therefore, the values reported are not necessarily indicative of the amount that the investments funds could realize in a current transaction.

These estimated values may differ significantly from the values that would have been used had a ready market for the investments in the investment funds existed and the difference could be material. Private equity investments totaled approximately \$8,458,000 and \$6,778,000 (2.4% and 2.5% of investment portfolio) as of September 30, 2013 and 2012, respectively.

Investments limited as to use include assets held by trustees under indenture agreements, amounts set aside by the Board of Directors for future capital improvements, retirement of debt over which the Board retains control and may at its discretion subsequently designate for other purposes and amounts designated by for the Foundation and donor restrictions. Amounts required to meet current liabilities of the System have been classified as current assets.

Foundation

The Hospital also encompasses a charitable Foundation supported by donations from the community. The Foundation has a separate advisory board who carry out the mission of supporting medical, charitable and educational activities as designated by the donors.

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Deferred Financing Costs

Costs incurred in connection with the issuance of debt are amortized over the term of the related debt using the bonds outstanding method. Estimated annual amortization is approximately \$200,000.

Goodwill

As of September 30, 2013 and 2012, the System recorded goodwill of approximately \$22,217,000 related to the acquisition of majority owned entities. Goodwill is tested for impairment on an annual basis, or whenever an event occurs or circumstances indicate the carrying value of the goodwill may be impaired. The System performed the required annual impairment test for goodwill as of September 30, 2013 using the income approach of calculating the present value of the future cash flows. The System determined no impairment of goodwill existed as of September 30, 2013 and 2012.

Medical Malpractice

Malpractice insurance coverage is provided under a claims-made policy. Should the claims-made policy be terminated, the System has the option to purchase insurance for claims having occurred during its term but reported subsequently. Prior to July 1, 1999, the Indiana Medical Malpractice Act (Act) provided for a maximum recovery of \$750,000 per occurrence (\$3,000,000 annual aggregate) for professional liability, \$100,000 of which would be paid through the System's malpractice insurance coverage and the balance would be paid by the State of Indiana Patient Compensation Fund (Fund). For claims on or after July 1, 1999, the Act provides for a maximum recovery of \$1,250,000 per occurrence (\$7,500,000 annual aggregate) with the first \$250,000 covered by the System's insurance and the remainder by the Fund.

The System is a member in a Vermont captive insurance company, Indiana Healthcare Reciprocal Risk Retention Group, to fund the System's required portion of the professional, physician insurance coverage pursuant to the Act as well as its general liability insurance and excess coverage. This provides protection from liability in an amount not to exceed \$250,000 per incident and aggregate liability protection not to exceed \$7,500,000 per year. In addition, the System maintains a commercial umbrella/excess liability policy with a limit of \$15,000,000 each occurrence, \$15,000,000 aggregate per member and \$30,000,000 total policy aggregate.

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Other Long-Term Liabilities

Other long-term liabilities include obligations related to the funded status of the defined benefit pension plan, other employee benefit programs and derivative liabilities related to an interest rate swap

Performance Indicator

The consolidated statements of operations contain a performance indicator, excess revenues over expenses. Consistent with industry practice, unrealized gain and loss on other than trading investments, pension related changes other than net periodic pension cost, equity transfers, contributions restricted for long-term purposes and certain other items are excluded from the performance indicator

Income Taxes

Deaconess Health System, Inc., Hospital and Clinic are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (Code) and are exempt from Federal and state income taxes on related income pursuant to Section 501(a) of the Code. However, they are required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the System and recognize a tax liability if the System has taken an uncertain position that more likely than not would not be sustained upon examination by various Federal and state taxing authorities. Management has analyzed the tax positions taken by the System and has concluded that as of September 30, 2013 and 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying consolidated financial statements. The System is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress.

The remaining consolidated subsidiaries are organized as limited liability companies, whereby net taxable income is taxed directly to the members of the limited liability companies. Thus, the consolidated financial statements do not include any provision for Federal or state income taxes related to these entities.

These entities have filed their Federal and state income tax returns for periods through their most recent fiscal year ends (primarily December 31, 2012). These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Contribution Revenues and In-Kind Donations

Unconditional promises to give cash and other assets to the System are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restriction. Donor-restricted contributions whose restrictions are met within the same year as received are included in nonoperating revenues (expenses) in the accompanying consolidated financial statements. In-kind donations are recorded as revenue and expense in the accompanying consolidated financial statements. These donations consist mainly of medical supplies and services which are recorded at their estimated fair values.

Temporarily Restricted Net Assets

Temporarily restricted net assets include those assets whose use by the System has been temporarily limited primarily for capital projects or a specified time period or purpose.

The following is a summary of temporarily restricted net assets as of September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Patient medical care	\$ 1,108,338	\$ 965,132
Education and scholarship	639,459	556,836
Capital projects	648,116	564,374
Other System support	1,386,668	1,207,500
	<u>\$ 3,782,581</u>	<u>\$ 3,293,842</u>

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Permanently Restricted Net Assets

Permanently restricted net assets are contributed with donor restrictions requiring they be held in perpetuity with income used to support the System's activities. The following is a summary of permanently restricted net assets as of September 30, 2013 and 2012:

	2013	2012
Beneficial interest in trusts	\$ 1,156,688	\$ 1,071,042
Other	692,080	692,004
	<u>\$ 1,848,768</u>	<u>\$ 1,763,046</u>

Electronic Health Records (EHR) Incentive Payments

The System receives EHR incentive payments under the Medicare and Medicaid programs. To qualify for the EHR incentive payments, the System must meet "meaningful use" criteria that become more stringent over time. The System periodically submits and attests to its use of certified EHR technology, satisfaction of meaningful use objectives, and various patient data. These submissions generally include performance measures for each annual EHR reporting period (Federal fiscal year ending September 30). The related EHR incentive payments are paid out over a four year transition schedule and are based upon data that is captured in the System's cost reports. The payment calculation is based upon an initial amount as adjusted for discharges, Medicare and Medicaid utilization using inpatient days multiplied by a factor of total charges excluding charity care to total charges, and a transitional factor that ranges from 100% in first payment year and thereby decreasing by 25% each payment year until it is completely phased out in the fifth year.

The System recognizes EHR incentive payments as grant income, under the ratable recognition method, when there is reasonable assurance that the System will comply with the conditions of the meaningful use objectives and any other specific requirements. In addition, the financial statement effects of the income must be both recognizable and measurable. During 2013 and 2012, the System recognized approximately \$6,000,000 and \$6,891,000, respectively, in EHR incentive payments as income.

EHR incentive income is included in other revenue in the consolidated statements of operations. EHR incentive income recognized is based on management's estimate and amounts are subject to change, with such changes impacting operations in the period the changes occur.

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Receipt of these funds is subject to the fulfillment of certain obligations by the Hospital as prescribed by the program, subject to future audits and may be subject to repayment upon a determination of noncompliance

Advertising Costs

Advertising costs are expensed as incurred. Total expense for 2013 and 2012 was approximately \$1,976,000 and \$1,736,000, respectively.

Functional Expenses

The System provides health care services to patients in the community and the surrounding areas. Health care services and other certain related expenses approximated 93% of total expenses in 2013 and 2012. General and administrative expenses approximated 6% in 2013 and 2012. Fundraising expenses comprised less than 1% of total expenses in 2013 and 2012.

Certain costs have been allocated among health care services, general and administrative and fundraising categories based on the actual direct expenditures and cost allocations based upon time spent by the System's personnel. Although the methods used were appropriate, alternative methods may provide different results.

