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Form **990**

Department of the Treasury  
Internal Revenue Service

# Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

**2012**

Open to Public Inspection

**A** For the 2012 calendar year, or tax year beginning **APR 18, 2013** and ending **SEP 30, 2013**

<b>B</b> Check if applicable:  <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input checked="" type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input checked="" type="checkbox"/> Application pending	<b>C</b> Name of organization <b>UNIVERSITY HOSPITAL &amp; CLINICS, INC.</b> Doing Business As Number and street (or P.O. box if mail is not delivered to street address) Room/suite <b>2390 WEST CONGRESS</b> City, town, or post office, state, and ZIP code <b>LAFAYETTE, LA 70506</b> <b>F</b> Name and address of principal officer <b>BRIAN KIRK</b> <b>SAME AS C ABOVE</b>	<b>D</b> Employer identification number <b>46-2605366</b> <b>E</b> Telephone number <b>337-261-6013</b> <b>G</b> Gross receipts \$ <b>70,460,717.</b> <b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions) <b>H(c)</b> Group exemption number ▶
<b>I</b> 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		
<b>J</b> Website: ▶ <b>N/A</b>		
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶ <b>L</b> Year of formation: <b>2013</b> <b>M</b> State of legal domicile: <b>LA</b>		

## Part I Summary

<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities: <b>THE ORGANIZATION PROVIDES MEDICAL CARE TO IMPROVE, MAINTAIN, AND RESTORE THE HEALTH OF THE</b> <b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets. <b>3</b> Number of voting members of the governing body (Part VI, line 1a) <span style="float: right;">3 8</span> <b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) <span style="float: right;">4 6</span> <b>5</b> Total number of individuals employed in calendar year 2012 (Part V, line 2a) <span style="float: right;">5 0</span> <b>6</b> Total number of volunteers (estimate if necessary) <span style="float: right;">6 15</span> <b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12 <span style="float: right;">7a 4,367.</span> <b>b</b> Net unrelated business taxable income from Form 990-T, line 34 <span style="float: right;">7b 2,013.</span>																					
<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h) <b>9</b> Program service revenue (Part VIII, line 2g) <b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d) <b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) <b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:30%;">Prior Year</th> <th style="width:70%;">Current Year</th> </tr> </thead> <tbody> <tr><td></td><td>35,405,278.</td></tr> <tr><td></td><td>34,549,673.</td></tr> <tr><td></td><td>0.</td></tr> <tr><td></td><td>505,766.</td></tr> <tr><td></td><td>70,460,717.</td></tr> <tr><td></td><td>0.</td></tr> <tr><td></td><td>0.</td></tr> <tr><td></td><td>9,876,042.</td></tr> <tr><td></td><td>0.</td></tr> </tbody> </table>	Prior Year	Current Year		35,405,278.		34,549,673.		0.		505,766.		70,460,717.		0.		0.		9,876,042.		0.
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<b>Expenses</b>	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3) <b>14</b> Benefits paid to or for members (Part IX, column (A), line 4) <b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) <b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e) <b>b</b> Total fundraising expenses (Part IX, column (D), line 25) <span style="float: right;">0.</span> <b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) <b>18</b> Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) <b>19</b> Revenue less expenses. Subtract line 18 from line 12	<table border="1" style="width:100%; border-collapse: collapse;"> <tbody> <tr><td></td><td>34,672,297.</td></tr> <tr><td></td><td>44,548,339.</td></tr> <tr><td></td><td>25,912,378.</td></tr> </tbody> </table>		34,672,297.		44,548,339.		25,912,378.														
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<b>Net Assets or Fund Balances</b>	<b>20</b> Total assets (Part X, line 16) <b>21</b> Total liabilities (Part X, line 26) <b>22</b> Net assets or fund balances. Subtract line 21 from line 20	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:30%;">Beginning of Current Year</th> <th style="width:70%;">End of Year</th> </tr> </thead> <tbody> <tr><td></td><td>39,198,530.</td></tr> <tr><td></td><td>13,286,152.</td></tr> <tr><td></td><td>25,912,378.</td></tr> </tbody> </table>	Beginning of Current Year	End of Year		39,198,530.		13,286,152.		25,912,378.												
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## 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.

<b>Sign Here</b>	Signature of officer <i>Brian Kirk</i> <b>BRIAN KIRK, CFO</b> Type or print name and title	Date <b>08/14/2014</b>
<b>Paid Preparer Use Only</b>	Print/Type preparer's name <i>Marsha H. Dieckman</i> <b>MARSHA H. DIECKMAN, CPA</b> Firm's name ▶ <b>HORNE LLP</b> Firm's address ▶ <b>1020 HIGHLAND COLONY PKWY, STE. 400 RIDGELAND, MS 39157</b>	Date <b>08/07/14</b> Check if self-employed <input type="checkbox"/> PTIN <b>P00246741</b> Firm's EIN ▶ <b>20-1941244</b> Phone no. <b>601-326-1000</b>

May the IRS discuss this return with the preparer shown above? (see instructions)

☒ Yes ☐ No

*19*

**Part III** Statement of Program Service Accomplishments

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

☒ X**1** Briefly describe the organization's mission:

**THE ORGANIZATION PROVIDES MEDICAL CARE TO IMPROVE, MAINTAIN, AND RESTORE THE HEALTH OF THE PEOPLE IN THE COMMUNITIES WE SERVE.**

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

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

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

If "Yes," describe these changes on Schedule O.

**4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses.

Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

**4a** (Code \_\_\_\_\_) (Expenses \$ 35,033,161. including grants of \$ \_\_\_\_\_) (Revenue \$ 35,051,072.)

**UNIVERSITY HOSPITAL AND CLINICS (UHC) WAS CREATED ON JUNE 24, 2013, AS A WHOLLY-OWNED SUBSIDIARY OF LAFAYETTE GENERAL HEALTH SYSTEM, AND WAS CREATED AS THE RESULT OF A COOPERATIVE ENDEAVOR AGREEMENT BETWEEN THE STATE OF LOUISIANA, LOUISIANA STATE UNIVERSITY, AND LAFAYETTE GENERAL HEALTH TO PROVIDE FOR THE OPERATION OF THE FORMER UNIVERSITY MEDICAL CENTER, ONE OF THE TEN (10) SAFETY-NET HOSPITALS PREVIOUSLY OPERATED BY LOUISIANA STATE UNIVERSITY THROUGH THEIR LSU HEALTH SYSTEM. UHC A GENERAL ACUTE CARE HOSPITAL PROVIDING THE NORMAL COMPLIMENT OF BOTH INPATIENT AND OUTPATIENT SERVICES, PROVIDING BOTH INPATIENT AND OUTPATIENT MEDICAL CARE, DIAGNOSTIC TESTING AND THERAPY SERVICES TO THOSE SEEKING CARE. HEALTHCARE SERVICES ARE PROVIDED ON A CONTINUOUS BASIS, TWENTY-FOUR HOURS PER DAY, SEVEN DAYS PER WEEK.**

**4b** (Code \_\_\_\_\_) (Expenses \$ \_\_\_\_\_ including grants of \$ \_\_\_\_\_) (Revenue \$ \_\_\_\_\_)

**4c** (Code \_\_\_\_\_) (Expenses \$ \_\_\_\_\_ including grants of \$ \_\_\_\_\_) (Revenue \$ \_\_\_\_\_)

**4d** Other program services (Describe in Schedule O.)

(Expenses \$ \_\_\_\_\_ including grants of \$ \_\_\_\_\_) (Revenue \$ \_\_\_\_\_)

**4e** Total program service expenses **35,033,161.**

**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)? <i>If "Yes," complete Schedule A</i>	<b>1</b> X	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?	<b>2</b> X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>	<b>3</b>	X
4 <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>	<b>4</b>	X
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? <i>If "Yes," complete Schedule C, Part III</i>	<b>5</b>	X
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? <i>If "Yes," complete Schedule D, Part I</i>	<b>6</b>	X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>	<b>7</b>	X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>	<b>8</b>	X
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? <i>If "Yes," complete Schedule D, Part IV</i>	<b>9</b>	X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>	<b>10</b>	X
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? <i>If "Yes," complete Schedule D, Part VI</i>	<b>11a</b> X	
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? <i>If "Yes," complete Schedule D, Part VII</i>	<b>11b</b>	X
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? <i>If "Yes," complete Schedule D, Part VIII</i>	<b>11c</b>	X
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? <i>If "Yes," complete Schedule D, Part IX</i>	<b>11d</b> X	
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	<b>11e</b> X	
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)? <i>If "Yes," complete Schedule D, Part X</i>	<b>11f</b> X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	<b>12a</b>	X
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>	<b>12b</b> X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>	<b>13</b>	X
14a Did the organization maintain an office, employees, or agents outside of the United States?	<b>14a</b>	X
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? <i>If "Yes," complete Schedule F, Parts I and IV</i>	<b>14b</b>	X
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? <i>If "Yes," complete Schedule F, Parts II and IV</i>	<b>15</b>	X
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? <i>If "Yes," complete Schedule F, Parts III and IV</i>	<b>16</b>	X
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? <i>If "Yes," complete Schedule G, Part I</i>	<b>17</b>	X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>	<b>18</b>	X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>	<b>19</b>	X
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	<b>20a</b> X	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	<b>20b</b> X	

**Part IV Checklist of Required Schedules** (continued)

	Yes	No
<b>21</b> 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>		<b>X</b>
<b>22</b> 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>		<b>X</b>
<b>23</b> 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>	<b>X</b>	
<b>24a</b> 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>		<b>X</b>
<b>24b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
<b>24c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
<b>24d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
<b>25a</b> <b>Section 501(c)(3) and 501(c)(4) organizations.</b> 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>		<b>X</b>
<b>25b</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>		<b>X</b>
<b>26</b> 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>		<b>X</b>
<b>27</b> 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>		<b>X</b>
<b>28</b> 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).		
<b>28a</b> A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		<b>X</b>
<b>28b</b> A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		<b>X</b>
<b>28c</b> 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>		<b>X</b>
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		<b>X</b>
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		<b>X</b>
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		<b>X</b>
<b>32</b> 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>		<b>X</b>
<b>33</b> 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>		<b>X</b>
<b>34</b> 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>	<b>X</b>	
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)?		<b>X</b>
<b>35b</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>		
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		<b>X</b>
<b>37</b> 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>		<b>X</b>
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?	<b>X</b>	

**Note.** All Form 990 filers are required to complete Schedule O

**Part V** Statements Regarding Other IRS Filings and Tax ComplianceCheck if Schedule O contains a response to any question in this Part V ☐

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

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 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
<b>1a</b> Enter the number of voting members of the governing body at the end of the tax year 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.	8	
<b>b</b> Enter the number of voting members included in line 1a, above, who are independent	6	
<b>2</b> 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	X
<b>3</b> 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	X
<b>4</b> Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	X
<b>5</b> Did the organization become aware during the year of a significant diversion of the organization's assets?	5	X
<b>6</b> Did the organization have members or stockholders?	6	X
<b>7a</b> 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	X
<b>b</b> Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	X
<b>8</b> Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>a</b> The governing body?	8a	X
<b>b</b> Each committee with authority to act on behalf of the governing body?	8b	X
<b>9</b> 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	X

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

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

**Section C. Disclosure**

**17** List the states with which a copy of this Form 990 is required to be filed **NONE**

**18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)

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

**20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization **BRIAN KIRK, CFO - 337-261-6013**  
**2390 WEST CONGRESS, LAFAYETTE, LA 70506**

7



## Part VII

<b>1b Sub-total</b>	0.	937,727.	171,851.
<b>c Total from continuation sheets to Part VII, Section A</b>	0.	0.	0.
<b>d Total (add lines 1b and 1c)</b>	0.	937,727.	171,851.

0

3	Did the organization list any <b>former</b> officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	3		X
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	X	
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		X

## 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
NONE		
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 ►		0

**Part VIII** Statement of RevenueCheck 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
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	1 a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	35,405,278.			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f \$					
	h	<b>Total.</b> Add lines 1a-1f		35,405,278.			
<b>Program Service Revenue</b>	2 a	PATIENT REVENUE	Business Code 621990	34,549,673.	34,549,673.		
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	<b>Total.</b> Add lines 2a-2f		34,549,673.			
<b>Other Revenue</b>	3	Investment income (including dividends, interest, and other similar amounts)					
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
	6 a	Gross rents	(i) Real (ii) Personal				
	b	Less: rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss)					
	7 a	Gross amount from sales of assets other than inventory	(i) Securities (ii) Other				
	b	Less: cost or other basis and sales expenses					
	c	Gain or (loss)					
	d	Net gain or (loss)					
	8 a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a				
	b	Less: direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9 a	Gross income from gaming activities. See Part IV, line 19	a				
	b	Less: direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10 a	Gross sales of inventory, less returns and allowances	a				
	b	Less: cost of goods sold	b				
	c	Net income or (loss) from sales of inventory					
<b>Miscellaneous Revenue</b>			Business Code				
11 a	OTHER REVENUE	900099	505,766.	501,399.	4,367.		
b							
c							
d	All other revenue						
e	<b>Total.</b> Add lines 11a-11d		505,766.				
12	<b>Total revenue.</b> See instructions.		70,460,717.	35,051,072.	4,367.	0.	

**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 ☐

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>				
<b>1</b> Grants and other assistance to governments and organizations in the United States. See Part IV, line 21				
<b>2</b> Grants and other assistance to individuals in the United States. See Part IV, line 22				
<b>3</b> Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
<b>4</b> Benefits paid to or for members				
<b>5</b> Compensation of current officers, directors, trustees, and key employees				
<b>6</b> Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
<b>7</b> Other salaries and wages	8,670,322.	7,309,217.	1,361,105.	
<b>8</b> Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	24,447.	22,038.	2,409.	
<b>9</b> Other employee benefits	560,752.	502,666.	58,086.	
<b>10</b> Payroll taxes	620,521.	565,245.	55,276.	
<b>11</b> Fees for services (non-employees):				
<b>a</b> Management	1,539,036.		1,539,036.	
<b>b</b> Legal				
<b>c</b> Accounting				
<b>d</b> Lobbying				
<b>e</b> Professional fundraising services. See Part IV, line 17				
<b>f</b> Investment management fees				
<b>g</b> Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)				
<b>12</b> Advertising and promotion				
<b>13</b> Office expenses	656,719.	588,885.	67,834.	
<b>14</b> Information technology				
<b>15</b> Royalties				
<b>16</b> Occupancy	4,740,895.	476,916.	4,263,979.	
<b>17</b> Travel	7,727.	3,083.	4,644.	
<b>18</b> Payments of travel or entertainment expenses for any federal, state, or local public officials				
<b>19</b> Conferences, conventions, and meetings	7,972.	7,897.	75.	
<b>20</b> Interest				
<b>21</b> Payments to affiliates				
<b>22</b> Depreciation, depletion, and amortization	3,001.	3,001.		
<b>23</b> Insurance	12,924.	12,924.		
<b>24</b> 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.)				
<b>a</b> <b>BAD DEBT EXPENSE</b>	13,542,846.	13,542,846.		
<b>b</b> <b>NONCLINICAL CONTRACT LA</b>	9,207,388.	7,947,829.	1,259,559.	
<b>c</b> <b>MEDICAL SUPPLIES</b>	3,117,631.	3,117,631.		
<b>d</b> <b>EQUIPMENT RENTAL &amp; MAIN</b>	1,703,933.	845,220.	858,713.	
<b>e</b> All other expenses	132,225.	87,763.	44,462.	
<b>25</b> <b>Total functional expenses.</b> Add lines 1 through 24e	44,548,339.	35,033,161.	9,515,178.	0.
<b>26</b> <b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here ☐ if following SOP 98-2 (ASC 958-720)

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

		(A) Beginning of year	(B) End of year	
<b>Assets</b>	1 Cash - non-interest-bearing	1	89,034.	
	2 Savings and temporary cash investments	2		
	3 Pledges and grants receivable, net	3		
	4 Accounts receivable, net	4	5,466,543.	
	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 instr) Complete Part II of Sch L	6		
	7 Notes and loans receivable, net	7		
	8 Inventories for sale or use	8	2,058,453.	
	9 Prepaid expenses and deferred charges	9	15,790,500.	
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	67,698.	
	b Less: accumulated depreciation	10b	3,001.	
		0.	10c	64,697.
	11 Investments - publicly traded securities	11		
	12 Investments - other securities. See Part IV, line 11	12		
	13 Investments - program-related. See Part IV, line 11	13		
	14 Intangible assets	14		
15 Other assets. See Part IV, line 11	0.	15	15,729,303.	
16 <b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	0.	16	39,198,530.	
<b>Liabilities</b>	17 Accounts payable and accrued expenses	17	13,141,332.	
	18 Grants payable	18		
	19 Deferred revenue	19		
	20 Tax-exempt bond liabilities	20		
	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	0.	25	144,820.
	26 <b>Total liabilities.</b> Add lines 17 through 25	0.	26	13,286,152.
	<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>		
27 Unrestricted net assets		0.	27	25,912,378.
28 Temporarily restricted net assets			28	
29 Permanently restricted net assets			29	
<b>Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.</b>				
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 <b>Total net assets or fund balances</b>		0.	33	25,912,378.
34 <b>Total liabilities and net assets/fund balances</b>		0.	34	39,198,530.

Form 990 (2012)

**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	70,460,717.
2	Total expenses (must equal Part IX, column (A), line 25)	2	44,548,339.
3	Revenue less expenses Subtract line 2 from line 1	3	25,912,378.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	0.
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	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	25,912,378.

**Part XII Financial Statements and Reporting**Check if Schedule O contains a response to any question in this Part XII ☒

- 1 Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other \_\_\_\_\_  
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.
- 2a Were the organization's financial statements compiled or reviewed by an independent accountant? ..  
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both.  
☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis
- b Were the organization's financial statements audited by an independent accountant? ..  
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both.  
☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separate basis
- c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? ..  
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.
- 3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? ..
- b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

	Yes	No
2a		X
2b	X	
2c	X	
3a		X
3b		

Form 990 (2012)

Department of the Treasury  
Internal Revenue Service

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

**Open to Public Inspection**

46-2605366

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

[illegible]

Total

Schedule A (Form 990 or 990-EZ) 2012

**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>4 Total.</b> Add lines 1 through 3						
<b>5</b> 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)						
<b>6 Public support.</b> 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
<b>7</b> Amounts from line 4						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
<b>11 Total support.</b> Add lines 7 through 10						
<b>12</b> Gross receipts from related activities, etc. (see instructions)					12	
<b>13 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))	14	%
<b>15</b> Public support percentage from 2011 Schedule A, Part II, line 14	15	%
<b>16a 33 1/3% support test - 2012.</b> 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 <input type="checkbox"/>		
<b>b 33 1/3% support test - 2011.</b> 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 <input type="checkbox"/>		
<b>17a 10% -facts-and-circumstances test - 2012.</b> 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 <input type="checkbox"/>		
<b>b 10% -facts-and-circumstances test - 2011.</b> 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 <input type="checkbox"/>		
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions <input type="checkbox"/>		

Schedule A (Form 990 or 990-EZ) 2012

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

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

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
<b>2</b> 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						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>6</b> Total. Add lines 1 through 5						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons						
<b>b</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						
<b>c</b> Add lines 7a and 7b						
<b>8</b> 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
<b>9</b> Amounts from line 6						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
<b>c</b> Add lines 10a and 10b						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
<b>13</b> Total support. (Add lines 9, 10c, 11, and 12.)						
<b>14</b> First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> ► <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

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

**Section D. Computation of Investment Income Percentage**

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

**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).

UNIVERSITY HOSPITAL & CLINICS, INC. (UHC), WAS INCORPORATED ON APRIL 18, 2013 AS A NOT-FOR-PROFIT LOUISIANA CORPORATION, AND ORGANIZED ON A NON-STOCK BASIS. THEREFORE, UHC'S 2012 RETURN IS FOR THE SHORT YEAR BEGINNING 04/18/13 AND ENDING 09/30/13.