Reclassification

Certain 2012 amounts in the consolidated financial statements have been reclassified to conform to the 2013 presentation.

Subsequent Events

The System evaluated events or transactions occurring subsequent to the consolidated balance sheet date for recognition and disclosure in the accompanying consolidated financial statements through the date the consolidated financial statements are issued, which is December 12, 2013.

2. NET PATIENT SERVICE REVENUE

Entities within the System have agreements with third-party payors that provide for payments at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows.

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Medicare

Inpatient acute care services, outpatient services and physician services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic and other factors. Certain outpatient services and defined medical education costs related to Medicare beneficiaries are paid based on cost reimbursement methodologies. The System's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. Inpatient non-acute care services are generally reimbursed based upon cost reimbursement methodologies.

Medicaid and Hospital Assessment Fee Program

Medicaid services are paid at prospectively determined rates per day or per discharge for inpatients or per occasion of service for outpatients. To the extent that services to Medicare and Medicaid program beneficiaries are reimbursed based on cost reimbursement methodologies, final settlement is determined after submission of annual cost reports and audits thereof by the fiscal intermediary.

During 2012, Hospital Assessment Fee (HAF) Program for the period July 1, 2011 through June 30, 2013 was approved by Centers for Medicare & Medicaid Services (CMS) retroactive to July 1, 2011. The purpose of the HAF Program is to fund the State share of enhanced Medicaid payments and Medicaid Disproportionate Share (DSH) payments for Indiana hospitals as reflected in the HAF Program expense reported in the consolidated statements of operations. Previously, the State share was funded by governmental entities through intergovernmental transfers. The Medicaid enhanced payments relate to both fee for service and managed care claims. The Medicaid enhanced payments are designed to follow the patients and result in increased Medicaid rates. During 2013 and 2012, the Hospital recognized HAF Program expense of approximately \$15,000,000 and \$23,500,000, respectively, which resulted in Medicaid rate increases of approximately \$22,000,000 and \$30,000,000, respectively. HAF Program expense is included in other expenses on the consolidated statements of operations while the Medicaid rate increases are recorded in net patient service revenue.

The HAF Program is currently pending approval for extension by CMS from July 1, 2013 through June 30, 2017.

Estimates for final settlements of all unaudited Medicare and Medicaid cost reports through September 30, 2013 have been recorded. Cost reports through September 30, 2009 have been audited and settled as of September 30, 2013.

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Entities within the System also entered into payment agreements with certain other commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

A reconciliation of the amount of services provided to patients at established rates to net patient service revenue as presented in the consolidated statements of operations for 2013 and 2012 is as follows:

	2013	2012
Patient service revenue	\$ 1,897,207,999	\$ 1,805,742,287
Adjustments		
Charity care revenue foregone	80,614,180	86,824,440
Uninsured self pay discounts	16,990,378	15,541,694
Contractual adjustments	1,101,349,032	1,027,805,762
Total adjustments	<u>1,198,953,590</u>	<u>1,130,171,896</u>
Net patient service revenue	698,254,409	675,570,391
Less provision for bad debts	<u>40,449,714</u>	<u>41,765,158</u>
Net patient service revenue net of provision for bad debts	<u><u>\$ 657,804,695</u></u>	<u><u>\$ 633,805,233</u></u>

Changes to any previous year's estimated settlement are reflected in the period the intermediary finalizes its audit of cost reports, or when additional information becomes available. Settlements related to prior year cost reports and other estimated third-party items resulted in an increase to net patient service revenue of approximately \$0- and \$2,356,000 in 2013 and 2012, respectively.

The following is mix of gross patient accounts receivable and gross patient service revenue as of and for the years ended September 30, 2013 and 2012:

	Receivable		Revenue	
	2013	2012	2013	2012
Medicare	31%	24%	47%	46%
Medicaid	7%	13%	10%	10%
Commercial and managed care	36%	35%	36%	38%
Self pay and other	26%	28%	7%	6%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. As a result, there is at least a reasonable possibility that recorded estimates will change in the near term.

3. INVESTMENTS

Investments at fair value consisted of the following as of September 30

	2013	2012
Board designated funds		
Cash and cash equivalents	\$ 4,187,218	\$ 2,992,774
Common stock	45,396,202	35,398,383
Preferred stock	-0-	450,005
Mutual funds	186,381,596	147,400,360
US Government and government agency obligations	21,014,703	20,761,205
Corporate bonds	55,474,659	30,024,887
Private equity	8,458,162	6,777,561
Mortgage backed securities	17,716,358	10,396,295
	<u>338,628,898</u>	<u>254,201,470</u>
Funds held by trustee		
Cash and cash equivalents	4,351,163	5,712,886
Less current portion	4,351,163	5,712,886
	<u>-0-</u>	<u>-0-</u>
Board designated - Foundation and donor restricted - Foundation		
Cash and cash equivalents	346,570	169,841
Common stock	1,804,685	1,480,112
Preferred stock	-0-	57,710
Mutual funds	7,480,579	6,627,959
US Government and government agency obligations	876,959	997,321
Accrued interest and other	1,349,835	1,377,288
	<u>11,858,628</u>	<u>10,710,231</u>
Investments limited as to use, net	<u>\$ 350,487,526</u>	<u>\$ 264,911,701</u>

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Investments reported as current assets are those that the System has made available for use in operations within the next twelve months. Investments limited as to use that are required for obligations classified as current liabilities are also reported in current assets.

A detail of investment income for unrestricted and donor restricted for 2013 and 2012 is as follows:

	2013	2012
Interest and dividends	\$ 10,036,660	\$ 7,752,129
Unrealized loss on interest rate swap	(241,604)	-0-
Net realized gain	913,317	308,747
Investment income, net	<u>\$ 10,708,373</u>	<u>\$ 8,060,876</u>

See Note "Derivative Financial Instruments – Interest Rate Swaps" for additional information on unrealized loss on interest rate swap.

The following schedule summarizes the fair value of securities included in investments limited as to use that have gross unrealized losses (the amount by which historical cost exceeds the fair value) as of September 30, 2013 and 2012. The schedule further segregates the securities that have been in a gross unrealized position as of September 30, 2013 and 2012, for less than twelve months and those for twelve months or more. The gross unrealized losses of less than twelve months are a reflection of the normal fluctuations of the market and are therefore considered temporary.

The gross unrealized losses of twelve months or longer are reflective of current market fluctuations. The majority of the decline is attributable to several securities which industry experts expect recovery in the short-term future. These individual investments have projected recoveries in value in 2014. The decline in value is determined by management to be temporary, and unrealized losses have not been reclassified to realized losses as of September 30, 2013 and 2012.

Description of Securities	September 30, 2013					
	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
US Government and government agency obligations	\$ 694,087	\$ 55,929	\$ -0-	\$ -0-	\$ 694,087	\$ 55,929
Common stocks	855,440	27,196	5,002,766	824,514	5,858,206	851,710
Mutual funds	65,761,106	1,823,587	3,167,881	385,522	68,928,987	2,209,109
Corporate bonds	602,146	23,958	595,078	40,208	1,197,224	64,166
Mortgage backed securities	442,987	6,025	190,834	14,505	633,821	20,530
Total temporarily impaired securities	<u>\$ 68,355,766</u>	<u>\$ 1,936,695</u>	<u>\$ 8,956,559</u>	<u>\$ 1,264,749</u>	<u>\$ 77,312,325</u>	<u>\$ 3,201,444</u>

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Description of Securities	September 30, 2012					
	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
US Government and government agency obligations	\$ 1,725,604	\$ 3,053	\$ -0-	\$ -0-	\$ 1,725,604	\$ 3,053
Common stocks	1,069,138	55,171	6,252,512	1,672,637	7,321,650	1,727,808
Preferred stocks	112,806	712	-0-	-0-	112,806	712
Mutual funds	-0-	-0-	3,264,368	445,497	3,264,368	445,497
Corporate bonds	1,401,616	22,597	1,385,162	37,924	2,786,778	60,521
Mortgage backed securities	784,727	6,121	338,052	14,735	1,122,779	20,856
Total temporarily impaired securities	<u>\$ 5,093,891</u>	<u>\$ 87,654</u>	<u>\$ 11,240,094</u>	<u>\$ 2,170,793</u>	<u>\$ 16,333,985</u>	<u>\$ 2,258,447</u>

4. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the System has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of September 30, 2013 and 2012.

- *Common and preferred stocks* Valued based on the closing price reported on the active market on which the individual securities are traded.
- *Mutual funds* Valued based on quoted net asset values (NAV) of the shares held by the System at year-end. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities and then divided by the number of shares outstanding. The NAV is quoted in an active market.
- *US Government and government agency obligations* Valued based on the closing price reported on the active market on which the securities are traded.
- *Corporate bonds and mortgage backed securities* Valued using pricing models maximizing the use of observable inputs for similar securities.
- *Private equity investments* Valued at the NAV of units of the fund. The NAV, as provided by the investment manager, is used as a practical expedient to estimate fair value. The private equity investments consist of investments in a variety of domestic and foreign equity and debt securities, managed accounts and other investment vehicles that employ diversified styles and strategies. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. Due to the nature of the investments held by the fund, changes in market conditions and the economic environment may significantly impact the NAV of the fund and, consequently, the fair value of the System's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported NAV. It is therefore reasonably possible that if the System were to sell these investments in the secondary market, a buyer may require a discount to the reported NAV, and the discount could be significant.
- *Derivative (Interest rate swap agreement)* Valued using pricing models that are derived principally from observable market data based on discounted cash flows and interest rate yield curves at quoted intervals for the full term of the swap. See the note disclosure "Derivatives Financial Instruments – Interest Rate Swaps" for additional information related to derivatives.

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Assets and liabilities measured at fair value on a recurring basis as of September 30, 2013 and 2012 are as follows

	September 30, 2013			
	Total	Level 1	Level 2	Level 3
Assets				
Investments limited as to use				
Common stock				
Consumer	\$ 11,842,798	\$ 11,842,798	\$ -0-	\$ -0-
Financial services	5,810,740	5,810,740	-0-	-0-
Industrial and materials	11,721,325	11,721,325	-0-	-0-
Technology	7,613,140	7,613,140	-0-	-0-
Healthcare	4,479,982	4,479,982	-0-	-0-
Other	5,732,902	5,732,902	-0-	-0-
Total common stock	47,200,887	47,200,887	-0-	-0-
Mutual funds				
Intermediate term bond	124,089,597	124,089,597	-0-	-0-
International equity	24,600,641	24,600,641	-0-	-0-
Large cap	43,599,458	43,599,458	-0-	-0-
Mid cap	503,063	503,063	-0-	-0-
Other	1,069,416	1,069,416	-0-	-0-
Total mutual funds	193,862,175	193,862,175	-0-	-0-
US Government and government agency obligations	21,891,662	21,891,662	-0-	-0-
Corporate bonds				
Consumer	11,870,475	-0-	11,870,475	-0-
Financial services	15,700,658	-0-	15,700,658	-0-
Industrial and materials	13,937,654	-0-	13,937,654	-0-
International	5,005,484	-0-	5,005,484	-0-
Other	8,960,388	-0-	8,960,388	-0-
Total corporate bonds	55,474,659	-0-	55,474,659	-0-
Mortgage backed securities	17,716,358	-0-	17,716,358	-0-
Private equity	8,458,162	-0-	8,458,162	-0-
	344,603,903	\$ 262,954,724	\$ 81,649,179	\$ -0-
Cash and cash equivalents	8,884,951			
Accrued interest and other	1,349,835			
	<u>\$ 354,838,689</u>			
Liabilities				
Derivative	\$ 241,604	\$ -0-	\$ 241,604	\$ -0-

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

	September 30, 2012			
	Total	Level 1	Level 2	Level 3
Assets				
Investments limited as to use				
Common stock				
Consumer	\$ 9,935,385	\$ 9,935,385	\$ -0-	\$ -0-
Financial services	4,242,989	4,242,989	-0-	-0-
Industrial and materials	9,109,406	9,109,406	-0-	-0-
Technology	6,406,306	6,406,306	-0-	-0-
Healthcare	3,278,723	3,278,723	-0-	-0-
Other	3,905,686	3,905,686	-0-	-0-
Total common stock	36,878,495	36,878,495	-0-	-0-
Preferred stock				
Financial	420,747	420,747	-0-	-0-
Other	86,968	86,968	-0-	-0-
Total preferred stock	507,715	507,715	-0-	-0-
Mutual funds				
Intermediate term bond	99,949,527	99,949,527	-0-	-0-
International equity	16,820,866	16,820,866	-0-	-0-
Large cap	34,588,657	34,588,657	-0-	-0-
Small cap	1,233,567	1,233,567	-0-	-0-
Other	1,435,702	1,435,702	-0-	-0-
Total mutual funds	154,028,319	154,028,319	-0-	-0-
US Government and government agency obligations	21,758,526	21,758,526	-0-	-0-
Corporate bonds				
Consumer	4,111,625	-0-	4,111,625	-0-
Financial services	13,429,903		13,429,903	
Industrial and materials	3,929,351	-0-	3,929,351	-0-
International	3,549,521	-0-	3,549,521	-0-
Other	5,004,487	-0-	5,004,487	-0-
Total corporate bonds	30,024,887	-0-	30,024,887	-0-
Mortgage backed securities	10,396,295	-0-	10,396,295	-0-
Private equity	6,777,561	-0-	6,777,561	-0-
	260,371,798	\$ 213,173,055	\$ 47,198,743	\$ -0-
Cash and cash equivalents	8,875,501			
Accrued interest and other	1,377,288			
	<u>\$ 270,624,587</u>			

The following table summarizes the private equity investments measured at fair value based on NAV per share as of September 30, 2013 and 2012

September 30, 2013				
Investment	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity	<u>\$ 8,458,162</u>	None	Monthly	45 days

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

September 30, 2012				
Investment	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity	<u>\$ 6,777,561</u>	None	Monthly	45 days

The System's policy is to recognize transfers between levels as of the end of the reporting period. There were no transfers during 2013 and 2012.

Realized gain and loss are reported in the consolidated statements of operations as a component of investment income. Net realized gains of approximately \$913,000 and \$309,000 were recorded during 2013 and 2012, respectively.

The market value of investments exceeded the cost by approximately \$25,222,000 and \$17,433,000 as of September 30, 2013 and 2012, respectively. The unrealized gain or loss is included in earnings for the period attributable to the change in unrealized gain or loss relating to assets held as of September 30, 2013 and 2012 and is reported in the consolidated statements of operations as net unrealized gain or loss on investments. During 2013 and 2012, the System recognized an unrealized gain of approximately \$7,789,000 and \$20,241,000, respectively.

The System holds investments which are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying consolidated financial statements.

The following methods and assumptions were used by the System in estimating the fair value of its financial instruments:

Cash and cash equivalents, accounts payable, other current liabilities, salaries, wages and related liabilities and estimated third-party settlements The carrying amount reported in the consolidated balance sheets for cash and cash equivalents, accounts payable, other current liabilities, salaries, wages and related liabilities and estimated third-party settlements approximate fair value based on short term maturity.