**SCHEDULE D**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Financial Statements**

▶ **Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.**  
▶ **Attach to Form 990. ▶ See separate instructions.**

OMB No 1545-0047

**2012**  
**Open to Public Inspection**

Name of the organization

UNIVERSITY HOSPITAL & CLINICS, INC.

Employer identification number

46-2605366

**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?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

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

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

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> 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 Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

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

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

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

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

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

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

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

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

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

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

(i) Revenues included in Form 990, Part VIII, line 1	▶ \$
(ii) Assets included in Form 990, Part X	▶ \$

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

a Revenues included in Form 990, Part VIII, line 1	▶ \$
b Assets included in Form 990, Part X	▶ \$

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

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

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

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

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

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

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

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

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

	Amount
1c	
1d	
1e	
1f	

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

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

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

- 1a Beginning of year balance  
b Contributions  
c Net investment earnings, gains, and losses  
d Grants or scholarships  
e Other expenditures for facilities and programs  
f Administrative expenses  
g End of year balance

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a					
1b					
1c					
1d					
1e					
1f					

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

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

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

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

- (i) unrelated organizations  
(ii) related organizations

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

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

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				
1b Buildings				
1c Leasehold improvements				
1d Equipment		67,698.	3,001.	64,697.
1e Other				
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				64,697.

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
<b>Total.</b> (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

**Part VIII Investments - Program Related.** See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
<b>Total.</b> (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

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

(a) Description	(b) Book value
(1) <b>THIRD PARTY PAYABLE</b>	15,569,560.
(2) <b>DEPOSITS</b>	116,415.
(3) <b>OTHER ASSETS</b>	43,328.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col (B) line 15.)	15,729,303.

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

1.	(a) Description of liability	(b) Book value
(1)	Federal income taxes	
(2)	<b>INTERCOMPANY PAYABLE</b>	<b>144,820.</b>
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
(11)		
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶		<b>144,820.</b>

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

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

1	Total revenue, gains, and other support per audited financial statements		1
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.

**PART X, LINE 2: THE ORGANIZATION ACCOUNTS FOR UNCERTAIN TAX POSITIONS**

IN ACCORDANCE WITH FINANCIAL ACCOUNTING STANDARDS BOARD (FASB) ACS 740.

FASB ACS 740 PRESCRIBES A RECOGNITION THRESHOLD AND MEASUREMENT PROCESS

FOR FINANCIAL STATEMENT RECOGNITION OF UNCERTAIN TAX POSITIONS TAKEN OR

EXPECTED TO BE TAKEN IN A TAX RETURN. THE INTERPRETATION ALSO PROVIDES

GUIDANCE ON RECOGNITION, DE-RECOGNITION, CLASSIFICATION, INTEREST AND

PENALTIES, ACCOUNTING IN INTERIM PERIODS, DISCLOSURE AND TRANSITION.

**Part XIII** Supplemental Information (continued)

THE ORGANIZATION'S VARIOUS FEDERAL INCOME TAX AND EXEMPT ORGANIZATION INCOME TAX RETURNS (IRS FORMS 1065, 1120, AND 990), WHETHER FILED ON A CALENDAR OR FISCAL YEAR BASIS, ARE SUBJECT TO EXAMINATION BY THE IRS. THE INCOME TAX RETURNS FOR YEARS 2010 THROUGH 2012 ARE SUBJECT TO EXAMINATION BY THE TAXING AUTHORITIES, GENERALLY FOR THREE YEARS AFTER THEY ARE FILED.

**SCHEDULE H**  
**(Form 990)**

**Hospitals**

OMB No 1545-0047

**2012**

Open to Public  
Inspection

Department of the Treasury  
Internal Revenue Service

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

Name of the organization

**UNIVERSITY HOSPITAL & CLINICS, INC.**

Employer identification number

**46-2605366**

**Part I Financial Assistance and Certain Other Community Benefits at Cost**

	Yes	No
<b>1a</b> Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	<b>X</b>	
<b>1b</b> If "Yes," was it a written policy?	<b>X</b>	
<b>2</b> 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 type="checkbox"/> Applied uniformly to all hospital facilities		
<input checked="" type="checkbox"/> Generally tailored to individual hospital facilities		
<input type="checkbox"/> Applied uniformly to most hospital facilities		
<b>3</b> 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		
<b>a</b> Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care?		
If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care:		
<input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ %	<b>X</b>	
<b>b</b> Did the organization use FPG as a factor in determining eligibility for providing discounted care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care.		
<input checked="" type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %	<b>X</b>	
<b>c</b> 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		
<b>4</b> 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"?	<b>X</b>	
<b>5a</b> Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?		<b>X</b>
<b>b</b> If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		
<b>c</b> 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?		
<b>5c</b>		
<b>6a</b> Did the organization prepare a community benefit report during the tax year?		<b>X</b>
<b>b</b> If "Yes," did the organization make it available to the public?		
<b>6b</b>		

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H

**7 Financial Assistance and Certain Other Community Benefits at Cost**

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
<b>a</b> Financial Assistance at cost (from Worksheet 1)				13,877,175.	<13,877,175.>	.00%
<b>b</b> Medicaid (from Worksheet 3, column a)			5,701,353.	4,698,887.	1,002,466.	3.23%
<b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b)						
<b>d</b> Total Financial Assistance and Means-Tested Government Programs			5,701,353.	18,576,062.	<12,874,709.>	3.23%
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4)						
<b>f</b> Health professions education (from Worksheet 5)						
<b>g</b> Subsidized health services (from Worksheet 6)						
<b>h</b> Research (from Worksheet 7)						
<b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8)						
<b>j</b> Total. Other Benefits						
<b>k</b> Total. Add lines 7d and 7j			5,701,353.	18,576,062.	<12,874,709.>	3.23%

tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

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

[illegible]





**Part V Facility Information** (continued)**Section B. Facility Policies and Practices**

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

Name of hospital facility or facility reporting group **UNIVERSITY HOSPITAL & CLINICS, INC.**For single facility filers only: line number of hospital facility (from Schedule H, Part V, Section A) 1**Community Health Needs Assessment** (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)

- |   | Yes | No       |
|---|-----|----------|
| <b>1</b> 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  |     | <b>X</b> |
| If "Yes," indicate what the CHNA report describes (check all that apply)  |     |          |
| a <input type="checkbox"/> A definition of the community served by the hospital facility  |     |          |
| b <input type="checkbox"/> Demographics of the community  |     |          |
| c <input 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 type="checkbox"/> How data was obtained  |     |          |
| e <input type="checkbox"/> The health needs of the community  |     |          |
| f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups  |     |          |
| g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs  |     |          |
| h <input type="checkbox"/> The process for consulting with persons representing the community's interests   |     |          |
| i <input 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)  |     |          |
| <b>2</b> Indicate the tax year the hospital facility last conducted a CHNA: 20 _____  |     |          |
| <b>3</b> 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 |     |          |
| <b>4</b> Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI   |     |          |
| <b>5</b> 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).  |     |          |
| a <input type="checkbox"/> Hospital facility's website  |     |          |
| b <input type="checkbox"/> Available upon request from the hospital facility  |     |          |
| c <input type="checkbox"/> Other (describe in Part VI)  |     |          |
| <b>6</b> If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date).  |     |          |
| a <input type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA   |     |          |
| b <input type="checkbox"/> Execution of the implementation strategy   |     |          |
| c <input type="checkbox"/> Participation in the development of a community-wide plan  |     |          |
| d <input type="checkbox"/> Participation in the execution of a community-wide plan  |     |          |
| e <input type="checkbox"/> Inclusion of a community benefit section in operational plans  |     |          |
| f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA   |     |          |
| g <input type="checkbox"/> Prioritization of health needs in its community  |     |          |
| h <input 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)  |     |          |
| <b>7</b> 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  |     |          |
| <b>8a</b> 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)?   |     |          |
| <b>b</b> If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?  |     |          |
| <b>c</b> 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) UNIVERSITY HOSPITAL & CLINICS, INC.

Financial Assistance Policy		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
9	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	X	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	X	
If "Yes," indicate the FPG family income limit for eligibility for free care: 200 %			
If "No," explain in Part VI the criteria the hospital facility used.			
11	Used FPG to determine eligibility for providing discounted care?	X	
If "Yes," indicate the FPG family income limit for eligibility for discounted care: 200 %			
If "No," explain in Part VI the criteria the hospital facility used.			
12	Explained the basis for calculating amounts charged to patients?	X	
If "Yes," indicate the factors used in determining such amounts (check all that apply):			
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 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?	X	
14	Included measures to publicize the policy within the community served by the hospital facility?	X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
a	<input type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input 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 on request		
g	<input type="checkbox"/> Other (describe in Part VI)		
<b>Billing and Collections</b>			
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?	X	
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 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?		X
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) UNIVERSITY HOSPITAL & CLINICS, INC.**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****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?

	Yes	No
<b>19</b>	<b>X</b>	

If "No," indicate why:

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility's policy was not in writing
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d ☐ Other (describe in Part VI)

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)****20** Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☒ Other (describe in Part VI)

**21** During the tax year, did the hospital facility charge any of its 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?

<b>21</b>		<b>X</b>

If "Yes," explain in Part VI.

**22** During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual?

<b>22</b>		<b>X</b>

If "Yes," explain in Part VI



**Part VI** Supplemental Information

Complete this part to provide the following information.

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

PART I, LINE 7: THE HOSPITAL USED TOTAL EXPENSES FROM FORM 990, PART  
IX, LINE 25, EXCLUDING BAD DEBT EXPENSE. A COST-TO-CHARGE RATIO WAS USED  
TO ESTIMATE COSTS INCLUDED IN LINE 7. THE COST-TO-CHARGE WAS DERIVED FROM  
WORKSHEET 2, RATIO OF PATIENT CARE COST-TO-CHARGE, AS PROVIDED IN THE  
INSTRUCTIONS TO SCHEDULE H.

PART I, LINE 7, COLUMN (F): THE BAD DEBT EXPENSE INCLUDED ON FORM 990,  
PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING  
THE PERCENTAGE IN THIS COLUMN IS \$ 13542846.

PART III, LINE 4: THE FOOTNOTE TO THE AUDITED FINANCIAL STATEMENTS  
READS: THE ORGANIZATION REPORTS ACCOUNTS RECEIVABLE NET OF ESTIMATED  
ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS AND ADJUSTMENTS. TO PROVIDE FOR  
ACCOUNTS RECEIVABLE THAT COULD BECOME UNCOLLECTIBLE IN THE FUTURE, THE  
ORGANIZATION ESTABLISHES AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS TO REDUCE  
THE CARRYING AMOUNT OF SUCH RECEIVABLES TO THEIR ESTIMATED NET REALIZABLE  
VALUE. THE AMOUNT CHARGED TO THE PROVISION FOR DOUBTFUL ACCOUNTS IS BASED  
UPON THE ORGANIZATION'S ASSESSMENT OF HISTORICAL AND EXPECTED NET

**Part VI** Supplemental Information

COLLECTIONS, BUSINESS AND ECONOMIC CONDITIONS, AND TRENDS IN GOVERNMENT REIMBURSEMENT. UNCOLLECTIBLE ACCOUNTS ARE WRITTEN OFF WHEN THE ORGANIZATION HAS DETERMINED THE ACCOUNT WILL NOT BE COLLECTED.

PART III, LINE 8: THE COSTING METHODOLOGY USED FOR LINE 6 WAS THE STANDARD MEDICARE COST REPORT COST SYSTEM. THE AMOUNTS WERE ESTIMATED BASED ON PREVIOUS COST REPORTS FILED WHEN THE HOSPITAL WAS A GOVERNMENT RUN HOSPITAL. THE CORRESPONDING REVENUE AMOUNTS WERE INCLUDED ON LINE 5. THE HOSPITAL DID NOT INCLUDE THE MEDICARE SHORTFALL IN OUR COMMUNITY BENEFIT CALCULATIONS REPORTED ON PART I, LINE 7.

PART III, LINE 9B: WE SEEK TO SCREEN PATIENTS TO DETERMINE IF THEY HAVE THIRD PARTY COVERAGE OR ASSIST THEM IN APPLYING FOR FEDERAL ASSISTANCE. IF THEY DO NOT HAVE THIRD PARTY COVERAGE OR CANNOT QUALIFY FOR FEDERAL ASSISTANCE, WE THEN SCREEN TO SEE IF THEY MEET QUALIFICATIONS FOR OUR CHARITY CARE PROGRAM. THOSE NOT QUALIFYING FOR CHARITY CARE, WE TRY TO COLLECT OR MAKE MONTHLY PAYMENT ARRANGEMENTS, IF THEY DO NOT COMPLY WE WILL REFER TO OUR COLLECTION AGENCY.

PART III, LINES 2 & 3

BAD DEBT EXPENSE REFLECTED IN PART III EQUALS BAD DEBT EXPENSE ON THE AUDITED FINANCIAL STATEMENTS. THE HOSPITAL ANALYZED THE POPULATION THAT WAS WRITTEN OFF TO BAD DEBT DURING THE YEAR. IT WAS ESTIMATED THAT AT LEAST 52% OF THE TOTAL SELF PAY REVENUE IN BAD DEBT WOULD HAVE QUALIFIED FOR THE HOSPITAL'S CHARITY CARE POLICY. HOWEVER, SINCE NECESSARY DOCUMENTATION WAS NOT COMPLETED, THIS AMOUNT WAS INSTEAD WRITTEN OFF TO BAD DEBT. THE HOSPITAL DID NOT INCLUDE ANY BAD DEBTS IN OUR COMMUNITY BENEFIT CALCULATIONS. HOWEVER, HOSPITAL BELIEVES THAT

**Part VI** Supplemental Information

THE COST OF THIS BAD DEBT IS A COMMUNITY BENEFIT BECAUSE BY CONTINUING TO TREAT PATIENTS THAT ARE UNABLE TO AFFORD CARE, HOSPITALS ALLEVIATE THE FEDERAL GOVERNMENT'S BURDEN FOR DIRECTLY PROVIDING MEDICAL CARE.

UNIVERSITY HOSPITAL & CLINICS, INC.:

PART V, SECTION B, LINE 20D: THE 40% DISCOUNT FOR SELF PAY PATIENTS THAT REQUESTED A PAYMENT PLAN WAS DETERMINED BY THE AVERAGE NEGOTIATED COMMERCIAL INSURANCE RATES WITH THE RATIONALE THAT IF THE HOSPITALS ALLOWED A 40% DISCOUNT TO COMMERCIAL PAYERS THEN SELF-PAY PATIENTS WHO AGREED TO A PAYMENT PLAN SHOULD BE ENTITLED TO A SIMILAR DISCOUNT.

PART VI, LINE 2: THE HOSPITAL DOES HAVE A BOARD OF TRUSTEES AND MEMBERS OF THE CORPORATION COMPRISED OF INDIVIDUALS FROM THE LOCAL COMMUNITY, WHICH ARE INDEPENDENTLY AWARE OF THE MEDICAL NEEDS OF THE COMMUNITY. SURPLUS RECEIPTS OVER DISBURSEMENTS ARE INVESTED TO IMPROVE THE QUALITY OF PATIENT CARE, EXPAND HOSPITAL FACILITIES AND EQUIPMENT, ADVANCE MEDICAL TRAINING AND EDUCATION.

A FORMAL NEEDS ASSESSMENT WAS NOT UNDERTAKEN FOR YEAR ENDING 9/30/13, HOWEVER, WE ENGAGED AN OUTSIDE CONSULTANT TO COMPLETE A COMMUNITY HEALTH NEEDS ASSESSMENT DURING 2014. THIS ASSESSMENT INCLUDES USING NATIONAL DATA, INTERVIEWS WITH HEALTHCARE PROVIDERS IN THE COMMUNITY AND FOCUS GROUPS MADE UP OF A DIVERSE GROUP OF COMMUNITY CITIZENS.

PART VI, LINE 3: THE HOSPITAL COMPLIES WITH FEDERAL AND JACHO REQUIREMENTS OF POSTING NOTICES TO PATIENTS AS REQUIRED BY FEDERAL



**Part VI** Supplemental Information

PROGRAMS. HANDOUTS ARE INCLUDED WITH THE ADMISSION PACKAGE THAT INFORMS THE PATIENT OF CONTACT INFORMATION TO DISCUSS PAYMENT OPTIONS. THE HOSPITAL IS A MEDICAID ENROLLMENT FACILITY, AND AS SUCH, THE HOSPITAL OFFERS SCREENING SERVICES FOR ELIGIBILITY FOR MEDICAID AND POSSIBLE CHARITY CARE ASSISTANCE.

PART VI, LINE 4: THE HOSPITAL SERVES THE NINE PARISHES IN LOUISIANA DESIGNATED AS ACADIANA. THE HOSPITAL IS A TEACHING FACILITY. THE HOSPITAL MAINTAINS AN EMERGENCY ROOM OPEN TO ALL PEOPLE REQUIRING EMERGENCY CARE WITHOUT REGARD TO THEIR ABILITY TO PAY.

PART VI, LINE 5: THE HOSPITAL DOES MAINTAIN AN OPEN MEDICAL STAFF THUS ALLOWING IT TO OFFER A VARIETY OF SPECIALISTS, AND CONTINUES TO RECRUIT PHYSICIANS TO OUR AREA TO ENSURE THAT THE HOSPITAL WILL CONTINUE TO BE THE FULL SERVICE HEALTHCARE PROVIDER THAT THE COMMUNITY EXPECTS. THE HOSPITAL JOINS FORCES WITH OTHER LOCAL ORGANIZATIONS TO PROVIDE HEALTHCARE SCREENINGS AND TEST AT LOCAL EVENTS.

PART VI, LINE 6: THE HOSPITAL IS AFFILIATED WITH OTHER HEALTHCARE ORGANIZATIONS. SEE FORM 990 SCHEDULE R FOR A COMPLETE LISTING. ALL OF THE ORGANIZATIONS ARE LOCAL HEALTHCARE ORGANIZATIONS WITH THE SAME PURPOSE AS THE HOSPITAL.