Long-term debt Fair value of the System's fixed rate revenue bonds is based on current transacted value. The fair value of the System's remaining long-term debt approximates carrying value based upon the underlying nature of the related debt.

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

5. LONG-TERM DEBT

The following is a summary of long-term debt as of September 30, 2013 and 2012

	2013	2012
Hospital Revenue Bonds, Series 2009A		
Term bonds, payable annually from March 2036 through March 2039 in amounts ranging from \$9,890,000 to \$12,110,000 with interest, fixed rate 6 75%	\$ 43,900,000	\$ 57,340,000
Hospital Revenue Bonds, Series 2011A		
Term bonds, payable from March 2012 through March 2029 in amounts ranging from \$770,000 to \$1,630,000 with interest, rates ranging from 2 50% to 6 00%	18,475,000	19,305,000
Hospital Revenue Bonds, Series 2012A		
Term bonds, payable from March 2013 through March 2015 in amounts ranging from \$1,615,000 to \$3,370,000 with interest, fixed rate 1 58%	4,985,000	8,265,000
Hospital Revenue Bonds, Series 2012B		
Term bonds, payable from January 2013 through January 2022 in amounts ranging from \$880,000 to \$1,755,000 with interest, fixed rate 2 30%	12,125,000	-0-
Hospital Revenue Bonds, Series 2012C		
Term bonds, payable from January 2013 through January 2019 in amounts ranging from \$1,100,000 to \$1,625,000 with interest, fixed rate 2 28%	8,200,000	-0-
Hospital Revenue Bonds, Series 2013A		
Term bonds, payable from March 2016 through March 2035 in amounts ranging from \$470,000 to \$8,070,000 with interest, fixed rates ranging from 3 00% to 5 00%	67,005,000	-0-
Hospital Revenue Bonds, Series 2013B		
Term bonds, payable from March 2014 through March 2029 in amounts ranging from \$1,000,000 to \$1,735,000 with interest, variable based on 70% of BBA LIBOR rate, 1 28% as of September 30, 2013	21,440,000	-0-
Hospital Revenue Bonds, Series 2013C		
Term bonds, payable from March 2016 through March 2039 in amounts ranging from \$250,000 to \$2,840,000 with interest, variable based on 67% of BBA LIBOR rate plus 90 basis points, 1 02% as of September 30, 2013	40,180,000	-0-

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

	2013	2012
Hospital Revenue Bonds, Series 1992 Serial bonds, Series 1999B Serial bonds, Series 2004A Term bonds, Series 2004B Serial bonds, Series 2009B Serial bonds all refinanced during 2013	\$ -0-	139,155,000
Original issue premiums (discounts), net	3,033,405	(985,211)
Capital lease obligations, payable in installments ranging from \$22,000 to \$343,000 annually with interest ranging from 3 25% to 6 50%, expiring through January 2016, secured by equipment	2,062,654	4,782,061
Notes payable, due in monthly installments through September 2015, interest ranging from 4 85% to 8 00%, secured by equipment	1,897,455	1,489,761
	223,303,514	229,351,611
Less current portion	9,133,566	10,488,544
Long-term debt, net of current portion	<u>\$ 214,169,948</u>	<u>\$ 218,863,067</u>

During 2013, the System refinanced the Series 1992, Series 1999B, Series 2004A, Series 2004B and Series 2009B bonds and partially refinanced the Series 2009A bonds with the Series 2012B, Series 2012C and Series 2013A, 2013B and 2013C bonds which resulted in a loss of approximately \$6,181,000 which is recorded in nonoperating revenues (expenses) on the consolidated statements of operations

During 2012, the System refinanced the Series 1999A bonds with the Series 2011A bonds. Also in 2012, the Series 1993 bonds were refinanced with the Series 2012A bonds. These 2012 refinancings resulted in a loss of approximately \$95,000 which is recorded in nonoperating revenues (expenses) on the consolidated statements of operations

The Hospital Revenue Bonds were issued through the Indiana Finance Authority (Authority). During 2013 and 2012, the System, the Authority and Fifth Third Bank entered into Bond Purchase Contracts (Contracts) whereby Fifth Third purchased from the Authority all of the Series 2012A, 2012B, 2012C and 2013B bonds in a private placement. During 2013, the Series 2013C bonds were purchased from the Authority by Bank of America in a private placement.

Under the terms of the Contracts, Fifth Third and Bank of America agree to hold the Series 2012A, 2012B and 2012C bonds through the stated bond maturity dates. The Contracts for the Series 2013B and 2013C bonds are for 10 years through 2023. At the end of the Contract periods for the Series 2013B and 2013C bonds, these bonds could be remarketed to the original holders or to new investors at interest rate options as provided in the bond documents. If the Series 2013B and 2013C bonds cannot be remarketed at the end of the Contract periods, the System would be subject to payment of the remaining principal.

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

During 2013, the System entered into an interest rate swap agreement with Fifth Third on the Series 2013B bonds. See the note disclosure "Derivatives Financial Instruments – Interest Rate Swaps" for additional information.

All of the Series bonds are secured by a security interest in the System's revenue. The System covenants that it will not permit any lien or security interest on the System facility other than certain permitted encumbrances. In addition, the various agreements require maintenance of certain debt service income ratios, limit additional borrowings, and require compliance with various other restrictive covenants.

The fair value of the fixed rate Hospital Revenue Bonds (Series 2009A, 2011A, 2012A, 2012B, 2012C and 2013A) approximated \$156,898,000 (carrying value of \$154,690,000) as of September 30, 2013. The fair value of the fixed rate obligations is estimated using discounted cash flow analyses, based on the Hospital's current incremental borrowing rates for similar types of borrowing arrangements. The fair value of variable rate debt (Series 2013B and 2013C) approximates its carrying value based on the underlying nature of the related debt.

The asset cost on the capital leased assets as of September 30, 2013 and 2012 was approximately \$15,675,000. The accumulated amortization on the capital leased assets as of September 30, 2013 and 2012 was approximately \$11,646,000 and \$8,327,000, respectively.

The net book value of the equipment securing the notes payable was approximately \$1,897,000 and \$1,490,000 as of September 30, 2013 and 2012, respectively.

As of September 30, 2013, the System had outstanding construction commitments of approximately \$820,000.

Aggregate maturities of long-term debt are as follows:

Year Ending September 30,	
2014	\$ 9,133,566
2015	7,080,607
2016	5,473,577
2017	5,479,744
2018	5,645,153
Thereafter	190,490,867
	<u>\$ 223,303,514</u>

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

6. DERIVATIVE FINANCIAL INSTRUMENTS – INTEREST RATE SWAPS

Objectives and Strategies for Using Derivatives

The System makes limited use of derivative financial instruments for the purpose of managing interest rate risk. In particular, forward interest rate swaps (which are designated as cash flow hedges) are used to manage the risk associated with interest rates on variable-rate borrowings and to lower its overall borrowing costs.

As of September 30, 2013, the System had outstanding an interest rate swap agreement with Fifth Third, having a notional amount of \$21,440,000. The agreement effectively changes the System's interest rate exposure on its Series 2013B bonds through March 2029 to a fixed 2.78%. The interest rate swap agreement matures at the time the related long-term debt matures. The System is exposed to credit loss in the event of nonperformance by the other parties to the interest rate swap agreement. However, the System does not anticipate nonperformance by the counterparties.

The derivative is not designated as a hedging instrument, and is marked-to-market on the consolidated balance sheet at fair value. The related gains and losses are included in excess revenues over expenses, the performance indicator, for the reporting period. Cash flows from interest rate swap contracts are classified as an operating activity on the consolidated statement of cash flows.

The asset derivatives are reported in the consolidated balance sheets as other assets and liability derivatives are reported as derivative liabilities in the other long-term liabilities. As of September 30, 2013 and 2012, the fair values of derivatives recorded in the consolidated balance sheets are as follows:

	<u>2013</u>	<u>2012</u>
Other long-term liabilities		
Derivative liability	\$ 241,604	\$ -0-

During 2013 and 2012, the amount of gain or loss recognized in the consolidated statements of operations and reported as a component of investment income under nonoperating revenues (expenses) is as follows:

	<u>2013</u>	<u>2012</u>
Nonoperating revenues (expenses)		
Investment income		
Unrealized loss on derivative	\$ (241,604)	\$ -0-

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

7. PENSION PLANS

The System offers a noncontributory defined benefit pension plan covering eligible employees. Benefits are based on each participant's years of service and compensation. Contributions to the plan are based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants. During 2012, the defined benefit pension plan was closed to new participants. Additionally, changes were made to benefit accruals for certain participants. Participants should refer to the plan document for more complete information.

The following table sets forth the funded status of the defined benefit plan and amounts recognized in the financial statements as of and for the years ended September 30, 2013 and 2012.

	2013	2012
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 239,926,176	\$ 190,785,744
Service cost	6,516,848	5,395,127
Interest cost	9,717,358	9,827,839
Benefits paid	(4,682,057)	(4,342,253)
Actuarial (gain) loss	(20,497,368)	38,259,719
Benefit obligation, end of year	<u>\$ 230,980,957</u>	<u>\$ 239,926,176</u>
Changes in plan assets		
Fair value of plan assets, beginning of year	\$ 155,437,444	\$ 126,825,040
Actual return on plan assets	17,981,000	24,950,657
Employer contributions	8,004,000	8,004,000
Benefits paid	(4,682,057)	(4,342,253)
Fair value of plan assets, end of year	<u>\$ 176,740,387</u>	<u>\$ 155,437,444</u>
Funded status		
Funded status of the plan, end of year	<u>\$ (54,240,570)</u>	<u>\$ (84,488,732)</u>
Amounts recognized in the consolidated balance sheets consist of		
Other long-term liabilities	<u>\$ (54,240,570)</u>	<u>\$ (84,488,732)</u>

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Other pension disclosures for 2013 and 2012 include

	<u>2013</u>	<u>2012</u>
Amounts not yet reflected in net periodic benefit cost and included in other changes in unrestricted net assets		
Prior service cost	\$ (5,784)	\$ (10,006)
Accumulated loss	(58,743,359)	(90,624,030)
Other changes in unrestricted net assets	(58,749,143)	(90,634,036)
Cumulative employer contributions in excess of net periodic pension cost	4,508,573	6,145,304
Net amount recognized in the consolidated balance sheets	<u>\$ (54,240,570)</u>	<u>\$ (84,488,732)</u>
Components of net periodic benefit cost		
Service cost	\$ 6,516,848	\$ 5,395,127
Interest cost	9,717,358	9,827,839
Expected return on plan assets	(12,883,679)	(11,519,349)
Amortization of prior year service cost	4,222	8,105
Amortization of loss	6,285,982	4,235,926
Curtailment loss recognized	-0-	48,450
Net periodic benefit cost	<u>\$ 9,640,731</u>	<u>\$ 7,996,098</u>
Other changes in unrestricted net assets		
Net loss (gain) arising during year	\$ (25,594,686)	\$ 24,828,411
Amortization of prior service cost	(4,222)	(56,555)
Amortization of loss	(6,285,982)	(4,235,926)
Total other changes in unrestricted net assets	<u>\$ (31,884,890)</u>	<u>\$ 20,535,930</u>
Estimated amounts that will be amortized from other changes in unrestricted net assets over the next fiscal year		
Amortization of prior service (cost) credit	\$ (4,222)	
Amortization of loss	\$ (6,285,982)	
Weighted-average actuarial assumptions to determine benefit obligations of September 30		
Discount rate	4 65%	4 10%
Rate of compensation increase	3 50%	3 50%
Measurement date	9/30/13	9/30/12

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

	2013	2012
Weighted-average actuarial assumptions to determine net periodic pension cost as of September 30		
Discount rate	4 10%	5 40%
Expected long-term rate of return	8 25%	8 50%
Rate of compensation increase	3 50%	3 50%
Additional year end information		
Projected benefit obligation	\$ 230,980,957	\$ 239,926,176
Accumulated benefit obligation	\$ 214,810,674	\$ 221,536,482
Fair value of plan assets	\$ 176,740,387	\$ 155,437,444

The following is a schedule by year of expected benefit payments as of September 30, 2013

Year Ending September 30,	
2014	\$ 6,410,549
2015	7,140,113
2016	7,814,409
2017	8,641,312
2018	9,643,068
2019-2023	63,718,482
	<u>\$ 103,367,933</u>

Determination of net periodic pension cost for the years ended September 30, 2013 and 2012 is based on assumptions and census data as of January 1, 2013 and 2012, respectively

The principal long-term determinant of a portfolio's investment return is its asset allocation. The plan allocation includes growth assets (60%) and fixed income (40%). In addition, active management strategies have added value relative to passive benchmark returns. The expected long-term rate of return assumption is based on the mix of assets in the plan, the long-term earnings expected to be associated with each asset class, and the additional return expected through active management. This assumption is periodically benchmarked against peer plans.

The amortization of any prior service cost is determined using a straight-line amortization of the cost over the average remaining service period of employees expected to receive benefits under the plan.

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

The plan's weighted-average, asset allocations as of September 30, 2013 and 2012, by asset category, are as follows

	<u>2013</u>	<u>2012</u>
Equity		
Mutual funds	37%	34%
Common/collective trusts	19%	17%
Common stocks	<u>4%</u>	<u>4%</u>
Total equity	<u>60%</u>	<u>55%</u>
Fixed income		
Mutual funds	28%	32%
Common/collective trusts	<u>8%</u>	<u>9%</u>
Total fixed income	<u>36%</u>	<u>41%</u>
Private equity	<u>4%</u>	<u>4%</u>
	<u>100%</u>	<u>100%</u>

The allocation strategy for the plan currently comprises approximately 50% to 70% growth investments (target of 60%) and 30% to 50% fixed-income investments (target of 40%). Within the growth investment classification, the plan asset strategy encompasses equity and equity-like instruments that are expected to represent approximately 60% of the System's plan asset portfolio of both public and private market investments. The largest component of these equity and equity-like instruments is public equity securities that are well diversified and invested in U S and international companies.

Fair value of mutual funds and marketable equity securities are based on the quoted prices in active markets. Common/collective trusts are valued at the net asset value on a private market that is not active. However, the underlying investments are traded on an active market. The fair value of the private equity funds is valued at the percentage ownership of the net asset value as reported to the plan by the individual managers.