**SCHEDULE J  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Compensation Information**

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

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

▶ **Attach to Form 990.** ▶ **See separate instructions.**

OMB No 1545-0047

**2012**

**Open to Public  
Inspection**

Name of the organization

**UNIVERSITY HOSPITAL & CLINICS, INC.**

Employer identification number

**46-2605366**

**Part I Questions Regarding Compensation**

**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

- |  |  |
|--|--|
| <input type="checkbox"/> First-class or charter travel             | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions                     | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees   |
| <input type="checkbox"/> Discretionary spending account            | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

**b** If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

**3** Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III

- |  |  |
|--|--|
| <input type="checkbox"/> Compensation committee              | <input type="checkbox"/> Written employment contract                     |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study                    |
| <input type="checkbox"/> Form 990 of other organizations     | <input type="checkbox"/> Approval by the board or compensation committee |

**4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization.

**a** Receive a severance payment or change-of-control payment?

**b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?

**c** Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

**Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.**

**5** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

**a** The organization?

**b** Any related organization?

If "Yes" to line 5a or 5b, describe in Part III.

**6** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

**a** The organization?

**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

**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

**9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

Yes No

1b

2

4a

4b

4c

5a

5b

6a

6b

7

8

9

X

X

X

X

X

X

X

X

X

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

Schedule J (Form 990) 2012



**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.

PART I, LINE 4B: A SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN (SERP) WAS ADOPTED EFFECTIVE JANUARY 01, 2008. THE SERP IS CLASSIFIED AS A SUPPLEMENTAL NON-QUALIFIED RETIREMENT PLAN, THE PURPOSE OF WHICH IS TO PROVIDE PARTICIPANTS WITH SUPPLEMENTAL RETIREMENT BENEFITS. CONTRIBUTION FOR THE YEAR WAS \$400,100. THE BOARD DETERMINES WHICH EMPLOYEES ARE ELIGIBLE FOR PLAN CONTRIBUTIONS. PARTICIPANTS WERE DAVID CALLECOD, CHAIRMAN AND BRIAN KIRK, CFO.

**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 990-EZ 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

UNIVERSITY HOSPITAL & CLINICS, INC.

Employer identification number

46-2605366

FORM 990, PART I, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

PEOPLE IN THE COMMUNITIES WE SERVE, REGARDLESS OF THE PATIENTS' ABILITY  
TO PAY. THE ORGANIZATION ALSO SERVES THE COMMUNITY BY OPERATING AS A  
TEACHING FACILITY.

FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS:

TRADITIONALLY AND CURRENTLY, THIS FACILITY HAS BEEN THE MEDICAL CARE  
PROVIDER TO WHICH THOSE WHO WERE UNINSURED OR OTHERWISE UNABLE TO PAY  
FOR THEIR HEALTHCARE SERVICES TURNED TO FOR THOSE SERVICES. THROUGH AN  
AGREEMENT WITH THE LSU SCHOOL OF MEDICINE IN NEW ORLEANS, UHC ALSO  
PROVIDES GRADUATE MEDICAL EDUCATION THROUGH A NUMBER OF RESIDENCY  
PROGRAMS WHICH PROVIDE THE PHYSICIAN SERVICES FOR SEVERAL OUTPATIENT  
PRIMARY CARE AND SPECIALTY CARE CLINICS. THE ENTIRE PURPOSE OF THE  
ORGANIZATION IS TO PROVIDE INPATIENT AND OUTPATIENT MEDICAL CARE AND  
GRADUATE MEDICAL EDUCATION TO PROVIDE FOR THE MEDICAL NEEDS OF THE  
CITIZENS OF THE ACADIANA REGION OF SOUTH LOUISIANA. THE MAJORITY OF  
THE MEDICAL CARE PROVIDED AT UHC IS PROVIDED BY BOTH MEDICAL RESIDENTS  
AND STAFF PHYSICIANS.

UHC EMPLOYS NURSING AND OTHER ANCILLARY PROFESSIONALS TO PROVIDE  
NON-PHYSICIAN HEALTHCARE SERVICES AND SUPPORT TO THE PATIENTS FOR WHOM  
WE PROVIDE CARE. UHC PROVIDES CARE FOR PATIENTS REGARDLESS OF THEIR  
ABILITY TO PAY, BASED UPON WRITTEN GUIDELINES WHICH ALLOWS UHC TO  
PROVIDE CARE TO PATIENTS WITH VARYING FINANCIAL MEANS TO PAY FOR THAT  
CARE. THROUGH THE AGREEMENT WITH THE STATE OF LOUISIANA, UHC RECEIVES

Name of the organization

UNIVERSITY HOSPITAL &amp; CLINICS, INC.

Employer identification number

46-2605366

SOME REIMBURSEMENT FOR PATIENTS WHO QUALIFY FOR "FREE CARE", WITH A MAXIMUM ON THE AMOUNT THAT THE STATE WILL REIMBURSE THE HOSPITAL. THE HOSPITAL HAS ALSO ENTERED INTO CONTRACTS AND AGREEMENTS WITH VARIOUS STATE AND FEDERAL HEALTHCARE REIMBURSEMENT PROGRAMS, SUCH AS MEDICAID AND MEDICARE, AS WELL AS PRIVATE INSURANCE PLANS TO REIMBURSE THE HOSPITAL FOR SERVICES PROVIDED TO THEIR BENEFICIARIES.

IN ADDITION TO THE TRADITIONAL HOSPITAL SERVICES, UHC OPERATES SEVERAL CLINICS WHICH PROVIDE ONGOING MEDICAL CARE TO PATIENTS. THESE CLINICS OPERATE MONDAY THROUGH FRIDAY AND OPERATE JUST LIKE PRIVATE PHYSICIAN OFFICES. THEY ARE STAFFED BY STAFF PHYSICIANS WHO SUPERVISE MEDICAL RESIDENTS, ALLOWING THEM TO GAIN VALUABLE CLINICAL EXPERIENCE AS PART OF THEIR MEDICAL RESIDENCY TRAINING.

UHC HAS THREE "HOME-BASED" RESIDENCY PROGRAMS PROVIDING GRADUATE MEDICAL EDUCATION IN FAMILY MEDICINE, INTERNAL MEDICINE, AND A FELLOWSHIP PROGRAM IN GERIATRIC MEDICINE, OPERATED THROUGH THE FAMILY MEDICINE DEPARTMENT. IN ADDITION, UHC OPERATES SEVERAL ROTATING RESIDENCIES THAT ALLOWS RESIDENTS IN RESIDENCY PROGRAMS BASED IN NEW ORLEANS AT THE LSU SCHOOL OF MEDICINE TO SPEND PART OF THEIR RESIDENCY AT UHC PROVIDING CARE FOR OUR PATIENTS AND RECEIVING CLINICAL EXPERIENCE IN THEIR FIELD OF MEDICAL SPECIALTY. THESE RESIDENCIES ARE IN THE SPECIALTIES OF GENERAL SURGERY, OTORHINOLARYNGOLOGY, GYNECOLOGY, ORTHOPEDIC SURGERY, AND OPHTHALMOLOGY.

UHC ALSO OPERATES A MEDICAL LIBRARY, STAFFED BY A DEGREED MEDICAL LIBRARIAN WHICH SERVES AS LEARNING RESOURCE CENTER FOR THE REGIONAL AREA HEALTH EDUCATION CENTER (AHEC) WHICH PROVIDES OUTREACH TO AREA

Name of the organization

UNIVERSITY HOSPITAL &amp; CLINICS, INC.

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46-2605366

HEALTH PROFESSIONALS AND POTENTIAL HEALTHCARE PROFESSIONALS, PROVIDING THEM TOOLS TO OBTAIN INFORMATION REGARDING HEALTHCARE CAREERS, AND RESEARCH ON SPECIFIC HEALTHCARE AND MEDICAL ISSUES.

PROGRAM SERVICES STATISTICS RELATED TO PROVIDING COMMUNITY MEDICAL CARE FOR THE HOSPITAL DURING FYE 9/30/13 WERE: 2,456 TOTAL ACUTE PATIENT DAYS, 11,126 EMERGENCY ROOM VISITS AND 699 SURGERIES (INPATIENT AND OUTPATIENT).

ALSO, DURING FISCAL YEAR 2013 UHC RECEIVED THE FOLLOWING: CAP ACCREDITATION OF AMERICAN PATHOLOGISTS (LAB & BLOOD GAS) AND HIGH QUALITY RESPIRATORY CARE SERVICES BY THE AMERICAN ASSOCIATION OF RESPIRATORY CARE.

FORM 990, PART VI, SECTION A, LINE 6: THE ORGANIZATION IS A NON-STOCK NOT-FOR-PROFIT CORPORATION WITH ONE CLASS OF MEMBERSHIP.

FORM 990, PART VI, SECTION A, LINE 7A: THE MEMBERS RATIFY THE SELECTION OF THE INDIVIDUALS THAT SERVE ON THE BOARD OF TRUSTEES (GOVERNING BODY) AFTER THOSE INDIVIDUALS HAVE BEEN SELECTED AS A TRUSTEE BY THE BOARD OF TRUSTEES.

FORM 990, PART VI, SECTION A, LINE 7B: YES, THE INDIVIDUALS OF THE TRUSTEES (GOVERNING BODY) AND THE MEMBERS MUST BE APPROVED BY THE MEMBERSHIP BODY.

FORM 990, PART VI, SECTION B, LINE 11: THE FORM 990 IS REVIEWED BY THE ORGANIZATION'S ACCOUNTING STAFF AND A CPA FIRM. THE COMPLETED FORMS ARE REVIEWED BY THE OFFICERS AND THEN PRESENTED TO THE BOARD FOR REVIEW,

Name of the organization

UNIVERSITY HOSPITAL &amp; CLINICS, INC.

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46-2605366

COMMENT AND CORRECTIONS IF NEEDED BEFORE FILING WITH THE IRS.

FORM 990, PART VI, SECTION B, LINE 12C: AN ANNUAL SURVEY IS SENT TO THE BOARD MEMBERS AND OFFICERS REQUIRING THEM TO DISCLOSE CONFLICTS OF INTEREST. AFTER RECEIPT OF THESE SURVEYS, THE GOVERNANCE COMMITTEE AND ITS CHAIRPERSON REVIEW ALL CONFLICTS AND REPORT ON SAME TO THE GOVERNANCE COMMITTEE. THEREAFTER THE CHAIRPERSON OF THE GOVERNANCE COMMITTEE AND THE ORGANIZATION'S GENERAL COUNCIL (WHO ATTENDS ALL BOARD MEETINGS) INSURES THAT ALL CONFLICTS ARE TIMELY DISCLOSED AND APPROPRIATE RECUSALS ARE MADE ON BUSINESS MATTERS THAT MAYBE RELATED TO THE CONFLICT.

FORM 990, PART VI, SECTION B, LINE 15: AN INDEPENDENT EXTERNAL CONSULTANT FIRM, SULLIVAN COTTER AND ASSOCIATES, IS ENGAGED BY THE COMPENSATION COMMITTEE OF THE BOARD OF TRUSTEES, WHICH IS COMPRISED OF DISINTERESTED DIRECTORS, TO PREPARE COMPENSATION SURVEY AND FAIR MARKET VALUE REPORT. THE COMPENSATION COMMITTEE ANNUALLY REVIEWS THE MARKET COMPARABLES AND MAKES ADJUSTMENT TO THE PRESIDENT'S COMPENSATION THEREAFTER.

FORM 990, PART VI, SECTION C, LINE 19: BASIC FINANCIAL INFORMATION IS MADE AVAILABLE AND SENT OUT TO THE COMMUNITY BY MEANS OF THE ORGANIZATION'S ANNUAL REPORT. OTHER DOCUMENTS AND MORE DETAILED FINANCIAL INFORMATION ARE AVAILABLE TO THE PUBLIC UPON REQUEST WITHIN THE PARAMETERS OF REGULATORY / LEGAL AUTHORITIES.

FORM 990, PART XII, LINE 2C

OVERSIGHT AND SELECTION OF INDEPENDENT ACCOUNTANT

THIS IS AN INITIAL RETURN. THE PROCESS FOR OVERSIGHT AND SELECTION OF INDEPENDENT ACCOUNTANT IS THE SAME AS FOR THE SOLE MEMBER, LAFAYETTE



Name of the organization

UNIVERSITY HOSPITAL &amp; CLINICS, INC.

Employer identification number

46-2605366

GENERAL HEALTH SYSTEMS, AND THEIR PROCESS HAS NOT CHANGED FROM PRIOR  
YEAR.





**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)**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)				
(2)				
(3)				
(4)				
(5)				
(6)				



**Part VII** Supplemental Information

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

**PART III, IDENTIFICATION OF RELATED ORGANIZATIONS TAXABLE AS PARTNERSHIP:**

NAME OF RELATED ORGANIZATION:

LAFAYETTE INVESTMENT GROUP, LLC

DIRECT CONTROLLING ENTITY: LAFAYETTE GENERAL MEDICAL CENTER, INC.

NAME OF RELATED ORGANIZATION:

LAFAYETTE GENERAL SURGICAL HOSPITAL, LLC

DIRECT CONTROLLING ENTITY: LAFAYETTE GENERAL MEDICAL CENTER, INC.

**PART IV, IDENTIFICATION OF RELATED ORGANIZATIONS TAXABLE AS CORP OR TRUST:**

NAME OF RELATED ORGANIZATION:

GREATER LAFAYETTE PHYSICIANS HOSPITAL ORG.

DIRECT CONTROLLING ENTITY: LAFAYETTE GENERAL MEDICAL CENTER, INC.

**LAFAYETTE GENERAL HEALTH SYSTEM**

Consolidated Financial Statements

Years Ended September 30, 2013 and 2012



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LaPorte, APAC  
111 Veterans Blvd. | Suite 600  
Metairie, LA 70005  
504.835.5522 | Fax 504.835.5535  
LaPorte.com

## **Independent Auditor's Report**

To the Board of Trustees  
Lafayette General Health System  
Lafayette, Louisiana

### **Report on the Financial Statements**

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

NEW ORLEANS HOUSTON BATON ROUGE COVINGTON

An Independently Owned Member, McGladrey Alliance

The McGladrey Alliance is a premier affiliation of independent accounting and consulting firms. The McGladrey Alliance member firms maintain their name, autonomy and independence and are responsible for their own client fee arrangements, delivery of services and maintenance of client relationships.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Opinion**

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

**Emphasis of Matter**

As discussed in Note 1 to the consolidated financial statements, the Organization adopted the presentation and disclosure provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provisions for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, and changed its presentation of the provisions for bad debts in the consolidated statements of operations. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Metairie, LA  
February 6, 2014

# LAFAYETTE GENERAL HEALTH SYSTEM

## Consolidated Balance Sheets September 30, 2013 and 2012

	2013	2012
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 58,471,397	\$ 25,285,300
Short-Term Investments	388,395	947,574
Patient Accounts Receivable, Less Allowance for Doubtful Accounts \$38,760,896 in 2013 and \$5,833,986 in 2012	60,961,528	61,950,698
Amounts Due from Third-Party Payors	15,569,560	-
Inventories	11,752,126	8,376,175
Other Current Assets	11,027,745	8,010,030
<b>Total Current Assets</b>	<b>158,170,751</b>	<b>104,569,777</b>
<b>Noncurrent Assets</b>		
Assets Limited as to Use		
Under Debt Agreements Held by Third Party	3,045,229	4,998,834
Board Designated for Property and Equipment		
Additions and Replacements	81,750,880	74,603,649
<b>Total Assets Limited as to Use</b>	<b>84,796,109</b>	<b>79,602,483</b>
Investments in Joint Ventures	1,416,882	1,405,404
Property and Equipment, Net	215,035,548	199,655,457
Unamortized Debt Issuance Costs	1,965,329	2,092,643
Other Assets	22,990,416	6,237,217
<b>Total Noncurrent Assets</b>	<b>326,204,284</b>	<b>288,993,204</b>
<b>Total Assets</b>	<b>\$ 484,375,035</b>	<b>\$ 393,562,981</b>

See notes to consolidated financial statements.

# LAFAYETTE GENERAL HEALTH SYSTEM

## Consolidated Balance Sheets (Continued) September 30, 2013 and 2012

	2013	2012
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 40,101,832	\$ 22,003,282
Salaries and Wages Payable	11,340,436	7,944,148
Amounts Due to Third-Party Payors	6,349,114	3,150,493
Line of Credit, Construction and Equipment Loans	-	5,000,000
Deferred Revenue	34,571,686	-
Current Portion of Self-Insurance Reserves	4,727,228	2,847,204
Current Portion of Capital Lease Obligation	158,303	493,231
Current Maturities of Long-Term Debt	6,300,666	5,541,491
<b>Total Current Liabilities</b>	<b>103,549,265</b>	<b>46,979,849</b>
<b>Noncurrent Liabilities</b>		
Self-Insurance Reserves, Less Current Portion	1,365,081	1,365,081
Accrued Postretirement Benefit Costs	1,720,600	2,598,200
Capital Lease Obligation, Less Current Portion	3,567,584	2,896,024
Long-Term Debt, Less Current Portion, Net of Discount	148,583,667	140,057,031
<b>Total Noncurrent Liabilities</b>	<b>155,236,932</b>	<b>146,916,336</b>
<b>Total Liabilities</b>	<b>258,786,197</b>	<b>193,896,185</b>
<b>Net Assets</b>		
Noncontrolling Interest in Subsidiaries	5,108,653	4,391,754
Unrestricted Net Assets	220,480,185	195,275,042
<b>Total Net Assets</b>	<b>225,588,838</b>	<b>199,666,796</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 484,375,035</b>	<b>\$ 393,562,981</b>

See notes to consolidated financial statements.