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

The following is an analysis of fair value of the major classes of plan assets of September 30, 2013 and 2012

	2013	2012
Level 1		
Mutual funds		
Intermediate bond	\$ 48,608,483	\$ 48,159,718
Large blend	55,641,005	34,384,374
Foreign	9,049,723	18,292,164
Total mutual funds	113,299,211	100,836,256
Common stocks		
Financial services	1,946,556	1,199,403
Industrial and materials	1,653,088	1,919,907
Other	3,599,567	2,564,466
Total common stocks	7,199,211	5,683,776
Total Level 1	120,498,422	106,520,032
Level 2		
Common/collective trusts	46,970,272	39,649,817
Private equity	7,879,222	6,247,198
Total Level 2	54,849,494	45,897,015
	175,347,916	152,417,047
Cash equivalents	1,392,471	3,020,397
	<u>\$ 176,740,387</u>	<u>\$ 155,437,444</u>

The System expects to contribute in excess of the required funding amounts to its pension plan in 2014, currently approximating \$8,000,000

The System also offers a 401k plan to eligible employees. During 2012, the System changed the 401k plan to enhance employer contributions for discretionary and matching amounts. Total expense for the System's contributions for eligible employees for 2013 and 2012 was approximately \$7,751,000 and \$6,667,000, respectively.

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

8. RELATED PARTY TRANSACTIONS

The Hospital is a joint-owner of The Women's Hospital. The Hospital owns the building in which The Women's Hospital is located and leases the space to The Women's Hospital currently at approximately \$230,000 per month with an option to increase that amount annually through 2031. The Hospital provides ancillary services (lab, radiology) for The Women's Hospital. Ancillary services provided were approximately \$2,015,000 and \$2,241,000 in 2013 and 2012, respectively. The Hospital also has notes receivable due from The Women's Hospital for equipment. The balance of the notes receivable was approximately \$89,000 and \$152,000 as of September 30, 2013 and 2012, respectively.

The Hospital is a joint owner of Evansville Surgery Center Associates, LLC (Surgery Center). The Hospital recorded contract service expense related to the Surgery Center of approximately \$29,488,000 in 2013 and \$28,922,000 in 2012. As of September 30, 2013 and 2012, the Hospital had a liability to the Surgery Center of approximately \$3,380,000 and \$3,091,000, respectively.

The Hospital is a joint-owner of HealthSouth Deaconess Rehabilitation Hospital. The Hospital provides ancillary services (lab, radiology) to HealthSouth Deaconess Rehabilitation Hospital. Ancillary services provided were approximately \$747,000 and \$684,000 in 2013 and 2012, respectively.

9. COMMITMENTS AND CONTINGENCIES

Operating leases

The System leases various equipment and facilities under operating leases expiring at various dates through 2023. Total lease expense for 2013 and 2012 was approximately \$11,632,000 and \$11,506,000, respectively. The following are the minimum lease payments for the years after September 30, 2013.

Year Ending September 30,	
2014	\$ 12,530,000
2015	11,542,000
2016	8,853,000
2017	7,585,000
2018	6,221,000
Thereafter	19,788,000
	<u>\$ 66,519,000</u>

DEACONESS HEALTH SYSTEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Litigation

The System is involved in litigation and regulatory matters arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the System's future financial position, results from operations or cash flows.

Health Insurance

The System's employee health care insurance is provided through a combination of insured, self-insured and purchased re-insurance coverage from a commercial carrier. The System maintains an estimated liability for the amount of claims incurred but not reported. Substantially all employees are covered for major medical benefits. The self-insured health coverage carries a stop-loss maximum of \$300,000 per case with no aggregate limit.

SUPPLEMENTARY INFORMATION

DEACONESS HEALTH SYSTEM

CONSOLIDATING BALANCE SHEETS SEPTEMBER 30, 2013

	Consolidated Deaconess Health System	Eliminations	Deaconess Health System Obligated Group	Deaconess Clinic, Inc	Progressive Health of Indiana, LLC	The Heart Hospital At Deaconess Gateway, LLC	Tri-State Radiation Oncology, LLC	Deaconess Health Plans, LLC	Deaconess Care Integration, LLC	Regional Emergency Department Staffing, LLC
Assets										
Current assets										
Cash and cash equivalents	\$ 52,866,996	\$ -0-	\$ 44,904,015	\$ -0-	\$ 853,117	\$ 2,710,951	\$ 1,762,983	\$ 2,035,930	\$ -0-	\$ 600,000
Funds held by trustee, current portion	4,351,163	-0-	4,351,163	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Patient accounts receivable, net	91,926,203	-0-	77,039,261	7,333,226	102,878	6,725,421	701,624	-0-	-0-	23,793
Inventories	6,390,227	-0-	5,518,992	-0-	3,540	867,695	-0-	-0-	-0-	-0-
Prepaid expenses and other current assets	13,611,494	(1,564,847)	11,762,045	1,881,587	1,264,216	68,619	59,249	-0-	57,375	83,250
Total current assets	169,146,083	(1,564,847)	143,575,476	9,214,813	2,223,751	10,372,686	2,523,856	2,035,930	57,375	707,043
Investments limited as to use, less current portion										
Board designated funds	338,628,898	-0-	338,628,898	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Board designated funds - Foundation	6,227,279	-0-	6,227,279	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Donor restricted - Foundation	5,631,349	-0-	5,631,349	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total investments limited as to use	350,487,526	-0-	350,487,526	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Property and equipment										
Land and improvements	18,499,820	-0-	18,499,820	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Buildings and improvements	512,219,948	-0-	511,570,647	-0-	8,046	-0-	641,255	-0-	-0-	-0-
Furniture, fixtures and equipment	268,889,761	-0-	249,123,074	8,597,097	89,491	7,811,169	3,006,528	204,402	58,000	-0-
	799,609,529	-0-	779,193,541	8,597,097	97,537	7,811,169	3,647,783	204,402	58,000	-0-
Less allowances for depreciation	466,548,646	-0-	456,320,259	4,902,034	72,823	3,391,399	1,659,429	194,902	7,800	-0-
	333,060,883	-0-	322,873,282	3,695,063	24,714	4,419,770	1,988,354	9,500	50,200	-0-
Construction in progress	5,059,421	-0-	4,690,150	216,902	-0-	152,369	-0-	-0-	-0-	-0-
Total property and equipment, net	338,120,304	-0-	327,563,432	3,911,965	24,714	4,572,139	1,988,354	9,500	50,200	-0-
Other assets										
Deferred financing costs	1,339,386	-0-	1,339,386	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Investments in joint ventures	22,824,794	(15,763,492)	38,490,468	97,818	-0-	-0-	-0-	-0-	-0-	-0-
Goodwill	22,217,481	-0-	15,522,010	36,656	-0-	6,658,815	-0-	-0-	-0-	-0-
Other	13,099,377	-0-	13,071,940	12,204	14,333	-0-	900	-0-	-0-	-0-
Total other assets	59,481,038	(15,763,492)	68,423,804	146,678	14,333	6,658,815	900	-0-	-0-	-0-
Total assets	\$ 917,234,951	\$ (17,328,339)	\$ 890,050,238	\$ 13,273,456	\$ 2,262,798	\$ 21,603,640	\$ 4,513,110	\$ 2,045,430	\$ 107,575	\$ 707,043