# LAFAYETTE GENERAL HEALTH SYSTEM

## Consolidated Statements of Operations and Changes in Net Assets For the Years Ended September 30, 2013 and 2012

	2013	2012
<b>Unrestricted Revenues, Gains and Other Support</b>		
Net Patient Service Revenues	\$ 423,247,321	\$ 308,343,240
Provision for Bad Debts	(70,665,651)	(30,774,070)
<b>Net Patient Service Revenues Less Provisions for Bad Debts</b>	<b>352,581,670</b>	<b>277,569,170</b>
Other Operating Revenues	11,481,165	12,338,303
<b>Total Revenues, Gains and Other Support</b>	<b>364,062,835</b>	<b>289,907,473</b>
<b>Operating Expenses</b>		
Salaries, Wages, and Benefits	139,921,670	117,448,985
Medical Supplies and Drugs	80,988,083	70,255,905
Contract Services	48,018,827	30,014,591
Utilities and Equipment Rentals	32,680,648	24,854,133
Depreciation and Amortization	18,197,022	17,487,014
Provision for Bad Debts	370,223	281,816
Interest Expense	7,007,116	6,663,493
Insurance Expense	4,835,779	4,152,614
Other Expenses	13,114,584	9,939,973
<b>Total Operating Expenses</b>	<b>345,133,952</b>	<b>281,098,524</b>
<b>Operating Income</b>	<b>18,928,883</b>	<b>8,808,949</b>
<b>Non-Operating Income (Loss)</b>		
Interest and Dividend Income	2,916,268	2,018,028
Realized Gains on Investments	4,753,886	3,360,117
Unrealized Gain (Loss) on Investments	(291,291)	4,722,447
Gain (Loss) on Sale/Disposal of Assets	571,952	183,208
Other Revenue (Expense), Net	290,596	695,044
<b>Total Non-Operating Income (Loss)</b>	<b>8,241,411</b>	<b>10,978,844</b>
<b>Excess of Revenues over Expenses</b>	<b>27,170,294</b>	<b>19,787,793</b>
<b>Attributable to Noncontrolling Interest</b>	<b>1,965,151</b>	<b>1,996,200</b>
<b>Excess of Revenues Over Expenses Attributable to the Health System</b>	<b>\$ 25,205,143</b>	<b>\$ 17,791,593</b>

See notes to consolidated financial statements.

# LAFAYETTE GENERAL HEALTH SYSTEM

## Consolidated Statements of Operations and Changes in Net Assets (Continued) For the Years Ended September 30, 2013 and 2012

	September 30, 2013			September 30, 2012		
	Total	Controlling Interest	Noncontrolling Interests	Total	Controlling Interest	Noncontrolling Interests
<b>Unrestricted Net Assets:</b>						
Excess of Revenues over Expenses	\$ 27,170,294	\$ 25,205,143	\$ 1,965,151	\$ 19,787,793	\$ 17,791,593	\$ 1,996,200
Contributions from Noncontrolling Interests	1,748	-	1,748	87,752	-	87,752
Distributions Paid to Noncontrolling Interests	(1,250,000)	-	(1,250,000)	(975,000)	-	(975,000)
<b>Increase in Net Assets</b>	<b>25,922,042</b>	<b>25,205,143</b>	<b>716,899</b>	<b>18,900,545</b>	<b>17,791,593</b>	<b>1,108,952</b>
<b>Net Assets:</b>						
Beginning of the Year	199,666,796	195,275,042	4,391,754	180,766,251	177,483,449	3,282,802
End of the Year	<u>\$225,588,838</u>	<u>\$220,480,185</u>	<u>\$ 5,108,653</u>	<u>\$199,666,796</u>	<u>\$195,275,042</u>	<u>\$ 4,391,754</u>

See notes to consolidated financial statements.

# LAFAYETTE GENERAL HEALTH SYSTEM

## Consolidated Statements of Cash Flows For the Years Ended September 30, 2013 and 2012

	2013	2012
<b>Cash Flows from Operating Activities</b>		
Excess of Revenues over Expenses Attributable to the Health System	\$ 25,205,143	\$ 17,791,593
Adjustments to Reconcile Excess of Revenues over Expenses to Net		
Cash Provided by Operating Activities		
Depreciation and Amortization	18,197,022	17,488,067
Provision for Doubtful Accounts	71,035,874	31,055,886
Gain (Loss) on Sale/Disposal of Assets	(571,952)	(183,208)
Unrealized (Gains) Losses on Investments	291,291	(4,722,447)
Equity in Earnings of Joint Ventures	(11,478)	(103,321)
Noncontrolling Interests in Subsidiaries	1,965,151	1,996,200
Changes in Operating Assets and Liabilities		
Patient Accounts Receivable	(70,047,064)	(51,779,934)
Amounts Due from/to Third-Party Payors	(12,370,939)	2,971,761
Inventories	(3,375,951)	(817,613)
Other Assets	(19,643,240)	(2,272,869)
Accounts Payable and Accrued Expenses	21,494,838	3,043,881
Deferred Revenue	34,571,686	-
Self-Insurance Reserves	1,880,024	(738,656)
Other Liabilities	(854,357)	(389,521)
<b>Net Cash Provided by Operating Activities</b>	<b>67,766,048</b>	<b>13,339,819</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property and Equipment	(34,668,784)	(28,353,049)
Proceeds from Sale of Assets	2,562,985	310,000
Net (Increase) Decrease in Assets Whose Use is Limited	(5,484,917)	(4,795,216)
Net Increase in Short-Term Investments	559,179	(181,697)
<b>Net Cash Used in Investing Activities</b>	<b>(37,031,537)</b>	<b>(33,019,962)</b>
<b>Cash Flows from Financing Activities</b>		
Repayment of Long-Term Debt	(5,737,432)	(3,574,227)
Proceeds from Issuance of Long-Term Debt	15,000,000	21,489,193
Cash Paid to Issue New Debt	-	(414,018)
Principal Payments under Capital Lease Obligations	(562,730)	(518,614)
Net Construction and Equipment Loan Activity	(5,000,000)	648,822
Distributions to Minority Interest Partners, Net of Contributions	(1,248,252)	(887,248)
<b>Net Cash Provided by Financing Activities</b>	<b>2,451,586</b>	<b>16,743,908</b>
<b>Change in Cash and Cash Equivalents</b>	<b>33,186,097</b>	<b>(2,936,235)</b>
<b>Cash and Cash Equivalents</b>		
Beginning	25,285,300	28,221,535
Ending	\$ 58,471,397	\$ 25,285,300

See notes to consolidated financial statements.

## **LAFAYETTE GENERAL HEALTH SYSTEM**

### **Notes to Consolidated Financial Statements**

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#### **Note 1. Nature of Business and Significant Accounting Policies**

##### **Reporting Entity and Nature of Business:**

The accompanying consolidated financial statements include the accounts of the entities detailed below, which are collectively referred to as the Organization. There are no other entities whose financial statements should be consolidated and presented with these consolidated financial statements.

**Lafayette General Health System, Inc. (LGHS)** is a not-for-profit Louisiana corporation, organized on a non-stock basis to operate exclusively for the benefit of, perform functions of, and to carry out the purposes of Lafayette General Medical Center, Inc., Lafayette Health Ventures, Inc., St. Martin Hospital, Inc., and University Hospital and Clinics, Inc.

**Lafayette General Medical Center, Inc. (LGMCI)** is a not-for-profit Louisiana corporation, organized on a non-stock basis to provide medical care to the residents of southwest Louisiana. It is governed by a board of trustees. The trustees are elected from the general board membership, which consists of not more than 50 members. LGMCI is located in Lafayette, Louisiana and operates 377 beds which include 15 LDRs, 24 mental health unit beds, 25 neonatal ICU bassinets and 26 nursery bassinets.

**Lafayette Health Ventures, Inc. (LHVI)** is operating as a non-profit Delaware corporation, effective May 2011. It primarily operates physician practices, with specialties including family practice, internal medicine, Ob/Gyn, medical oncology, and cardiology.

**University Hospital & Clinics, Inc. (UHC)**, was incorporated on April 18, 2013 as a not-for-profit Louisiana corporation, and organized on a non-stock basis. LGHS became the sole member of UHC on May 17, 2013, LGHS and UHC entered into a Cooperative Endeavor Agreement (CEA) with the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (LSU), the Louisiana Division of Administration, acting through the Commissioner (DOA), and the State of Louisiana, through the Division of Administration (the State), and the Louisiana Department of Health and Hospitals, acting through its Secretary (DHH). In accordance with and subject to the terms of the CEA, UHC assumes responsibility for operating the hospital known as University Medical Center in Lafayette, Louisiana (Hospital); LSU will lease to UHC the hospital building and related facilities (Facility) in which LSU operated the Hospital together with all furniture, fixtures and equipment used in connection with the Hospital's operations; UHC will purchase from LSU consumable inventory necessary for the continued operation of the Hospital; and, UHC and LGHS commit to support LSU's academic, clinical, and research missions. The CEA has an initial term of 10 years. On June 24, 2013, the lease between LSU and UHC officially commenced and UHC assumed operations for the Hospital. The lease agreement has an initial term of 10 years. See Notes 1 and 14 for further details on the CEA and lease agreement.



## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Business and Significant Accounting Policies (Continued)

The consolidated financial statements also include the accounts of the following entities in which **LGMC** has a controlling interest:

**Greater Lafayette Physicians Hospital Organization, Inc. (PHO)** is a wholly-owned physician-hospital organization that currently negotiates managed care contract arrangements.

**Lafayette General Surgical Hospital, LLC (LGSH)** operates a short-stay hospital in Lafayette, Louisiana. LGMC has a 50% ownership interest in LGSH. The operating agreement of LGSH provides LGMC a controlling interest.

**Lafayette Investment Group, LLC (LIG)** was organized to operate a short-stay hospital and medical office building in Lafayette, Louisiana, that houses LGSH. LGMC has a 51.72% ownership interest in LIG, and LGSH has a 25.96% ownership interest in LIG.

**St. Martin Hospital Inc. (SMH)** is a non-profit Louisiana corporation that is currently a wholly owned subsidiary of LGMC. The entity operates a 25 licensed bed critical access hospital. SMH leases the hospital facilities under the terms of a twenty five year arrangement with Hospital Service District No. 2 of St. Martin Parish, LA. Under the terms of the lease, detailed more fully in Note 9, SMH assumed all operations for the Service District as of that date.

#### Significant Accounting Policies:

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of Lafayette General Health System, Inc., its wholly owned subsidiaries and entities in which the Organization has a controlling financial interest as indicated above. All significant inter-company balances and transactions have been eliminated in consolidation.

Accounting Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Of particular significance to the Organization's consolidated financial statements are estimates involving allowances for doubtful accounts and estimates of amounts to be received under government healthcare and other provider contracts. Actual results could differ from those estimates.

Financial Statement Presentation: Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as permanently restricted, temporarily restricted, or unrestricted. At September 30, 2013 and 2012, and for the years then ended, all of the Organization's net assets were unrestricted.

## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Business and Significant Accounting Policies (Continued)

Cash Equivalents: Cash equivalents include highly liquid investments with a maturity of three months or less when purchased.

Short-Term Investments: Short-term investments consist of highly liquid investments with a maturity of more than three months, when purchased, and a current maturity of less than one year. Short-term investments are stated at fair value based on quoted market values.

Inventories: Inventories, which consist primarily of drugs and supplies, are stated at the lower of average cost or market.

Assets Whose Use is Limited: Assets whose use is limited include investments held by trustees under indenture agreements, the Organization's self-insurance program, and assets designated by the board for future capital improvements, over which the board retains control and may at its discretion subsequently use for other purposes. These investments are considered to be limited as to use; however, they are not considered to be restricted. Assets whose use is limited that are specifically held by the trustee to make bond principal payments are classified as current assets in the consolidated balance sheets.

Physician Recruiting Agreements: In order to recruit physicians to meet the needs of the facilities and the communities they serve, the Organization enters into certain minimum revenue guarantee and subsidy arrangements to assist the recruited physicians during the period they are relocating and establishing their practices. The funds expended under the arrangements are considered advances until the conclusion of the defined guarantee period when a note receivable is recorded. Once the notes are recorded, they bear interest at prevailing rates and are due in monthly installments (typically 36 months). The notes contain provisions that state the monthly payment will be forgiven if the physician is in compliance with the terms of the agreement. All forgiveness is recognized monthly in the period incurred.

Investments: Investments in equity securities with readily determinable fair values are measured at fair values in the consolidated balance sheets. Other investments consist primarily of money market funds, equity mutual funds, and fixed income funds of the U.S. government and government agencies. Investments in equity mutual funds, with readily determinable fair values and all investments in fixed income funds are stated at fair value based on quoted market values. Investments in equity securities, equity mutual funds and fixed income funds are classified as noncurrent due to the Organization's intent to hold the investment for long-term purposes. Investments classified as long-term may be sold before their maturities to fund working capital or for other purposes.

Realized and unrealized gains and losses on investments are recorded in the consolidated statements of operations and changes in net assets, unless their use is temporarily or permanently restricted by explicit donor stipulation or law. Dividends, interest, and other investment income are recorded as increases in unrestricted net assets unless the use is restricted by donor. Realized gains and losses are determined using the specific identification method.

## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Business and Significant Accounting Policies (Continued)

Investments in joint ventures and other investees are accounted for under the cost or equity method depending on the ownership percentage and the level of control exercised by the Organization.

Deferred Revenue: The balance in this account consists of that portion of Medicaid supplemental payments under the CEA described above. The Organization is responsible for providing services associated with these payments into its next fiscal year-end.

Property and Equipment: Property and equipment are recorded at acquisition cost, including interest expense capitalized during construction. Interest expense of approximately \$381,000 and \$89,000, was capitalized in 2013 and 2012, respectively. Donated property and equipment are recorded at fair value at the date of donation, which is then treated at cost. Depreciation and amortization of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years.

Unamortized Debt Issuance Costs: Costs related to the issuance of revenue bonds are deferred and amortized over the lives of the bonds using the straight-line method, which approximates the interest method.

Accrued Postretirement Benefits and Self-Insurance Reserves: The liabilities for accrued postretirement benefits and self-insurance reserves, which include health insurance, workers' compensation, and medical malpractice claims, include estimates for the ultimate costs for both reported claims and claims incurred but not reported. These estimates incorporate past experience, as well as other considerations including the nature of claims, industry data, relevant trends, and the use of actuarial information.

Noncontrolling Interest: The interest held by third parties in subsidiaries owned or controlled by the Organization is reported in the consolidated balance sheets. Interest reported in the consolidated statements of operations and changes in net assets reflects the respective interest in the income or loss of subsidiaries attributable to the third parties, the effect of which is removed from the Organization's results of operations.

Impairment of Long-Lived Assets: When events or changes in circumstances indicate the carrying amount of property and equipment, and intangible or other long-lived assets related to specifically acquired assets may not be recoverable, an evaluation of the recoverability of currently recorded costs is performed.

Fair Value of Financial Instruments: The following methods and assumptions were used by the Organization in estimating the fair value of their financial instruments:

Current Assets and Liabilities - The Organization considers the carrying amounts of financial instruments classified as current assets and liabilities to be a reasonable estimate of their fair values.

## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Business and Significant Accounting Policies (Continued)

**Investments** - The fair values of the Organization's marketable equity securities are based on quoted market prices in an active market. The carrying amounts of other investments approximate fair value.

**Long-Term Debt** - When practicable to estimate, the fair values of the Organization's long-term financial instruments are based on (a) currently traded values of similar financial instruments, (b) discounted cash flows methodologies utilizing currently available borrowing rates.

**Statement of Operations and Changes in Net Assets:** Transactions deemed to be ongoing, major, or central to the provision of health care services are reported within operating income. Peripheral or incidental transactions are reported as non-operating revenues and expenses. Investment income, which includes changes in unrealized gains and losses on investments, is reported as non-operating revenue.

**Performance Indicator (Excess of Revenues Over Expenses):** Includes operating income and nonoperating income (losses). The performance indicator excludes, when present, certain changes in pension obligations and contributions for capital expenditures, distributions, and net assets released from restricted funds.

**Reclassifications:** Certain reclassifications have been made to prior year balances to conform to the current year presentation.

**Net Patient Service Revenues, Patient Accounts Receivable, and Amounts Due to or from Third-Party Payors:** The Organization provides medical services to government program beneficiaries and has agreements with other third-party payors that provide payments at amounts different from established rates. Payment arrangements include prospectively determined rates per discharge, prospectively determined rates per procedure, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts billed to patients, third-party payors, and others for services rendered. The percentage of total net patient service revenue derived from services furnished to Medicare and Medicaid program beneficiaries was approximately 49% and 33% in 2013 and 2012, respectively.

SMH is approved for "critical access" status under the Medicare Rural Hospital Flexibility Program. States were allowed to designate this status to rural facilities meeting the program criteria. Medicare payments for inpatient/outpatient services under critical access status are determined on the basis of reasonable allowable costs. Inpatient case services rendered to SMH Medicaid program beneficiaries are paid at prospectively determined rates per day. Most outpatient services rendered to SMH Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology subject to an outpatient adjustment determined by DHH.

## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Business and Significant Accounting Policies (Continued)

LGMC and SMH formed collaborations with the State, units of state government in Louisiana, and other healthcare providers, to more fully fund the Medicaid program and ensure the availability of quality healthcare services for the low income and needy population. The purpose of the collaborations is to create vehicles to provide charity care services in the providers' communities served. The provision of this care directly to low income and needy patients will result in the alleviation of the expense of public funds the governmental entities previously expended on care, thereby allowing the governmental entities to increase support for the state Medicaid program up to federal Medicaid Upper Payment Limits (UPL).

Federal matching funds are not available for Medicaid payments that exceed UPLs. Each State's UPL methodology must comply with its State plan and be approved by the Centers for Medicare & Medicaid Services (CMS). Under the State's methodology, LGMC and SMH received funding from the State of Louisiana during the fiscal years ended September 30, 2013 and 2012, collectively totaling \$4,617,339 and \$7,800,765, respectively, which is included on the statement of operations as a component of net patient service revenue.

As mentioned above, LGHS and UHC also collaborated with the State through a CEA and related lease, assuming operational responsibility for LSU's teaching Hospital in Lafayette Louisiana. The Centers for Medicare & Medicaid Services (CMS) has provided for direct graduate medical education payments and indirect medical education reimbursement (DGME and IME) to LSU. The DGME and IME payment rules establish "caps" on the number of residency positions that are reimbursable but allow the caps (the "Residency Caps") to be shared among and/or affiliated to other hospitals under certain circumstances. In order for LSU to continue to effectively provide the LSU GME Programs, LSU transferred certain Residency Caps to Lafayette General Medical Center. The CEA also provides for other cost-based funding to LGMC and Louisiana Medicaid uncompensated care payments to UHC for the provision of health care services to UHC's Medicaid and self-pay / uninsured patients in a given State fiscal year. During fiscal year ended September 30, 2013, LGMC and UHC recognized a total of \$49,907,337 and \$13,877,175, respectively, as a component of net patient service revenue, in accordance with the terms of the CEA. LGMC has also recorded deferred revenue of \$34,571,686 associated with payments received for its CEA commitments for the remaining portion of the State fiscal year ended June 30, 2014.

Retroactive settlements are provided for in some of the governmental payment programs outlined above, based on annual cost reports and regulatory audit. Such settlements are estimated and recorded as amounts due to or from third-party payors in the consolidated financial statements. The differences between these estimates and final determination of amounts to be received or paid are based on audits by fiscal intermediaries and are reported as adjustments to net patient service revenue when such determinations are made. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. These adjustments resulted in an increase to net patient service revenue of \$68,918 and \$602,109 in 2013 and 2012, respectively.

## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Business and Significant Accounting Policies (Continued)

The Organization's Medicare and Medicaid cost reports have been settled through the years ended September 30, as shown in the table below:

	Medicare	Medicaid
LGMC	2009	2009
SMH	2010	2010
LGSH	2010	2009
UHC	*	*

- \* UHC has retained a June 30 year end for cost reporting purposes. As the effective date of the CEA was June 24, 2013, the last week of June 2013 will be included in the June 30, 2014 cost report when filed for UHC. LSU has filed a closing cost report through June 23, 2013. Settlement or recoupment actions associated with the closing cost report remain the responsibility of LSU.

The effect of any adjustments that may be made to cost reports still subject to review at September 30, 2013, will be reported in the Organization's consolidated operations as such determinations are made.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Organization believes it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrong doing. While no such regulatory inquiries have been made, 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.

To ensure accurate payments to providers, the Tax Relief and Healthcare Act of 2006 mandated the Centers for Medicare & Medicaid Services (CMS) to implement a Recovery Audit Contractor (RAC) and Medicaid Integrity Contractor (MIC) programs on a permanent and nationwide basis. The programs use RACs and MICs to search for potentially improper Medicare and Medicaid payments that may have been made to health care providers that were not detected through existing CMS program integrity efforts, on payments that have occurred at least one year ago but not longer than three years ago. Once a RAC or MIC identifies a claim it believes to be improper, it makes a deduction from the provider's Medicare and Medicaid reimbursement in an amount estimated to equal the overpayment.

The Organization will deduct from revenue amounts assessed under the RAC and MIC audits at the time a notice is received until such time that estimates of net amounts due can be reasonably estimated. RAC and MIC assessments are anticipated; however, the outcome of such assessments is unknown and cannot be reasonably estimated. Management has determined RAC and MIC assessments to be insignificant to date.

## **LAFAYETTE GENERAL HEALTH SYSTEM**

### **Notes to Consolidated Financial Statements**

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#### **Note 1. Nature of Business and Significant Accounting Policies (Continued)**

Patient accounts receivable are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. Patients' accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of patients' accounts receivable, the Organization analyzes its past history and identifies trends to estimate the appropriate allowance for doubtful accounts. Management regularly reviews data about the Organization's major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Organization analyzes contractually due amounts and provides an allowance for doubtful accounts, if necessary (e.g., for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients, those with no third-party coverage, the Organization 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 written-off against the allowance for doubtful accounts.

The Organization's allowance for uncollectible accounts increased to 91% of self pay accounts receivable at September 30, 2013, from 39% of self pay accounts receivable at September 30, 2012. The Organization has experienced an increase in charity care and bad debt write-offs as a result of rising patient responsibilities due in part to high deductible and high co-pay insurance plans, and an overall increase in uninsured patients resulting from the collaboration with the State to operate the former LSU teaching hospital in Lafayette which serves a predominately Medicaid and uninsured population.

During 2013, the Organization changed its policy for accounting for write-offs of uninsured patient receivables subject to installment payment arrangements. This change did not have a material impact on the provision for bad debts recognized during the year. The Organization did not change its charity care or uninsured discount policies during fiscal years 2013 or 2012.

The Organization recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Organization recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the Organization's uninsured patients will be unable or unwilling to pay for the services provided; thus, the Organization records a significant provision for bad debts related to uninsured patients in the period the services are provided.

# LAFAYETTE GENERAL HEALTH SYSTEM

## Notes to Consolidated Financial Statements

### Note 1. Nature of Business and Significant Accounting Policies (Continued)

The percentage of patient service revenue, net of contractual allowance and discounts (but before the provision for bad debts), derived from these major payor sources as of September 30, 2013 and 2012 are as follows:

	2013	2012
Third-party Payors	79%	88%
Self Pay	21%	12%
Total All Payors	100%	100%

Charity Care: The Organization provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Organization does not pursue collection of amounts determined to qualify as charity care, and these amounts are not expected to result in cash flows, they are not reported as revenue. Charges foregone, based on established rates and estimated charity care costs, are shown below for the years ended September 30, 2013 and 2012, respectively.

	2013		2012	
	Charges Foregone	Estimated Costs In Excess of Payments	Charges Foregone	Estimated Costs In Excess of Payments
Charity Care	\$31,056,922	\$ 6,975,385	\$11,768,882	\$ 2,835,124

The Organization estimates its cost of care provided under its charity care programs by applying a ratio of direct and indirect costs to charges to gross uncompensated revenue associated with providing care to charity patients.

Income Taxes: LGMC, UHC, LGMD, and SMH are exempt from federal income taxes on related income under Internal Revenue Code (IRC) Section 501(a) as organizations described in Section 501(c)(3). PHO operates as a not-for-profit organization under Louisiana statutes; however, PHO is subject to federal income taxes and state franchise taxes. PHO has also incurred operating losses. LGSH and LIG are for-profit Louisiana limited liability corporations.

Uncertain Tax Positions: The Organization accounts for uncertain tax positions in accordance with Financial Accounting Standards Board (FASB) ACS 740. FASB ACS 740 prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. The interpretation also provides guidance on recognition, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.



## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Business and Significant Accounting Policies (Continued)

The Organization's various federal income tax and exempt organization income tax returns (IRS Forms 1065, 1120, and 990), whether filed on a calendar or fiscal year basis, are subject to examination by the IRS. The income tax returns for years 2010 through 2012 are subject to examination by the taxing authorities, generally for three years after they are filed.

New Accounting Pronouncements adopted: On October 1, 2012, the Organization adopted the provisions of FASB Accounting Standards Update (ASU) 2010-28, *Intangibles—Goodwill and Other (Topic 350): When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts - a consensus of the FASB Emerging Issues Task Force*. In December 2010, the FASB issued amended accounting guidance relating to the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units with zero or negative carrying amounts, an entity is required to perform "Step Two" of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. The adoption of this ASU had no significant effect on the Organization's financial statements.

On October 1, 2012 the Organization adopted the provisions of FASB Accounting Standards Update (ASU) 2011-08, *Intangibles—Goodwill and Other (Topic 350): Testing Goodwill for Impairment*. In September 2011, the FASB issued guidance to amend and simplify the rules related to testing goodwill for impairment. The revised guidance allows an entity to make an initial qualitative evaluation, based on the entity's events and circumstances, to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The results of this qualitative assessment determine whether it is necessary to perform the currently required two-step impairment test. The adoption of this ASU had no significant effect on the Organization's financial statements.

On October 1, 2012 the Organization adopted the provisions of FASB Accounting Standards Update (ASU) 2011-07, *Health Care Entities (Topic 954): Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities - a consensus of the FASB Emerging Issues Task Force*. This guidance which amends the current presentation and disclosure requirements for health care entities that recognize significant amounts of patient service revenue at the time the services are rendered without assessing the patient's ability to pay. This guidance requires health care entities to reclassify the provision for bad debts from an operating expense to a deduction from patient service revenues. In addition, this guidance requires more disclosure on the policies for recognizing revenue, assessing bad debts, as well as quantitative and qualitative information regarding changes in the allowance for doubtful accounts. This guidance has been applied retrospectively to all prior periods presented. The adoption of this ASU resulted in the Organization reclassifying \$30,774,070 of the provision of bad debts previously reported as an operating expense in the 2012 financial statements.

## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Business and Significant Accounting Policies (Continued)

The Organization continues to report the provision as an operating expense for subsidiaries that assess the patient's ability to pay at the time services are rendered. Expanded disclosures required by the ASU are included in above.

On October 1, 2012, the Organization adopted the provisions of FASB Accounting Standards Update (ASU) 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*. The FASB issued this updated accounting guidance related to fair value measurements and disclosures that result in common fair value measurements and disclosures between U.S. GAAP and International Financial Reporting Standards. This guidance included amendments that clarify the application of existing fair value measurement requirements, in addition to other amendments that change principles or requirements for measuring fair value and for disclosing information about fair value measurements. The Organization's fair value measurement disclosures are included in Note 5.

#### Note 2. Net Patient Service Revenues

Net patient service revenues for the years ended September 30, 2013 and 2012, were as follows:

	2013	2012
Gross Patient Service Revenue	\$ 1,181,072,516	\$ 930,178,395
Provisions for Contractual and Other Adjustments	(726,768,273)	(610,066,273)
Charges Forgone for Charity Care	(31,056,922)	(11,768,882)
Net Patient Service Revenue	<u>\$ 423,247,321</u>	<u>\$ 308,343,240</u>

#### Note 3. Business and Credit Concentration

The Organization grants credit to patients, substantially all of whom are local residents. The Organization generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patient benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, Blue Cross, health maintenance organizations, and commercial insurance policies).

## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

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#### Note 3. Business and Credit Concentration (Continued)

As more fully discussed in Note 1, the Organization reports accounts receivable net of estimated allowances for uncollectible accounts and adjustments. To provide for accounts receivable that could become uncollectible in the future, the Organization establishes an allowance for uncollectible accounts to reduce the carrying amount of such receivables to their estimated net realizable value. The amount charged to the provision for doubtful accounts is based upon the Organization's assessment of historical and expected net collections, business and economic conditions, and trends in government reimbursement. Uncollectible accounts are written off when the Organization has determined the account will not be collected.

The approximate percentages of net patient accounts receivable by payor at September 30, 2013 and 2012, were as follows:

	2013	2012
Managed Care \ Commercial	39 %	47 %
Medicare	23	17
Medicaid	7	6
Other Third-Party Payors	6	6
Self-Pay Patients	25	24
	<u>100 %</u>	<u>100 %</u>

The Hospital maintains cash balances at several financial institutions located primarily in Louisiana. Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to an aggregate per depositor of \$250,000.

As of September 30, 2013, the Organization reported cash and cash equivalents balances of \$58,471,397. Certain deposits exceed the amount of insurance coverage. The Organization's policy is to place its cash and cash equivalent deposits with high credit quality financial institutions. Accordingly, management does not believe these excess deposits expose the Organization to a significant risk of loss.

The Organization has entered into a daily overnight repurchase agreement with one financial institution, which is a cash sweep service arrangement. The arrangement withdraws and deposits cash balances above a specified dollar amount from one of the Organization's deposit accounts daily and invests it in short-term government securities overnight. The dollar amount associated with this repurchase agreement and included in the total cash and cash equivalents balances referenced above was \$17,976,325 as of September 30, 2013.

## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

#### Note 4. Short-Term Investments and Assets Limited as to Use

At September 30, 2013 and 2012, the Organization had short-term investments consisting of equity interests in a series of commingled private trusts established under the Louisiana Hospital Investment Pool program and other pools. The Organization reports the value of its pro rata share of these trusts at estimated fair market value as determined by the fair value of all underlying securities, held by the trusts. Short-term investments, at September 30, 2013 and 2012, were primarily invested in money market funds. The balance in short-term investments was \$388,395 and \$947,574 at September 30, 2013 and 2012, respectively.

Assets limited as to use at September 30, 2013 and 2012, were as follows:

	2013	2012
<b>Under Debt Agreement Held by Third Party</b>		
Cash and Cash Equivalents	\$ 497,629	\$ 3,088,134
Loan Participation Interests (Note 8)	2,547,600	1,910,700
	<u>3,045,229</u>	<u>4,998,834</u>
<b>By Board for Property and Equipment Additions and Replacements</b>		
Equity Mutual Funds	39,636,886	37,964,569
Fixed Income Funds	38,166,270	32,216,041
Cash and Cash Equivalents	3,931,097	3,921,505
Other	16,627	501,534
	<u>81,750,880</u>	<u>74,603,649</u>
<b>Total Assets Whose Use is Limited</b>	<u>\$ 84,796,109</u>	<u>\$ 79,602,483</u>

#### Note 5. Fair Value Measurements

The fair value measurements are based on a framework that 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

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#### Note 5. Fair Value Measurements (Continued)

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 Organization has the ability to access.
Level 2	<p>Inputs to the valuation methodology include:</p> <ul style="list-style-type: none"><li>• quoted prices for similar assets or liabilities in active markets;</li><li>• quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>• inputs other than quoted prices that are observable for the asset or liability;</li><li>• Inputs that are derived principally from or corroborated by observable market data by correlation or other means.</li></ul> <p>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.</p>
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 observable inputs and minimize the use of unobservable inputs.

A description of the valuation methodologies used for assets measured at fair value is as follows:

- Common stocks, corporate bonds and U.S. government securities, when present are valued at the closing price reported on the active market on which the individual securities are traded.
- Mutual Funds are valued at the net asset value (NAV) of shares held at year end.
- Money Market Funds and certificates of deposit are reported at the net asset value and amount reported by the issuing financial institution, respectively.
- Pooled Investment accounts are valued at the liquidation value of the underlying instruments.
- Insurance Company Group Annuity Contracts are carried at contract value as reported by the insurance company, which approximates fair value.

# LAFAYETTE GENERAL HEALTH SYSTEM

## Notes to Consolidated Financial Statements

### Note 5. Fair Value Measurements (Continued)

The following table sets forth, by level within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2013:

	Fair Value	Level 1	Level 2	Level 3
Mutual Funds:				
Equity Funds	\$40,209,511	\$40,209,511	\$ -	\$ -
Fixed Income Funds	38,166,270	38,166,270		
Total Mutual Funds	78,375,781	78,375,781	-	-
Cash Equivalents, Money Market and Certificates of Deposit	3,931,097	3,931,097	-	-
Pooled Investment Accounts	388,395	-	388,395	-
Marketable Equity Securities	451,500	451,500	-	-
Insurance Company Group Annuity Contract	1,137,322	-	1,137,322	-
Other	16,627	-	16,627	-
<b>Total</b>	<b>\$84,300,722</b>	<b>\$82,758,378</b>	<b>\$1,542,344</b>	<b>\$ -</b>

These instruments are included on the Organization's September 30, 2013, balance sheet under the following captions:

Short-Term Investments	\$ 388,395
Assets Limited as to Use	81,750,880
Items Included as a Component of Other Noncurrent Assets:	
Marketable Equity Securities	451,500
Deferred Compensation Arrangement Assets	1,709,947
<b>Total</b>	<b>\$ 84,300,722</b>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2012:

	Fair Value	Level 1	Level 2	Level 3
Mutual Funds:				
Equity Funds	\$38,291,246	\$38,291,246	\$ -	\$ -
Fixed Income Funds	32,216,041	32,216,041	-	-
Total Mutual Funds	70,507,287	70,507,287	-	-
Cash Equivalents, Money Market and Certificates of Deposit	3,921,505	3,921,505	-	-
Pooled Investment Accounts	947,574	-	947,574	-
Marketable Equity Securities	449,750	449,750	-	-
Insurance Company Group Annuity Contract	801,505	-	801,505	-
Other	501,534	-	501,534	-
<b>Total</b>	<b>\$77,129,155</b>	<b>\$74,878,542</b>	<b>\$2,250,613</b>	<b>\$ -</b>

## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

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#### Note 5. Fair Value Measurements (Continued)

These instruments are included on the Organization's September 30, 2012 balance sheet under the following captions:

Short-Term Investments	\$ 947,574
Assets Limited as to Use	74,603,649
Items Included as a Component of Other Noncurrent Assets:	
Marketable Equity Securities	449,750
Deferred Compensation Arrangement Assets	<u>1,128,182</u>
<b>Total</b>	<b><u>\$ 77,129,155</u></b>

#### Financial Instrument Fair Value Disclosures

At September 30, 2013 and 2012, the Organization's financial instruments included cash and cash equivalents, accounts receivable, investments, assets limited as to use, accounts payable, accrued expenses, estimated third-party payor settlements, and long-term debt. The carrying amounts reported in the consolidated balance sheets for these financial instruments, except for long-term obligations, approximate their fair values.

The fair value of the Organization's Series 2010 debt at September 30, 2013 is estimated at \$83,440,423 compared to its carrying value of \$82,100,501 (net of unamortized original issue discount of \$629,499). The fair value of this instrument is based on currently traded values of similar financial instruments.

The September 30, 2013 carrying value of \$3,577,433 of the Organization's long-term Equipment Vendor Installment Payable, disclosed in Note 8, is considered to approximate its fair value measured by utilizing a discounted cash flow approach at borrowing rates currently available to the Organization.

It is not practicable to estimate the fair value of the New Market Tax Credit Facility A and B, nor the Series 2012A and Series 2012B bonds, separate from the value supported by the related credit facilities.

The fair value of remaining long-term debt instruments reasonably approximates the carrying value.

#### Note 6. Investments in Joint Ventures and Other Investees

The Organization holds a 50% interest in Lafayette General Endoscopy Center, Inc. (GI-ASC). This Company provides ambulatory surgical services in Lafayette, Louisiana. The investment in GI-ASC, accounted for under the equity method, is \$1,416,882 and \$1,405,404, as of September 30, 2013 and 2012, respectively. Equity method goodwill arising upon the 2005 acquisition of GI-ASC by LGMC is included as a component of the carrying amount of the investment. The carrying amount of the equity method goodwill component comprises the substantial portion of the investment balance as of September 30, 2013 and 2012.

## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

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#### Note 6. Investments in Joint Ventures and Other Investees (Continued)

Summarized financial information of GI-ASC as of September 30, 2013 includes total assets of \$279,446 and total liabilities of \$112,348. GI-ASC operates on a calendar year basis and reported \$1,367,284 of net income for the nine months ended September 30, 2013. As of September 30, 2012, GI-ASC had assets of \$272,536 and liabilities of \$257,731. Income for the nine months ended September 30, 2012 was \$1,518,448. Net income is routinely distributed to LGMC and the other IRS subchapter S-corporation shareholders each year.

Investee companies not accounted for under the consolidation or the equity method of accounting are accounted for under the cost method of accounting. Other Noncurrent Assets include \$334,278 of investments accounted for under the cost method.

Under this method, the Organization's share of the earnings or losses of such Investee companies is not included in the consolidated balance sheets or consolidated statements of operations; however, impairment charges are recognized in the consolidated statements of operations, if applicable. When circumstances suggest that the value of the investee company has subsequently recovered, that recovery is not recorded.

#### Note 7. Property and Equipment

Property and equipment consists of the following:

	2013	2012
Land and Land Improvements	\$ 9,932,443	\$ 9,936,068
Buildings and Fixed Equipment	259,290,698	255,358,809
Major Movable Equipment	101,829,978	98,994,394
	<u>371,053,119</u>	<u>364,289,271</u>
Less: Accumulated Depreciation	184,672,776	170,243,527
	<u>186,380,343</u>	<u>194,045,744</u>
Construction in Progress	28,655,205	5,609,713
<b>Total</b>	<b><u>\$ 215,035,548</u></b>	<b><u>\$ 199,655,457</u></b>

#### Construction in Progress and Purchase Commitments

During 2013, the Organization continued with the expansion and renovation of its LGMC campus. This \$52.5 million development will enlarge and upgrade its emergency department and surgical platform, and add a new parking garage.

At September 30, 2013, the Organization was obligated under purchase commitments of approximately \$24,958,909, principally related to its operating and emergency room expansion and other various property improvement projects, and \$438,942 related to other purchase commitments.