See report of independent auditors on pages 1 and 2

DEACONESS HEALTH SYSTEM

CONSOLIDATING BALANCE SHEETS SEPTEMBER 30, 2013

	Consolidated Deaconess Health System	Eliminations	Deaconess Health System Obligated Group	Deaconess Clinic, Inc	Progressive Health of Indiana, LLC	The Heart Hospital At Deaconess Gateway, LLC	Tri-State Radiation Oncology, LLC	Deaconess Health Plans, LLC	Deaconess Care Integration, LLC	Regional Emergency Department Staffing, LLC
Liabilities and net assets										
Current liabilities										
Accounts payable and other current liabilities	\$ 31,702,536	\$ (1,564,847)	\$ 26,993,895	\$ 1,398,499	\$ 166,594	\$ 3,748,930	\$ 711,424	\$ 32,282	\$ 94,078	\$ 121,681
Salaries, wages and related liabilities	42,681,091	-0-	33,861,352	8,114,862	533,952	-0-	170,925	-0-	-0-	-0-
Estimated third-party payor settlements	8,406,371	-0-	6,224,177	-0-	-0-	2,182,194	-0-	-0-	-0-	-0-
Accrued interest	659,528	-0-	657,615	-0-	-0-	1,913	-0-	-0-	-0-	-0-
Current portion of long-term debt	9,133,566	-0-	7,934,609	-0-	-0-	229,291	969,666	-0-	-0-	-0-
Total current liabilities	92,583,092	(1,564,847)	75,671,648	9,513,361	700,546	6,162,328	1,852,015	32,282	94,078	121,681
Long-term liabilities										
Long-term debt, less current portion	214,169,948	-0-	213,223,278	-0-	-0-	862,541	84,129	-0-	-0-	-0-
Other long-term liabilities	61,176,553	-0-	61,125,664	-0-	-0-	-0-	50,889	-0-	-0-	-0-
Total long-term liabilities	275,346,501	-0-	274,348,942	-0-	-0-	862,541	135,018	-0-	-0-	-0-
Total liabilities	367,929,593	(1,564,847)	350,020,590	9,513,361	700,546	7,024,869	1,987,033	32,282	94,078	121,681
Net assets										
Unrestricted	534,398,299	(25,039,202)	534,398,299	3,760,095	1,562,252	14,578,771	2,526,077	2,013,148	13,497	585,362
Temporarily restricted	3,782,581	-0-	3,782,581	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Permanently restricted	1,848,768	-0-	1,848,768	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Net assets - controlling interest	540,029,648	(25,039,202)	540,029,648	3,760,095	1,562,252	14,578,771	2,526,077	2,013,148	13,497	585,362
Non-controlling interest	9,275,710	9,275,710	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total net assets	549,305,358	(15,763,492)	540,029,648	3,760,095	1,562,252	14,578,771	2,526,077	2,013,148	13,497	585,362
Total liabilities and net assets	\$ 917,234,951	\$ (17,328,339)	\$ 890,050,238	\$ 13,273,456	\$ 2,262,798	\$ 21,603,640	\$ 4,513,110	\$ 2,045,430	\$ 107,575	\$ 707,043

See report of independent auditors on pages 1 and 2

DEACONESS HEALTH SYSTEM

CONSOLIDATING STATEMENTS OF OPERATIONS YEAR ENDED SEPTEMBER 30, 2013

	Consolidated Deaconess Health System	Eliminations	Deaconess Health System Obligated Group	Deaconess Clinic Inc	Progressive Health of Indiana LLC	The Heart Hospital At Deaconess Gateway LLC	Tn-State Radiation Oncology LLC	Deaconess Health Plans LLC	Deaconess Care Integration LLC	Regional Etiopa LLC Etiopa LLC
Unrestricted revenue and other support										
Net patient service revenue	\$ 698,254,409	\$ -0-	\$ 582,981,238	\$ 57,665,542	\$ 960,564	\$ 49,455,253	\$ 7,168,019	\$ -0-	\$ -0-	\$ 23,793
Less provision for bad debts	40,449,714	-0-	38,264,096	1,064,642	844	1,076,889	43,243	-0-	-0-	-0-
Net patient service revenue net of provision for bad debts	657,804,695	-0-	544,717,142	56,600,900	959,720	48,378,364	7,124,776	-0-	-0-	23,793
Other revenue	37,754,865	(5,585,901)	22,989,071	4,061,160	13,981,699	1,061,141	-0-	1,161,685	2,760	83,250
Total unrestricted revenue and other support	695,559,560	(5,585,901)	567,706,213	60,662,060	14,941,419	49,439,505	7,124,776	1,161,685	2,760	107,043
Expenses										
Salaries and wages	260,654,326	-0-	202,885,317	48,805,223	7,155,711	-0-	1,359,801	448,274	-0-	-0-
Employee benefits	76,684,011	-0-	66,377,788	8,845,717	1,132,234	-0-	178,708	149,564	-0-	-0-
Supplies	115,003,737	-0-	94,525,891	5,702,297	61,402	14,577,272	106,678	26,444	3,753	-0-
Contract services	67,198,801	(13,979,849)	53,107,534	7,115,511	1,483,926	18,154,773	771,994	39,116	384,115	121,681
Repairs and maintenance	20,335,459	-0-	19,494,887	461,776	6,491	365,685	-0-	-0-	6,620	-0-
Depreciation	44,914,865	-0-	42,476,041	1,202,349	12,283	612,481	603,098	813	7,800	-0-
Interest	8,722,770	-0-	8,603,870	-0-	-0-	1,913	116,987	-0-	-0-	-0-
Utilities	12,663,308	-0-	10,655,692	1,616,658	42,842	277,812	57,075	12,509	720	-0-
Other	41,023,216	(2,054,132)	30,337,996	6,979,629	520,075	3,874,155	1,112,482	137,043	115,968	-0-
Total expenses	647,200,493	(16,033,981)	528,465,016	80,729,160	10,414,964	37,864,091	4,306,823	813,763	518,976	121,681
Income (loss) from operations	48,359,067	10,448,080	39,241,197	(20,067,100)	4,526,455	11,575,414	2,817,953	347,922	(516,216)	(14,638)
Nonoperating revenues (expenses)										
Investment income	10,653,357	-0-	10,480,803	168,509	-0-	2,568	-0-	1,477	-0-	-0-
Contributions, gifts, and bequests	811,361	-0-	811,361	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Grants	(1,604,543)	-0-	(1,604,543)	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Loss on bond defeasance	(6,180,741)	-0-	(6,180,741)	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total nonoperating revenues (expenses)	3,679,434	-0-	3,506,880	168,509	-0-	2,568	-0-	1,477	-0-	-0-
Excess revenues over (under) expenses	52,038,501	10,448,080	42,748,077	(19,898,591)	4,526,455	11,577,982	2,817,953	349,399	(516,216)	(14,638)
Other changes in unrestricted net assets										
Net unrealized gain on investments	7,694,976	-0-	7,694,976	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Pension related changes other than net periodic pension cost	31,884,890	-0-	31,884,890	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Net assets released from restriction	324,309	-0-	324,309	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Capital contributions	-0-	(21,772,413)	-0-	20,613,264	-0-	-0-	-0-	-0-	559,149	600,000
Distributions	(8,750,992)	9,502,628	-0-	-0-	(4,419,140)	(10,931,171)	(2,460,000)	(443,309)	-0-	-0-
Change in unrestricted net assets	83,191,684	(1,821,705)	82,652,252	714,673	107,315	646,811	357,953	(93,910)	42,933	585,362
Temporarily restricted net assets										
Contributions, gifts, and bequests	664,129	-0-	664,129	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Net unrealized gain on investments	93,903	-0-	93,903	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Investment income	55,016	-0-	55,016	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Net assets released from restriction	(324,309)	-0-	(324,309)	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Change in temporarily restricted net assets	488,739	-0-	488,739	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Permanently restricted net assets										
Contributions, gifts, and bequests	85,722	-0-	85,722	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Change in net assets	<u>\$ 83,766,145</u>	<u>\$ (1,821,705)</u>	<u>\$ 83,226,713</u>	<u>\$ 714,673</u>	<u>\$ 107,315</u>	<u>\$ 646,811</u>	<u>\$ 357,953</u>	<u>\$ (93,910)</u>	<u>\$ 42,933</u>	<u>\$ 585,362</u>