# LAFAYETTE GENERAL HEALTH SYSTEM

## Notes to Consolidated Financial Statements

### Note 8. Short-Term and Long-Term Debt

The following table summarizes the Organization's outstanding debt as of September 30, 2013 and 2012:

Line of Credit	2013	2012
Line of Credit - LGMC: Interest rate of LIBOR plus 2.25% (2.43% at September 30, 2013), due upon demand or maturity on August 1, 2014	(A) \$ -	\$ 5,000,000
<b>Total</b>	<b>\$ -</b>	<b>\$ 5,000,000</b>
<b>Long-Term Debt</b>	<b>2013</b>	<b>2012</b>
New Market Tax Credit Facility A: Variable interest at not less than 4.00%, payable in annual installments through 2023	(B) \$ 25,476,000	\$ 25,476,000
New Market Tax Credit Facility B: Interest Rate of 1.00%, anticipated maturity of September 30, 2023.	(B) 9,524,000	9,524,000
Revenue and Refunding Bonds, Series 2010: Interest payable semi-annually at rates ranging from 2.0% to 5.5%. Principal is payable annually through 2041	(C) 82,730,000	83,810,000
Hospital Revenue Bonds, Series 2012A: Variable interest at 60% of LIBOR plus 1.4% (1.51% at September 30, 2013), payable monthly. Principal payable annually through 2042, beginning in 2018	(D) 20,000,000	5,000,000
Hospital Revenue Bonds, Series 2012B: Fixed interest at 2.46% through 2019. Principal payable annually through 2042, beginning in 2018	(D) -	-
Revenue Note Payable - LGMC: Interest rate of 3.61%, payable in monthly installments of \$78,760 through February 25, 2016.	(E) 2,184,112	2,995,881
Bank Note Payable - LGMC: Monthly principal and interest payments of \$6,046 and a final balloon payment due March 2, 2017. Interest rate of 5.625%.	(F) 679,003	720,675
Equipment Vendor Installment Payable - LGMC: Principal due in 10 remaining installments as of September 30, 2013. Final payment due January 1, 2016.	(G) 3,577,443	5,398,775
Bank Note Payable - LIG: Variable interest at 4.5%, due in serial installments through July 2020	(H) 3,751,993	4,211,132
Bank Note Payable - LGMC: Interest rate of LIBOR plus 2.50% (2.68% at September 30, 2013), payable in monthly principal and interest installments through March 4, 2017.	(I) 4,621,233	6,000,000
Bank Note Payable - LIG: Monthly principal and interest payments of \$26,552 and a final balloon payment due January 20, 2017. Interest rate of 5.625%.	(J) 2,970,048	3,114,801
	155,513,832	146,251,264
Less: Unamortized original issue discount	(629,499)	(652,742)
	154,884,333	145,598,522
Less: Current maturities of long-term debt	(6,300,666)	(5,541,491)
<b>Total</b>	<b>\$ 148,583,667</b>	<b>\$ 140,057,031</b>

## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

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#### Note 8. Short-Term and Long-Term Debt (Continued)

- (A) Revolving Credit Line - LGMC: The Organization has an unsecured revolving line of credit from a bank that permits borrowings up to \$10,000,000, at an interest rate of LIBOR plus 2.25% (2.43% at September 30, 2013). The line of credit matures on August 1, 2014. At September 30, 2013 and 2012, the Organization had \$0 and \$5,000,000 of outstanding borrowings under this line of credit.
- (J) Construction Loan - LIG: On December 15, 2010, a promissory note was executed by and among Lafayette Investment Group, LLC (as borrower) and Home Bank (as Lender). The terms of the note provided for multiple advances for up to \$3,210,000 of principal to be utilized to pay off construction costs. On January 27, 2012, the loan was converted to a term loan payable in 59 monthly installments of \$26,552 and a final balloon payment due on January 20, 2017. The term loan bears interest at 5.625%. The term loan is secured by a security interest in deposit accounts with the lender, and certain real estate owned by LIG.
- (I) Equipment Loan - LGMC: On May 4, 2011, a promissory note was executed by and among LGMC (as Borrower) and Capital One Bank (as Lender). The note evidences a non-revolving multiple advance line of credit master note. The terms of the note provide for advances up to a maximum annual principal amount of \$6,000,000 for the purchase of medical and technological equipment. The note required monthly interest payments at a rate of LIBOR plus 2.50%. The line of credit matured on May 4, 2012. Prior to maturity, the note was converted to a term loan payable in monthly principal and interest installments through March 4, 2017. The term loan bears interest at LIBOR plus 2.50% (2.68% at September 30, 2013).
- (B) New Market Tax Credit Facility Notes A and B: On September 10, 2009, LGMC issued two notes payable (Facility A and B) to MK Louisiana Charitable Healthcare Facilities Fund LLC. The notes are subject to separate credit and loan agreements executed by LGMC (as Borrower), Iberia Bank as the community development entity (CDE) under the New Markets Tax Program, and MK Louisiana Charitable Healthcare Facilities Fund LLC (Lender).

The Facility A Note (senior note), issued for \$25,476,000, is secured under the aforementioned credit and loan agreements. The Facility A note matures on September 30, 2023. There are, however, mandatory payments under a loan participation agreement which are due serially from September 30, 2010 to September 30, 2023. LGMC may not prepay the note in full or in part prior to September 2016. Interest on this obligation is at a rate equal to the LIBOR base rate plus 2.5%, however that interest rate shall never be lower than 4%.

The Facility B Note (subordinate note) issued for \$9,524,000, is also secured by the credit and loan agreements referred to above. The Facility B Note includes a provision prohibiting any early payment prior to September 2016. This note bears interest at a rate of 1% per annum. Interest is payable on this note quarterly in arrears beginning December 31, 2009. The balance of all outstanding principal and accrued unpaid interest is due upon maturity.

## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

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#### Note 8. Short-Term and Long-Term Debt (Continued)

Both Facility A and Facility B are secured on a parity with LGMC's other outstanding indebtedness under its existing master trust indenture and related supplemental master trust indenture.

The notes are intended to qualify as a "quality low-income community investment" for purposes of generating certain tax credits called New Market Tax Credits (NMTCs) under section 45D of the Internal Revenue Code of 1986, as amended. To qualify, LGMC must comply with certain representations, warranties and covenants. These include, but are not limited to, LGMC's non-profit status, and that the "portion of the business" (as defined) will operate to qualify as a qualified low-income community business. If, as a result of the breach of the agreement or loan documents by LGMC, the Lender is required to recapture all or any part of the New Market Tax Credits previously claimed by the Lender, LGMC agrees to pay to the Lender an amount equal to the sum of the credits recaptured. The effect of which could accelerate the maturity of these notes. Commencing on the first day after the expiration of the NMTC compliance period, in September 2016, and continuing for a period of twenty days thereafter, the Lender shall have the right to acquire, by purchase, the notes and all of the Lenders' rights and interest, known as the "put right". Lenders shall provide the Organization with notice of exercise of this right during the twenty day period specifying exercise of its right. Within thirty days of delivery of such notice, the Organization will pay to the Lender an amount equal to the full amount of unpaid principal and unpaid interest on the Facility A loan plus \$1,000.

- (C) Revenue and Refunding Bonds, Series 2010 - LGMC: During 2010, the Louisiana Public Facilities Authority (LPFA) issued \$84,840,000 of tax-exempt revenue and refunding bonds for which LGMC is obligated. The 2010 series bonds are secured by a multiple indebtedness mortgage, assignment of leases and rents, and a security agreement on certain land and the improvements located and to be located thereon and certain personal property of the LGMC. See additional discussion that follows later in this Note. These bonds are due serially through November 1, 2041.
- (D) Revenue Bonds Series 2012 A and B - LGMC: on July 1 2012, the LPFA authorized the issuance of \$30,000,000 Series 2012A and \$30,000,000 Series 2012B of hospital revenue bonds for which LGMC is obligated via an executed loan agreement issued as of that date. The purpose of the issue is to finance a portion of the costs of construction, expansion and renovations of operating room suites, the emergency room, and other portions of the main campus and additional construction of a multi-level parking facility. Both the Series A and B Bonds are being issued as draw down bonds. As of September 30, 2013, the total amount drawn by LGMC against the loan agreement was \$20,000,000. The remaining \$40,000,000 is to be drawn on or before July 26, 2014. The loan agreement requires debt service by LGMC in an amount sufficient to provide for principal and interest under the terms of each bond series. Interest on the outstanding principal balance of each series is payable monthly. Series A bonds bear interest at a variable rate through July 25, 2022.

## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

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#### Note 8. Short-Term and Long-Term Debt (Continued)

The Series B bonds bear interest at fixed rate of 2.46% per annum through July 25, 2019. Both Series contain provisions for rate resets in subsequent periods. Principal repayment requirements for both Series A and B are serial at scheduled amounts assuming the maximum authorized principal. Principal funding requirements begin November 1, 2018 and continue through 2042. The bonds contain optional redemption provision at the direction of LGMC.

- (E) Revenue Note Payable - LGMC: During 2011, LPFA issued this note to a supplier of medical equipment for which LGMC is obligated. The proceeds were used to purchase medical equipment during the hospital renovation. The balance is due in monthly installments of \$78,760 through February 25, 2016. The note bears interest at a rate of 3.61%.
- (F) Bank Note Payable - LGMC: On March 2, 2012, a loan agreement was executed by and among LGMC (as the borrower) and Home Bank (as the lender). The term loan agreement was issued for \$730,000 of principal to be utilized for construction cost for leasehold improvements. The term loan is payable in 59 monthly installments of \$6,046 and a final balloon payment due on March 2, 2017. The term loan bears interest at 5.625%. The term loan is secured by a security interest in the leasehold improvements and in furniture, fixtures, and equipment purchased.
- (G) Equipment Vendor Installment Payable - LGMC: At September 30, 2013 the Organization has recorded a long-term installment payable to an equipment vendor for the capitalized cost of certain software and related equipment. As of September 30, 2013, 10 payments remain. These payments are reflected at their present value of \$3,577,443 using a discount rate of 3%. Of the discounted amount due, \$1,705,388 is due in fiscal year 2014 with the balance due in quarterly installments through 2016.
- (H) Bank Note Payable - LIG: On April 23, 2009, a loan agreement was executed by and among Lafayette Investment Group, LLC (as borrower) and Home Bank (as lender). The term loan agreement was issued for up to \$5,592,055 of principal to be utilized to pay off construction costs for Lafayette Surgical Hospital. The note has since been refinanced with the lender and bears interest at 4.5%. The remaining balance of the note is due serially in monthly installments through July 2012.

LGMC and Whitney Bank, as master trustee (the "Master Trustee") for the Series 2010 and 2012 bond issues have entered into, amended, restated and added supplements to the Master Trust Indenture, with the latest supplement dated July 1, 2012 that was specific to the Series 2012 Bonds. LGMC and the LPFA have entered into a Loan Agreement documenting that LGMC, as Obligated Group Agent, has delivered a promissory note to the LPFA to evidence and secure its obligations to the LPFA.

## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

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#### Note 8. Short-Term and Long-Term Debt (Continued)

As security for the Bonds, the LPFA has assigned and pledged to the Trustee, for the benefit of the owners of the Bonds, substantially all of LPFA's interest in the Series 2012 and 2010 loan agreements. Pursuant to the terms of the Amended and Restated Master Trust Indenture, LGMC, as Obligated Group Agent, may from time to time issue other notes or series of notes such that the holders of the Series 2010 and 2012 obligations are on a parity with respect to the holders of such other notes or series of notes entitled to the benefit of the Amended and Restated Master Trust Indenture.

Under the Series 2010 and 2012 bond obligations, LGMC is also subject to an Act of Assignment of Receipts and Security Agreement, which has been supplemented and amended and restated, with the latest change made effective July 1, 2012 (collectively, the "Assignment"), pursuant to which LGMC, as Obligated Group Agent, has assigned certain Receipts (as therein defined), to the Master Trustee, as assignee, for the benefit of the owners of the bonds and for the benefit of certain of the existing and future creditors of the Obligated Group Members. The provisions of the Series 2012 and 2010 bond obligations also contain a Multiple Indebtedness Mortgage, Assignment of Leases and Rents and Security Agreement dated August 12, 2010 (the "Mortgage") by LGMC in favor of the Master Trustee, as mortgagee, granting a mortgage lien on certain of the properties of LGMC.

The Organization is required to comply with covenants contained in the Amended Master Trust Indenture, dated August 1, 2010. These covenants include, among other requirements, maintenance of proper debt service coverage ratio. For the years ended September 30, 2013 and 2012, the Organization was in compliance with these covenants.

Debt service payments sufficient to meet annual principal and interest requirements under the bond indenture are required to be made by the Organization.

At September 30, 2013, scheduled maturities of long-term debt for the years ending September 30<sup>th</sup>, are as follows\*:

2014	\$ 6,300,666
2015	4,835,172
2016	12,035,341
2017	4,193,130
2018	679,644
Thereafter	<u>127,469,881</u>
<b>Total</b>	<b><u>\$ 155,513,834</u></b>

\* The schedule above is prepared assuming the Lender associated with Item (B) above does not exercise its put right associated with Facility A and Facility B. If this right were to be exercised it would accelerate maturity of those debt instruments to 2016.

## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

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#### Note 8. Short-Term and Long-Term Debt (Continued)

As noted above, the new market tax credit financing requires the Organization to make mandatory payments under a loan participation agreement with the leveraged lender during the period the note is outstanding. Remaining required mandated payments as of September 30, 2013, are as follows assuming no exercise of the Lender's put right:

2014	\$ 636,900
2015	2,547,600
2016	2,467,988
2017	2,467,988
2018	2,467,988
Thereafter	<u>21,863,936</u>
<b>Total</b>	<b><u>\$ 32,452,400</u></b>

Upon making each of the mandatory payments, the Organization receives junior participation interests in the distributable proceeds (as defined in the agreement) in an amount equal to the amount of each mandatory payment. The participation interests ultimately function in a similar manner as a sinking fund and are utilized to retire the principal of the note upon maturity. The Organization's participation interests totaled \$2,547,600 as of September 30, 2013, and are included in Assets Limited as to Use on the consolidated balance sheets. See Note 4.

The Organization paid interest on its long-term debt totaling \$6,963,865 and \$6,639,177, during the years ended September 30, 2013 and 2012, respectively. See Note 1 for details of interest cost capitalized as a component of property and equipment.

#### Note 9. Capital Leases

The Organization leases certain equipment used in its operations under agreements that are classified as capital leases. The carrying amount of such equipment is not material to these financial statements and approximates the present value of the associated minimum lease payments. The lease obligations are secured by the leased equipment.

As mentioned in Note 1, SMH leases the physical assets of Hospital Service District No. 2 of St. Martin Parish, Louisiana (the Service District). Under the terms of the agreement, accounted for as a capital lease obligation, SMH became the lessee of substantially all of the land, buildings and equipment associated with the Service District. SMH simultaneously became the operator of that facility and assumed responsibility for management. As a result of the arrangement, all financial results of the facility during the lease term flow directly to SMH.

## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

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#### Note 9. Capital Leases (Continued)

During 2013, the lease was amended to include an additional 5,477 square feet of hospital space. The monthly lease obligation of \$28,833 was increased to \$29,365, effective May 1, 2013, and is due in monthly installments over the remainder of the original 25 year lease term and the original renewal term of an additional 24 year period, if exercised. The recorded cost of land, building, leasehold improvements, and equipment associated with this lease is \$3,952,972 and \$2,377,141, and the recorded cost of construction in progress associated with this lease is \$546,966 and \$318,961 as of September 30, 2013 and 2012. Accumulated amortization of the leased assets acquired was \$585,589 and \$341,952, as of September 30, 2013 and 2012.

Future minimum lease payments and the present value of the minimum lease payments under all of the capital lease obligations discussed above are as follows as of September 30, 2012:

Year Ending September 30:	Amount
2014	\$ 445,551
2015	422,260
2016	352,381
2017	352,381
2018	352,381
2019-2023	1,761,906
2024-2028	1,761,906
2029-2033	1,761,906
2034-2035	293,651
Total Minimum Lease Payments	7,504,323
Less: Amount Representing Interest	(3,778,436)
Present Value of Minimum Lease Payments	3,725,887
Less: Current Maturities of Capital Lease Obligations	(158,303)
Long-Term Capital Lease Obligations	\$ 3,567,584

## **LAFAYETTE GENERAL HEALTH SYSTEM**

### **Notes to Consolidated Financial Statements**

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#### **Note 10. Retirement Benefits**

The Organization sponsors two defined contribution employee pension plans, one of which was frozen in 1998. Participation in the active plan is available to substantially all of the Organization's employees upon completion of one year of service and at least 750 hours of service during the plan year. Participating employees become 100% vested in the Organization's contributions to the active plan after three years of service.

The active plan contains both a contributory and a noncontributory component. For the contributory component, the Organization matches two-thirds of a participating employee's elective deferrals, up to a maximum of two-thirds of 3% of the employee's annual salary. In addition, during each plan year, participants may elect to defer up to 20% of their compensation to be contributed by the employee plan. For the noncontributory component, the Organization may contribute 1% to 5% (based on years of participation) of a participating employee's salary, but such contribution is not required. For the fiscal year end September 30, 2013 and 2012, management elected to suspend this contribution.

The frozen plan remains in existence and its assets are distributed to participants upon termination or retirement.

The Organization's policy is to fund all pension costs of the contributory component in the period earned by the employee and all pension costs of the noncontributory component annually at the end of the plan year. Defined contribution plan costs charged to operations for the years ended September 30, 2013 and 2012, were \$1,422,507 and \$1,154,239, respectively.

The Organization has a deferred compensation arrangement with a group of its key executives. The purpose is to provide supplemental retirement benefits which, when integrated with the Organization's retirement income sources, provides a specified target level of retirement benefits for those executives. As of September 30, 2013 and 2012, the Organization had set aside \$1,709,947 and \$1,128,182, respectively, in a Rabbi Trust, which is included as a component of Other Noncurrent Assets on its consolidated balance sheets, in accordance with terms of the arrangement. As of September 30, 2013 and 2012, the Organization had recorded accrued liabilities of \$839,241 and \$449,650, respectively, which represents the estimated present value of the benefits earned under this agreement.

#### **Note 11. Accrued Other Postretirement Benefits**

The Organization provides certain health care benefits for retired employees. Under FASB ASC 715, the Organization is required to accrue the estimated cost of retiree health care benefits over the years that the employees render service.

The Organization's postretirement health care plan is contributory for retiree spouses and noncontributory for retirees. The health care plan covers all retirees and their spouses who retired before January 1, 2005. The Organization's current policy is to fund the cost of the postretirement health care plan on a pay-as-you-go basis.



# LAFAYETTE GENERAL HEALTH SYSTEM

## Notes to Consolidated Financial Statements

### Note 11. Accrued Other Postretirement Benefits (Continued)

FASB ASC 715 also requires the Organization to fully recognize and disclose as an asset or liability, the over-funded or under-funded status of its postretirement health care plan in its current year financial statements.

The plan's funded status, along with assumptions used to calculate that status at September 30, 2013 and 2012, were as follows:

	Fiscal Year Ending September 30,	
	2013	2012
<b>Benefit Obligation Information:</b>		
Accumulated Postretirement Benefit Obligation	\$ 1,888,100	\$ 2,821,000
<b>Asset Information:</b>		
Employer Contributions	\$ 157,500	\$ 224,400
Plan Participants' Contributions	6,600	6,600
Benefits Paid	\$ 164,100	\$ 231,000
Fair Value of Assets at End of Year	\$ -	\$ -
Funded Status at End of Year	\$ (1,888,100)	\$ (2,821,000)
<b>Amounts Recognized in the Statement of Financial Position:</b>		
Noncurrent Assets	\$ -	\$ -
Current Liabilities	(167,500)	(222,800)
Noncurrent Liabilities	(1,720,600)	(2,598,200)
Total	\$ (1,888,100)	\$ (2,821,000)
<b>Amounts Recognized in Unrestricted Net Assets:</b>		
Amount Recognized in Unrestricted Net Assets		
Transition Obligation/(Asset)	\$ -	\$ -
Prior Service Cost/(Credit)	(8,300)	(47,600)
Net Actuarial (Gain)/Loss	(1,012,900)	(164,400)
Total	\$ (1,021,200)	\$ (212,000)
Total Amount Recognized in Unrestricted Net Assets	\$ (1,021,200)	\$ (212,000)
<b>Assumptions for End of Year Disclosure:</b>		
Discount Rate	3.74%	2.94%
Initial Medical Trend Rate	8.50%	9.00%
Ultimate Medical Trend Rate	5.00%	5.00%
Years from Initial to Ultimate Trend	7	8
Measurement Date	9/30/2013	9/30/2012
Census Date	9/30/2012	9/30/2012

# LAFAYETTE GENERAL HEALTH SYSTEM

## Notes to Consolidated Financial Statements

### Note 11. Accrued Other Postretirement Benefits (Continued)

The following table presents expected future benefit payments to beneficiaries:

	Fiscal Year Ending September 30,	
	2013	2012
<b>Net Periodic Benefit Cost and Other Amounts Recognized in Unrestricted Net Assets:</b>		
<b>Net Periodic Benefit Cost</b>		
Net Periodic Benefit (Income)/Expense	\$ 40,400	\$ 83,900
<b>Other Changes in Plan Assets and Benefit Obligations Recognized in Unrestricted Net Assets</b>		
Transition Obligation/(Asset)	\$ -	\$ -
Prior Service Cost (Credit)	-	-
Net Loss (Gain)	(848,500)	(311,600)
Amortization of Transition Obligation/(Asset)	-	-
Amortization of Prior Service Cost	39,300	39,300
Amortization of Net Loss (Gain)	-	-
Total Change in Unrestricted Net Assets	\$ (809,200)	\$ (272,300)
Total Recognized in Net Periodic Benefit Cost and Unrestricted Net Assets	\$ (768,800)	\$ (188,400)
<b>Assumptions for Net Periodic Benefit Cost:</b>		
Discount Rate	2.94%	3.97%
Initial Medical Trend Rate	9.00%	9.50%
Ultimate Medical Trend Rate	5.00%	5.00%
Years from Initial to Ultimate Trend	8	9
Measurement Date	9/30/2012	9/30/2011
<b>Expected Benefit Payments:</b>		
2014 Fiscal Year	\$ 167,500	
2015 Fiscal Year	\$ 169,800	
2016 Fiscal Year	\$ 170,800	
2017 Fiscal Year	\$ 170,400	
2018 Fiscal Year	\$ 168,600	
2019 - 2023 Fiscal Year	\$ 755,800	
<b>Expected Employer Contributions Recognized for the 2013 Fiscal Year:</b>	\$ 167,500	
<b>Expected Amortization Amounts Included in Expense for the 2013 Fiscal Year:</b>		
Transition Obligation/(Asset)	\$ -	
Prior Service Cost	\$ (8,100)	
Actuarial (Gain)/Loss	\$ (91,100)	

## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

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#### Note 12. Functional Expenses

The Organization provides general health care services, including acute inpatient, sub acute inpatient, outpatient, ambulatory, and home care to residents within its geographic location.

Expenses related to providing these services for the years ended September 30, 2013 and 2012, were as follows:

	2013	2012
Health Care Services	\$ 274,551,769	\$ 227,497,113
General and Administrative	70,582,183	53,601,411
<b>Total</b>	<b>\$ 345,133,952</b>	<b>\$ 281,098,524</b>

#### Note 13. Income Taxes

The past operations of LGMD resulted in an estimated cumulative net operating loss for federal income tax purposes at September 30, 2011. These net operating loss carry-forwards expire in varying amounts through 2030. Because of uncertainty involving LGMD's ability to utilize the deferred tax benefit attributable to these losses, management has elected to establish a valuation allowance equal to the amount of the associated deferred tax asset. As mentioned in Note 1, LGMD has applied for recognition as a 501(c)(3) organization.

#### Note 14. Commitments and Contingencies

**Insurance Programs:** During 1976, the state of Louisiana enacted legislation that placed a maximum limit of \$500,000 for each medical professional liability claim and established the Louisiana Patient's Compensation Fund (the Fund) to provide professional liability insurance to participating health care providers. The Organization participates in the Fund. The Fund provides up to \$400,000 coverage for settlement amounts in excess of \$100,000 per claim.

The Organization remains liable for \$100,000 per claim. The Organization also carries umbrella coverage for losses from \$1,000,000 to \$15,000,000 in the aggregate.

The Organization has a self-insurance program with respect to general and professional liability, and employee health claims. The Organization is also self insured for workers' compensation claims up to the deductible of its excess workers' compensation policy of \$400,000 per claim.

**Litigation:** The Organization is involved in litigation arising in the ordinary course of business. Claims asserted against the Organization are currently in various stages of litigation. The Organization accrues for claims losses arising from litigation or self insurance programs when it is determined that it is probable that liabilities have been incurred and the amounts of losses can be reasonably estimated. It is the opinion of management that estimated costs resulting from pending or threatened litigation are adequately accrued.

## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

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#### Note 14. Commitments and Contingencies (Continued)

Operating Lease Commitments: Rental expense for all operating leases totaled \$12,376,709 and \$7,974,091 for the years ended September 30, 2013 and 2012, respectively.

As initially detailed in Note 1, UHC entered into a lease agreement with LSU and the State to lease the facilities and equipment of University Medical Center. The initial lease term is for 10 years. Beginning on the expiration of the fifth year of the initial term and continuing on each annual anniversary date thereafter, the remaining portion of the initial term will automatically be extended for an additional one year period. Annual rent is \$15,790,500, payable in four quarterly installments. UHC was required to prepay one full year of rent which shall be considered payment of all quarterly rent due for the last year of the term. This prepayment is classified as a noncurrent asset and is included in Other Assets on the September 30, 2013 Balance Sheet.

The future minimum lease payments under non-cancelable operating leases for the years ending September 30<sup>th</sup> are as follows:

2014	\$ 20,047,492
2015	19,579,039
2016	18,587,725
2017	17,873,546
2018	17,083,042
Thereafter	60,175,096
<b>Total</b>	<b>\$ 153,345,940</b>

The Organization and its affiliates lease office space and clinical facilities, generally to members of the medical staff, under operating leases whose terms range from monthly up to five years. Assets held for lease, at September 30, 2013 and 2012, consist of buildings and improvements with an original cost of \$73,449,288 and \$73,535,302, respectively. Accumulated depreciation of the leased assets totaled \$35,199,726 and \$32,965,895, at September 30, 2013 and 2012, respectively.

The future minimum lease payments to be received from these leases for the years ending September 30<sup>th</sup> are as follows:

2014	\$ 4,291,191
2015	3,275,005
2016	2,718,958
2017	1,087,439
2018	524,760
Thereafter	732,700
<b>Total</b>	<b>\$ 12,630,053</b>

## **LAFAYETTE GENERAL HEALTH SYSTEM**

### **Notes to Consolidated Financial Statements**

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#### **Note 14. Commitments and Contingencies (Continued)**

Community Benefits - The Organization has committed, under Low Income and Needy Collaborative Care Agreements (LINCCA), to funding quality healthcare services to low income and needy residents in its community. During the years ended September 30, 2013 and 2012, the Organization recorded, within operating expenses on its consolidated statements of operations, payments of \$7,845,737 and \$6,461,661, respectively, in accordance with the terms of its LINCCAs.

Other - As mentioned in Note 7, the Organization has commitments under construction contracts.

#### **Note 15. Electronic Health Record (EHR) Incentives**

The American Recovery and Reinvestment Act of 2009 (ARRA) included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH). The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program beginning in 2011 for eligible providers that adopt and meaningfully use certified EHR technology. Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicaid incentive payments are available to providers that adopt, implement, or upgrade certified EHR technology. Providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicaid incentive payments. The Organization accounts for HITECH incentive payments under the grant accounting model as grants related to income. Income from Medicare incentive payments is recognized as revenue after the Organization has determined it is reasonably assured to comply with the meaningful use criteria over the entire applicable compliance period and the cost report period that will be used to determine the final incentive payment has ended. The Organization recognized revenue from Medicaid incentive payments after it adopted certified EHR technology. Incentive payments totaling \$873,158 and \$3,320,645 for the years ended September 30, 2013 and 2012, respectively, are included in other operating revenue in the accompanying consolidated statements of operations. Income from incentive payments is subject to retrospective adjustment as the incentive payments are calculated using Medicare cost report data that is subject to audit. The Organization's compliance with the meaningful use criteria is subject to audit by the federal government.

#### **Note 16. Subsequent Events**

Management evaluated events and transactions occurring subsequent to September 30, 2013, and through February 6, 2014, the date of issuance of the consolidated financial statements.

## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

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#### Note 16. Subsequent Events (Continued)

The following events were deemed necessary for disclosure recognition in the consolidated financial statements.

##### Additional Draw Down of Funds under Hospital Revenue Bonds Series 2012 A

On October 8, 2013, December 5, 2013, and December 27, 2013, additional draws of \$5,000,000 each, as authorized by the Series 2012 A&B bond issue discussed in Note 8, were deposited to the Organization's Project Account established under the related indenture. During the period October 1, 2013 through the date of these financial statements, the Organization issued five requisitions for withdrawal from the Project Account to fund construction expenditures incurred, collectively totaling \$12,030,946.

##### American Legion Hospital Cooperative Endeavor Negotiations

American Legion Hospital (ALH) and the Organization have signed a letter of intent to explore a long-term lease agreement, whereby the Organization will assume management and operations of ALH. The Organization anticipates entering into a multi-year lease of the 178 bed hospital in Crowley, Louisiana, including its physical plant and equipment.

Both the Organization and ALH plan to bring in consultants to help develop the structure and specifics of a lease/management agreement. The current goal is to finalize documents in the first calendar quarter of 2014 and execute the arrangement as early as April 2014.

#### Note 17. New and Pending Financial Accounting Standards Board (FASB) Pronouncements Not Yet Adopted

The FASB has issued several authoritative pronouncements not yet implemented by the Organization. The Statements which might impact the Organization in coming periods are as follows:

In December 2011, the FASB issued ASU 2011-11, "*Balance Sheet Topic (210): Disclosures About Offsetting Assets and Liabilities.*" This guidance contains new disclosure requirements regarding the nature of an entity's rights of offset and related arrangements associated with its financial instruments and derivative instruments. This guidance is effective for the Organization beginning October 1, 2013, and retrospective application is required. The Organization does not expect this guidance to have an impact on its consolidated financial statements.

In July 2012, the FASB issued ASU 2012-05, "*Statement of Cash Flows (Topic 230): Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows.*" This guidance provides clarification on how entities classify cash receipts arising from the sale of certain donated financial assets in the statement of cash flows. This guidance is effective for the Organization beginning on October 1, 2013, with early adoption permitted. The Organization does not expect this guidance to have a material impact on its consolidated statement of cash flows.

## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

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#### **Note 17. New and Pending Financial Accounting Standards Board (FASB) Pronouncements Not Yet Adopted (Continued)**

In January 2013, the FASB issued ASU 2013-01, "*Balance Sheet (Topic 210): Clarifying the Scope of Disclosures About Offsetting Assets and Liabilities.*" This guidance provides clarification on the scope of the offsetting disclosure requirements of ASU 2011-01. This guidance is effective for the Organization beginning October 1, 2013, with early adoption permitted. The Organization does not expect this guidance to have a material impact on its consolidated balance sheets.

In February 2013, the FASB issued ASU 2013-04, "*Liabilities (Topic 405): Obligations Resulting From Joint and Several Liability Arrangements for Which the Total Amount of the Obligation is Fixed at the Reporting Date.*" This guidance requires entities to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation with the scope of this guidance is fixed at the reporting date. This guidance is effective for the Organization beginning October 1, 2014, with early adoption permitted. The Organization has not yet evaluated the impact this guidance may have on its consolidated financial statements.

In April 2013, the FASB issued ASU 2013-06 "Not-for-Profit Entities (Topic 958)" The amendments in this Update apply to not-for-profit entities, including not-for-profit, business-oriented health care entities that receive services from personnel of an affiliate that directly benefit the recipient not-for-profit entity and for which the affiliate does not charge the recipient not-for-profit entity. Charging the recipient not-for-profit entity means requiring payment from the recipient not-for-profit entity at least for the approximate amount of the direct personnel costs (for example, compensation and any payroll-related fringe benefits) incurred by the affiliate in providing a service to the recipient not-for-profit entity or the approximate fair value of that service. The update requires a recipient not-for-profit entity to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity. Those services should be measured at the cost recognized by the affiliate for the personnel providing those services. However, if measuring a service received from personnel of an affiliate at cost will significantly overstate or understate the value of the service received, the recipient not-for-profit entity may elect to recognize that service received at either (1) the cost recognized by the affiliate for the personnel providing that service or (2) the fair value of that service. A recipient not-for-profit entity within the scope of Topic 954, *Health Care Entities*, that is required to provide a performance indicator (analogous to income from continuing operations of a for-profit entity) should report as an equity transfer the increase in net assets associated with services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity and for which the affiliate does not charge the recipient not-for-profit entity, regardless of whether those services are received from personnel of a not-for-profit affiliate or any other affiliate. The Organization has not yet evaluated the impact this guidance may have on its consolidated financial statements.

## LAFAYETTE GENERAL HEALTH SYSTEM

### Notes to Consolidated Financial Statements

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#### **Note 17. New and Pending Financial Accounting Standards Board (FASB) Pronouncements Not Yet Adopted (Continued)**

In January 2014, The FASB issued ASU 2014-05, "*Service Concession Arrangements (Topic 853)*." This guidance defines service concession arrangements as an arrangement between a public-sector entity<sup>1</sup> grantor and an operating entity under which the operating entity operates the grantor's infrastructure (for example, airports, roads, bridges, and hospitals). The operating entity also may provide the construction, upgrading, or maintenance services of the grantor's infrastructure. The amendments specify that an operating entity should not account for a service concession arrangement that is within the scope of this Update as a lease in accordance with Topic 840. An operating entity should refer to other Topics as applicable to account for various aspects of a service concession arrangement. The amendments also specify that the infrastructure used in a service concession arrangement should not be recognized as property, plant, and equipment of the operating entity. This guidance is effective for the Organization beginning October 1, 2014, with early adoption permitted. The Organization has not yet evaluated the impact this guidance may have on its consolidated financial statements.





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## Independent Auditor's Report on Supplementary Information

To the Board of Trustees  
Lafayette General Health System

We have audited the consolidated financial statements of Lafayette General Health System (the Organization) as of and for the years ended September 30, 2013 and 2012, and our reported thereon dated February 6, 2014, which expressed an unqualified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming opinions on the consolidated financial statements as a whole. The consolidating schedule of assets, liabilities, and net assets and consolidating schedule of operations and changes in unrestricted net assets as of and for the years ended September 30, 2013 and 2012 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Metairie, LA  
February 6, 2014

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## **SUPPLEMENTARY INFORMATION**

# LAFAYETTE GENERAL HEALTH SYSTEM

## Consolidating Schedule of Assets, Liabilities, and Net Assets September 30, 2013 In Thousands

	Consolidated	Eliminating Entries	LGHS	LGMC	LGMD	PHO	LGSH	LIG	SMH	UHC
<b>Assets</b>										
<b>Current Assets</b>										
Cash and Cash Equivalents	\$ 58,472	\$ -	\$ -	\$ 54,609	\$ 715	\$ -	\$ 2,074	\$ 523	\$ 462	\$ 89
Short-Term Investments	388	-	-	388	-	-	-	-	-	-
Patient Accounts Receivable, Net	60,963	-	-	48,103	3,010	-	2,482	-	1,901	5,467
Amounts Due from Third-Party Payors	15,569	-	-	-	-	-	-	-	-	15,569
Intercompany Receivable	-	(6,744)	-	5,910	193	-	334	-	307	-
Inventories	11,751	-	-	8,531	218	-	539	-	405	2,058
Other Current Assets	11,028	-	-	9,557	1,228	-	183	3	14	43
<b>Total Current Assets</b>	<b>158,171</b>	<b>(6,744)</b>	<b>-</b>	<b>127,098</b>	<b>5,364</b>	<b>-</b>	<b>5,612</b>	<b>526</b>	<b>3,089</b>	<b>23,226</b>
<b>Assets Limited as to Use</b>										
Investments in Joint Ventures	84,796	-	-	84,796	-	-	-	-	-	-
Property and Equipment, Net	1,417	-	-	1,417	-	-	-	-	-	-
Unamortized Debt Issuance Costs	215,036	-	-	198,298	637	-	1,174	10,937	3,926	64
Other	1,965	-	-	1,965	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 484,375</b>	<b>\$ (240,967)</b>	<b>\$ 226,973</b>	<b>\$ 425,657</b>	<b>\$ 6,529</b>	<b>\$ -</b>	<b>\$ 7,737</b>	<b>\$ 11,915</b>	<b>\$ 7,334</b>	<b>\$ 39,197</b>
<b>Liabilities and Net Assets</b>										
<b>Current Liabilities</b>										
Accounts Payable and Accrued Expenses	\$ 40,102	\$ -	\$ 17	\$ 25,078	\$ 811	\$ -	\$ 646	\$ 237	\$ 392	\$ 12,921
Salaries and Wages Payable	11,339	-	1,212	8,682	642	-	121	-	462	220
Amounts Due Third-Party Payors	6,350	-	-	4,899	-	-	56	-	1,395	-
Construction and Equipment Loans	-	-	-	-	-	-	-	-	-	-
Deferred Revenue	34,572	-	-	34,572	-	-	-	-	-	-
Current Portion Self-Insurance Reserves	4,727	-	-	4,727	-	-	-	-	-	-
Current Portion of Capital Lease Obligation	158	-	-	89	-	-	-	-	69	-
Current Maturities of Long-Term Debt	6,300	-	-	5,064	-	-	-	1,236	-	-
Intercompany Payable	-	(6,744)	5,284	307	-	-	180	848	-	145
<b>Total Current Liabilities</b>	<b>103,548</b>	<b>(6,744)</b>	<b>6,493</b>	<b>83,418</b>	<b>1,453</b>	<b>-</b>	<b>1,003</b>	<b>2,321</b>	<b>2,318</b>	<b>13,286</b>
<b>Self-Insurance Reserves, Less Current Portion</b>	<b>1,365</b>	<b>-</b>	<b>-</b>	<b>1,365</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accrued Postretirement Benefit Cost</b>	<b>1,721</b>	<b>-</b>	<b>-</b>	<b>1,721</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital Lease Obligation</b>	<b>3,568</b>	<b>-</b>	<b>-</b>	<b>69</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,499</b>	<b>-</b>
<b>Long-Term Debt, Less Current Portion</b>	<b>148,584</b>	<b>-</b>	<b>-</b>	<b>143,098</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,486</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>258,786</b>	<b>(6,744)</b>	<b>6,493</b>	<b>229,671</b>	<b>1,453</b>	<b>-</b>	<b>1,003</b>	<b>7,807</b>	<b>5,817</b>	<b>13,286</b>
<b>Noncontrolling Interests in Subsidiaries</b>	<b>5,109</b>	<b>5,109</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unrestricted Net Assets</b>	<b>220,480</b>	<b>(239,332)</b>	<b>220,480</b>	<b>195,986</b>	<b>5,076</b>	<b>-</b>	<b>6,734</b>	<b>4,108</b>	<b>1,517</b>	<b>25,911</b>
<b>Total Net Assets</b>	<b>225,589</b>	<b>(234,223)</b>	<b>220,480</b>	<b>195,986</b>	<b>5,076</b>	<b>-</b>	<b>6,734</b>	<b>4,108</b>	<b>1,517</b>	<b>25,911</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 484,375</b>	<b>\$ (240,967)</b>	<b>\$ 226,973</b>	<b>\$ 425,657</b>	<b>\$ 6,529</b>	<b>\$ -</b>	<b>\$ 7,737</b>	<b>\$ 11,915</b>	<b>\$ 7,334</b>	<b>\$ 39,197</b>