See report of independent auditors on pages 1 and 2

DEACONESS HEALTH SYSTEM

CONSOLIDATING BALANCE SHEETS – DEACONESS HEALTH SYSTEM OBLIGATED GROUP SEPTEMBER 30, 2013

	Deaconess Health System Obligated Group	Eliminations	Deaconess Health System, Inc	Deaconess Hospital, Inc
Assets				
Current assets				
Cash and cash equivalents	\$ 44,904,015	\$ -0-	\$ 1,538,487	\$ 43,365,528
Funds held by trustee, current portion	4,351,163	-0-	-0-	4,351,163
Patient accounts receivable, net	77,039,261	-0-	-0-	77,039,261
Inventories	5,518,992	-0-	-0-	5,518,992
Prepaid expenses and other current assets	11,762,045	(154,726)	171,473	11,745,298
Total current assets	143,575,476	(154,726)	1,709,960	142,020,242
Investments limited as to use, less current portion				
Board designated funds	338,628,898	-0-	-0-	338,628,898
Board designated funds - Foundation	6,227,279	-0-	-0-	6,227,279
Donor restricted - Foundation	5,631,349	-0-	-0-	5,631,349
Total investments limited as to use	350,487,526	-0-	-0-	350,487,526
Property and equipment				
Land and improvements	18,499,820	-0-	3,460,502	15,039,318
Buildings and improvements	511,570,647	-0-	39,353,218	472,217,429
Furniture, fixtures and equipment	249,123,074	-0-	224,545	248,898,529
	779,193,541	-0-	43,038,265	736,155,276
Less allowances for depreciation	456,320,259	-0-	28,093,512	428,226,747
	322,873,282	-0-	14,944,753	307,928,529
Construction in progress	4,690,150	-0-	77,204	4,612,946
Total property and equipment, net	327,563,432	-0-	15,021,957	312,541,475
Other assets				
Deferred financing costs	1,339,386	-0-	-0-	1,339,386
Investments in joint ventures	38,490,468	-0-	3,773,590	34,716,878
Goodwill	15,522,010	-0-	-0-	15,522,010
Other	13,071,940	(73,229)	-0-	13,145,169
Total other assets	68,423,804	(73,229)	3,773,590	64,723,443
Total assets	\$ 890,050,238	\$ (227,955)	\$ 20,505,507	\$ 869,772,686

See report of independent auditors on pages 1 and 2

DEACONESS HEALTH SYSTEM

CONSOLIDATING BALANCE SHEETS – DEACONESS HEALTH SYSTEM OBLIGATED GROUP SEPTEMBER 30, 2013

	Deaconess Health System Obligated Group	Eliminations	Deaconess Health System, Inc	Deaconess Hospital, Inc
Liabilities and net assets				
Current liabilities				
Accounts payable and other current liabilities	\$ 26,993,895	\$ (154,726)	\$ 708,448	\$ 26,440,173
Salaries, wages and related liabilities	33,861,352	-0-	-0-	33,861,352
Estimated third-party payor settlements	6,224,177	-0-	-0-	6,224,177
Accrued interest	657,615	-0-	-0-	657,615
Current portion of long-term debt	7,934,609	-0-	-0-	7,934,609
Total current liabilities	75,671,648	(154,726)	708,448	75,117,926
Long-term liabilities				
Long-term debt, less current portion	213,223,278	-0-	-0-	213,223,278
Other long-term liabilities	61,125,664	-0-	-0-	61,125,664
Total long-term liabilities	274,348,942	-0-	-0-	274,348,942
Total liabilities	350,020,590	(154,726)	708,448	349,466,868
Net assets				
Unrestricted	534,398,299	(73,229)	19,797,059	514,674,469
Temporarily restricted	3,782,581	-0-	-0-	3,782,581
Permanently restricted	1,848,768	-0-	-0-	1,848,768
Net assets - controlling interest	540,029,648	(73,229)	19,797,059	520,305,818
Non-controlling interest	-0-	-0-	-0-	-0-
Total net assets	540,029,648	(73,229)	19,797,059	520,305,818
Total liabilities and net assets	\$ 890,050,238	\$ (227,955)	\$ 20,505,507	\$ 869,772,686

See report of independent auditors on pages 1 and 2

DEACONESS HEALTH SYSTEM

CONSOLIDATING STATEMENTS OF OPERATIONS – DEACONESS HEALTH SYSTEM OBLIGATED GROUP YEAR ENDED SEPTEMBER 30, 2013

	Deaconess Health System Obligated Group	Eliminations	Deaconess Health System, Inc	Deaconess Hospital, Inc
Unrestricted revenue and other support				
Net patient service revenue	\$ 582,981,238	\$ -0-	\$ -0-	\$ 582,981,238
Less provision for bad debts	38,264,096	-0-	-0-	38,264,096
Net patient service revenue net of provision for bad debts	544,717,142	-0-	-0-	544,717,142
Other revenue (expense)	22,989,071	(1,688,564)	(17,045,601)	41,723,236
Total unrestricted revenue and other support	567,706,213	(1,688,564)	(17,045,601)	586,440,378
Expenses				
Salaries and wages	202,885,317	-0-	-0-	202,885,317
Employee benefits	66,377,788	-0-	-0-	66,377,788
Supplies	94,525,891	-0-	9,407	94,516,484
Contract services	53,107,534	-0-	1,165,136	51,942,398
Repairs and maintenance	19,494,887	-0-	390,181	19,104,706
Depreciation	42,476,041	-0-	984,254	41,491,787
Interest	8,603,870	-0-	-0-	8,603,870
Utilities	10,655,692	-0-	588,321	10,067,371
Other	30,337,996	(1,688,564)	255,261	31,771,299
Total expenses	528,465,016	(1,688,564)	3,392,560	526,761,020
Income (loss) from operations	39,241,197	-0-	(20,438,161)	59,679,358
Nonoperating revenues (expenses)				
Investment income	10,480,803	-0-	3,231	10,477,572
Contributions, gifts, and bequests	811,361	-0-	-0-	811,361
Grants	(1,604,543)	-0-	-0-	(1,604,543)
Loss on bond defeasance	(6,180,741)	-0-	-0-	(6,180,741)
Total nonoperating revenues (expenses)	3,506,880	-0-	3,231	3,503,649
Excess revenues over (under) expenses	42,748,077	-0-	(20,434,930)	63,183,007
Other changes in unrestricted net assets				
Net unrealized gain on investments	7,694,976	-0-	-0-	7,694,976
Pension related changes other than net periodic pension cost	31,884,890	-0-	-0-	31,884,890
Net assets released from restriction	324,309	-0-	-0-	324,309
Transfers	-0-	-0-	20,613,264	(20,613,264)
Change in unrestricted net assets	82,652,252	-0-	178,334	82,473,918
Temporarily restricted net assets				
Contributions, gifts, and bequests	664,129	-0-	-0-	664,129
Net unrealized gain on investments	93,903	-0-	-0-	93,903
Investment income	55,016	-0-	-0-	55,016
Net assets released from restriction	(324,309)	-0-	-0-	(324,309)
Change in temporarily restricted net assets	488,739	-0-	-0-	488,739
Permanently restricted net assets				
Contributions, gifts, and bequests	85,722	-0-	-0-	85,722
Consolidated change in net assets	<u>\$ 83,226,713</u>	<u>\$ -0-</u>	<u>\$ 178,334</u>	<u>\$ 83,048,379</u>

See report of independent auditors on pages 1 and 2