# LAFAYETTE GENERAL HEALTH SYSTEM

## Consolidating Schedule of Assets, Liabilities, and Net Assets September 30, 2012 In Thousands

Assets	Consolidated	Eliminating Entries	LGHS	LGMC	LGMD	PHO	LGSH	LIG	SMH
<b>Current Assets</b>									
Cash and Cash Equivalents	\$ 25,286	\$ -	\$ -	\$ 21,728	\$ 903	\$ -	\$ 2,077	\$ 200	\$ 378
Short-Term Investments	948	-	-	948	-	-	-	-	-
Patient Accounts Receivable, Net	61,950	-	-	54,483	1,629	-	2,137	-	3,701
Amounts Due from Third-Party Payors	-	-	-	-	-	-	-	-	-
Intercompany Receivable	-	(2,194)	-	1,596	48	-	292	-	258
Inventories	8,376	-	-	7,404	190	-	503	-	279
Other Current Assets	8,010	-	-	6,987	685	-	195	66	77
<b>Total Current Assets</b>	<b>104,570</b>	<b>(2,194)</b>	<b>-</b>	<b>93,146</b>	<b>3,455</b>	<b>-</b>	<b>5,204</b>	<b>266</b>	<b>4,693</b>
<b>Assets Limited as to Use</b>									
Investments in Joint Ventures	79,602	-	-	79,602	-	-	-	-	-
Property and Equipment, Net	1,405	-	-	1,405	-	-	-	-	-
Unamortized Debt Issuance Costs	199,655	-	-	184,187	549	-	1,293	11,276	2,350
Other	2,093	-	-	2,093	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 393,562</b>	<b>\$ (202,603)</b>	<b>\$ 195,275</b>	<b>\$ 372,424</b>	<b>\$ 4,019</b>	<b>\$ -</b>	<b>\$ 7,340</b>	<b>\$ 12,012</b>	<b>\$ 7,289</b>
<b>Liabilities and Net Assets</b>									
<b>Current Liabilities</b>									
Accounts Payable and Accrued Expenses	\$ 22,004	\$ -	\$ -	\$ 20,207	\$ 571	\$ -	\$ 836	\$ 230	\$ 360
Salaries and Wages Payable	7,943	-	-	7,119	227	-	176	-	421
Amounts Due Third-Party Payors	3,150	-	-	2,850	-	-	112	-	188
Construction and Equipment Loans	5,000	-	-	5,000	-	-	-	-	-
Current Portion Self-Insurance Reserves	2,847	-	-	2,847	-	-	-	-	-
Current Portion of Capital Lease Obligation	493	-	-	441	-	-	-	-	52
Current Maturities of Long-Term Debt	5,541	-	-	4,937	-	-	-	604	-
Intercompany Payable	-	(2,194)	-	257	-	-	618	767	552
<b>Total Current Liabilities</b>	<b>46,978</b>	<b>(2,194)</b>	<b>-</b>	<b>43,658</b>	<b>598</b>	<b>-</b>	<b>1,742</b>	<b>1,601</b>	<b>1,573</b>
<b>Self-Insurance Reserves, Less Current Portion</b>	<b>1,365</b>	<b>-</b>	<b>-</b>	<b>1,365</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accrued Postretirement Benefit Cost</b>	<b>2,598</b>	<b>-</b>	<b>-</b>	<b>2,598</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital Lease Obligation</b>	<b>2,896</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,896</b>
<b>Long-Term Debt, Less Current Portion</b>	<b>140,057</b>	<b>-</b>	<b>-</b>	<b>133,335</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,722</b>	<b>-</b>
<b>Total Liabilities</b>	<b>193,894</b>	<b>(2,194)</b>	<b>-</b>	<b>180,956</b>	<b>598</b>	<b>-</b>	<b>1,742</b>	<b>8,323</b>	<b>4,469</b>
<b>Noncontrolling Interests in Subsidiaries</b>	<b>4,392</b>	<b>4,392</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unrestricted Net Assets</b>	<b>195,276</b>	<b>(206,995)</b>	<b>195,275</b>	<b>191,468</b>	<b>3,421</b>	<b>-</b>	<b>5,598</b>	<b>3,689</b>	<b>2,820</b>
<b>Total Net Assets</b>	<b>199,668</b>	<b>(202,603)</b>	<b>195,275</b>	<b>191,468</b>	<b>3,421</b>	<b>-</b>	<b>5,598</b>	<b>3,689</b>	<b>2,820</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 393,562</b>	<b>\$ (204,797)</b>	<b>\$ 195,275</b>	<b>\$ 372,424</b>	<b>\$ 4,019</b>	<b>\$ -</b>	<b>\$ 7,340</b>	<b>\$ 12,012</b>	<b>\$ 7,289</b>

# LAFAYETTE GENERAL HEALTH SYSTEM

## Consolidating Schedule of Operations and Changes in Unrestricted Net Assets For the Year Ended September 30, 2013 In Thousands

	Consolidated	Eliminating Entries	LGHS	LGMC	LGMD	PHO	LGSH	LIG	SMH	UHC
<b>Operating Revenue</b>										
Net Patient Service Revenues	\$ 423,248	\$ -	\$ -	\$ 342,465	\$ 14,753	\$ -	\$ 15,052	\$ -	\$ 16,428	\$ 34,550
Provision for Bad Debts	70,667	-	-	52,275	557	-	-	-	4,292	13,543
<b>Net Patient Service Revenues Less Provisions for Bad Debts</b>	352,581	-	-	290,190	14,196	-	15,052	-	12,136	21,007
Other Operating Revenue	11,482	(4,874)	-	11,868	1,642	-	73	2,112	155	506
<b>Total Operating Revenues</b>	364,063	(4,874)	-	302,058	15,838	-	15,125	2,112	12,291	21,513
<b>Operating Expenses</b>										
Salaries, Wages and Benefits	139,922	-	-	101,161	18,377	-	3,751	60	6,637	9,936
Medical Supplies and Drugs	80,989	-	-	70,115	1,436	-	4,666	29	1,078	3,665
Contract Services	48,020	-	-	33,863	1,393	-	443	201	2,576	9,544
Utilities and Equipment Rentals	32,681	-	-	23,581	1,144	-	329	430	999	6,198
Depreciation and Amortization	18,197	-	-	17,187	112	-	312	340	243	3
Provision for Doubtful Accounts	370	-	-	-	-	-	370	-	-	-
Interest Expense	7,007	-	-	6,290	-	-	-	432	285	-
Insurance Expense	4,835	-	-	4,058	614	-	88	-	62	13
Other Expenses	13,116	(4,874)	-	10,906	1,842	46	1,631	203	1,714	1,648
<b>Total Operating Expenses</b>	345,137	(4,874)	-	267,161	24,918	46	11,590	1,695	13,594	31,007
<b>Operating Income (Loss)</b>	18,926	-	-	34,897	(9,080)	(46)	3,535	417	(1,303)	(9,494)
<b>Non-Operating Revenues (Expenses)</b>										
Interest and Dividend Income	2,917	-	-	2,915	2	-	-	-	-	-
Realized Gains on Investments	4,754	-	-	4,754	-	-	-	-	-	-
Unrealized Gains (Losses) on Investments	(291)	-	-	(291)	-	-	-	-	-	-
Loss on Disposal of Assets	572	-	-	575	(3)	-	-	-	-	-
Equity in Net Earnings of Consolidated Subsidiaries	-	(32,439)	31,698	741	-	-	-	-	-	-
Other Revenue (Expense), Net	291	(385)	-	576	(1)	-	101	-	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	8,243	(32,824)	31,698	9,270	(2)	-	101	-	-	-
<b>Revenues in Excess (Deficit) of Expenses Attributable to Noncontrolling Interests</b>	27,169	(32,824)	31,698	44,167	(9,082)	(46)	3,636	417	(1,303)	(9,494)
<b>Revenues in Excess (Deficit) of Expenses Attributable to Health System</b>	25,204	(34,789)	31,698	44,167	(9,082)	(46)	3,636	417	(1,303)	(9,494)
Contributions from Noncontrolling Interests	-	(2)	-	-	-	-	-	2	-	-
Distributions to Noncontrolling Interests	-	2,500	-	-	-	-	(2,500)	-	-	-
Transfer to (from) Affiliates	-	(46)	(6,493)	(39,649)	10,737	46	-	-	-	35,405
<b>Change in Net Assets</b>	25,204	(32,337)	25,205	4,518	1,655	-	1,136	419	(1,303)	25,911
Unrestricted Net Assets, Beginning of Year	195,276	(206,995)	195,275	191,468	3,421	-	5,598	3,689	2,820	-
<b>Unrestricted Net Assets, End of Year</b>	\$ 220,480	\$ (239,332)	\$ 220,480	\$ 195,986	\$ 5,076	\$ -	\$ 6,734	\$ 4,108	\$ 1,517	\$ 25,911

# LAFAYETTE GENERAL HEALTH SYSTEM

## Consolidating Schedule of Operations and Changes in Unrestricted Net Assets For the Year Ended September 30, 2012 In Thousands

	Consolidated	Eliminating Entries	LGHS	LGMC	LGMD	PHO	LGSH	LIG	SMH
<b>Operating Revenue</b>									
Net Patient Service Revenues	\$ 308,344	\$ -	\$ -	\$ 268,147	\$ 10,262	\$ -	\$ 12,590	\$ -	\$ 17,345
Provision for Bad Debts	30,775	-	-	27,062	368	-	-	-	3,345
<b>Net Patient Service Revenues</b>									
Less Provisions for Bad Debts	277,569	-	-	241,085	9,894	-	12,590	-	14,000
Other Operating Revenue	12,338	(4,385)	-	12,596	1,365	-	959	1,739	64
<b>Total Operating Revenues</b>	<b>289,907</b>	<b>(4,385)</b>	<b>-</b>	<b>253,681</b>	<b>11,259</b>	<b>-</b>	<b>13,549</b>	<b>1,739</b>	<b>14,064</b>
<b>Operating Expenses</b>									
Salaries, Wages and Benefits	117,449	-	-	93,796	14,677	-	3,242	60	5,674
Medical Supplies and Drugs	70,255	-	-	64,662	1,058	-	3,467	30	1,038
Contract Services	30,013	-	-	25,063	1,236	-	299	192	3,223
Utilities and Equipment Rentals	24,855	-	-	22,343	935	-	374	390	813
Depreciation and Amortization	17,488	-	-	16,645	104	-	269	311	159
Provision for Doubtful Accounts	282	-	-	-	-	-	282	-	-
Interest Expense	6,663	-	-	6,086	-	-	-	320	257
Insurance Expense	4,153	-	-	3,370	662	-	87	-	34
Other Expenses	9,938	(4,385)	-	8,915	1,815	57	1,510	165	1,861
<b>Total Operating Expenses</b>	<b>281,096</b>	<b>(4,385)</b>	<b>-</b>	<b>240,880</b>	<b>20,487</b>	<b>57</b>	<b>9,530</b>	<b>1,468</b>	<b>13,059</b>
<b>Operating Income (Loss)</b>	<b>8,811</b>	<b>-</b>	<b>-</b>	<b>12,801</b>	<b>(9,228)</b>	<b>(57)</b>	<b>4,019</b>	<b>271</b>	<b>1,005</b>
<b>Non-Operating Revenues (Expenses)</b>									
Interest and Dividend Income	2,018	-	-	2,015	-	-	3	-	-
Realized Gains on Investments	3,360	-	-	3,360	-	-	-	-	-
Unrealized Gains (Losses) on Investments	4,722	-	-	4,722	-	-	-	-	-
Loss on Disposal of Assets	184	-	-	(976)	1,160	-	-	-	-
Equity in Net Earnings of Consolidated Subsidiaries	-	(21,004)	17,789	3,215	-	-	-	-	-
Other Revenue (Expense), Net	693	386	-	577	(244)	-	(26)	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>10,977</b>	<b>(20,618)</b>	<b>17,789</b>	<b>12,913</b>	<b>916</b>	<b>-</b>	<b>(23)</b>	<b>-</b>	<b>-</b>
<b>Revenues in Excess (Deficit) of Expenses</b>									
Attributable to Noncontrolling Interests	19,788	(20,618)	17,789	25,714	(8,312)	(57)	3,996	271	1,005
<b>Revenues in Excess (Deficit) of Expenses</b>									
Attributable to Health System	17,792	(22,614)	17,789	25,714	(8,312)	(57)	3,996	271	1,005
Contributions from Noncontrolling Interests	-	(86)	-	-	-	-	-	88	-
Distributions to Noncontrolling Interests	-	1,950	-	-	-	-	(1,950)	-	-
Transfer to (from) Affiliates	-	(1,327)	-	(36,758)	36,758	577	-	750	-
<b>Change in Net Assets</b>									
Unrestricted Net Assets, Beginning of Year	177,484	(184,916)	177,486	202,512	(25,025)	(520)	3,552	2,580	1,815
Unrestricted Net Assets, End of Year	\$ 195,216	\$ (206,995)	\$ 195,275	\$ 191,468	\$ 3,421	\$ -	\$ 5,598	\$ 3,689	\$ 2,820

(Rev. January 2014)

Department of the Treasury  
Internal Revenue Service**Application for Extension of Time To File an  
Exempt Organization Return**► **File a separate application for each return.**  
► Information about Form 8868 and its instructions is at [www.irs.gov/form8868](http://www.irs.gov/form8868).

OMB No. 1545-1709

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box ☒ ►
  - If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).
- Do not complete Part II unless** you have already been granted an automatic 3-month extension on a previously filed Form 8868.

**Electronic filing (e-file).** You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit [www.irs.gov/efile](http://www.irs.gov/efile) and click on *e-file for Charities & Nonprofits*.

**Part I Automatic 3-Month Extension of Time.** Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension—check this box and complete Part I only ☐ ►

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Type or print	Name of exempt organization or other filer, see instructions.	Employer identification number (EIN) or
	University Hospital & Clinics Inc	46-2605366
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions.	Social security number (SSN)
	2390 West Congress	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions.	
	Lafayette, LA 70506	

Enter the Return code for the return that this application is for (file a separate application for each return) ☐ 0 ☐ 1

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ► Brian Kirk, CFO

Telephone No. ► (337) 261-6013 Fax No. ► (337) 261-6003

- If the organization does not have an office or place of business in the United States, check this box ☐ ►
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN)         . If this is for the whole group, check this box ☐. If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for.

- 1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until May 15, 20 14, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
- ☐ calendar year 20      or

► ☒ tax year beginning June 24, 20 13, and ending September 30, 20 13.

- 2 If the tax year entered in line 1 is for less than 12 months, check reason: ☐ Initial return ☐ Final return  
☐ Change in accounting period

3a If this application is for Forms 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$	0.00
b If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$	
c <b>Balance due.</b> Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$	0.00

**Caution.** If you are going to make an electronic funds withdrawal (direct debit) with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

- If you are filing for an Additional (Not Automatic) 3-Month Extension, complete only Part II and check this box ☒ **X**
- Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.
- If you are filing for an Automatic 3-Month Extension, complete only Part I (on page 1).

**Part II** Additional (Not Automatic) 3-Month Extension of Time. Only file the original (no copies needed).

Enter filer's identifying number, see instructions

Type or print File by the due date for filing your return. See instructions.	Name of exempt organization or other filer, see instructions	Employer identification number (EIN) or
	UNIVERSITY HOSPITAL & CLINICS, INC.	46-2605366
	Number, street, and room or suite no. If a P.O. box, see instructions.	Social security number (SSN)
	2390 WEST CONGRESS	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions.	
	LAFAYETTE, LA 70506	

Enter the Return code for the return that this application is for (file a separate application for each return)  0  1

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01		
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

**STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.**

BRIAN KIRK, CFO

The books are in the care of **2390 WEST CONGRESS - LAFAYETTE, LA 70506**  
 Telephone No. **337-261-6013** FAX No. **337-261-6003**

- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN)  . If this is for the whole group, check this box ☐ . If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for.

- 4 I request an additional 3-month extension of time until **AUGUST 15, 2014**.
- 5 For calendar year  , or other tax year beginning **JUN 24, 2013** , and ending **SEP 30, 2013**.
- 6 If the tax year entered in line 5 is for less than 12 months, check reason: ☒ Initial return ☐ Final return  
☐ Change in accounting period

7 State in detail why you need the extension  
**TAXPAYER NEEDS ADDITIONAL TIME IN ORDER TO GATHER INFORMATION NECESSARY TO FILE A COMPLETE AND ACCURATE RETURN.**

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a	\$	0.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b	\$	0.
c Balance due. Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	8c	\$	0.

**Signature and Verification must be completed for Part II only.**

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature **Amie Novington** Title **CPA**

Date **5/9/14**

Form 8868 (Rev. 1-2013)