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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 10-01-2012 , 2012, and ending 09-30-2013

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
St Mary's Medical Center

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
2900 First Avenue

City or town, state or country, and ZIP + 4
Huntington, WV 257021271

D Employer identification number
55-0357050

E Telephone number
(304) 526-8931

G Gross receipts $ 435,762,493

F Name and address of principal officer
Michael Sellards
2900 First Avenue
Huntington, WV 257021271

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ www st-marys org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1924

M State of legal domicile WV

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Hospital with open emergency room

2 Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	12
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	11
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	2,972
6	Total number of volunteers (estimate if necessary)	**6**	355
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	819,525	1,283,058
9	Program service revenue (Part VIII, line 2g)	387,668,763	394,093,113
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	3,048,203	3,937,119
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-1,711,710	165,583
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	389,824,781	399,478,873
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	570,850	339,518
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	164,415,846	168,328,228
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	209,898,182	213,329,894
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	374,884,878	381,997,640
19	Revenue less expenses Subtract line 18 from line 12	14,939,903	17,481,233

Revenue

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	326,242,340	348,476,161
21	Total liabilities (Part X, line 26)	239,555,098	230,958,699
22	Net assets or fund balances Subtract line 21 from line 20	86,687,242	117,517,462

Net Assets or Fund Balances

Part II Signature Block

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

Sign Here

****** | 2014-08-14
Signature of officer | Date

Michael Sellards President & CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Harry C Harless				P01042847

Firm's name ▶ Arnett Foster Toothman PLLC | Firm's EIN ▶ 55-0486667

Firm's address ▶ P O Box 2629
Charleston, WV 25329 | Phone no (304) 346-0441

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

We are inspired by the love of Christ to provide quality health care in ways which respect the God-given dignity of each person and the sacredness of human life

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ 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 $ 329,121,489 including grants of $ 339,518) (Revenue $ 389,993,844)

St Mary's Medical Center was established in 1924 and, based on thecore values of compassion, hospitality, reverence, trust, interdependency, and stewardship, continues to provide high quality healthcare services to residents of Huntington, West Virginia and the surrounding area Services are provided without regard to the patient's race, creed, sex, national origin, age, or handicap Furthermore, while reimbursement for care provided is crucial to the continued operation of St Mary's Medical Center, it is recognized that circumstances existwhich render certain parties unable to pay for needed services, and no patient is denied services due to the lack of ability to pay During the fiscal year which ended September 30, 2013, St Mary's Medical Center provided 99,497 days of inpatient days of care and treated an additional 264,838 patients in the emergency and outpatient settings Approximately 73 6 percent of the inpatients served were covered by governmental programs, such as Medicare and Medicaid A similar percentage is applicable to outpatient services Since care provided to Medicare and Medicaid beneficiaries is subject to contractual reimbursement restrictions, payment received for services provided is often significantly below the actual cost of the services St Mary's Medical Center has established charity care policies and guidelines, used to help identify those patients who genuinely do not have the resources to pay for services received During fiscal 2013, the hospital provided approximately $14 5 million dollars in charity care services, representing care provided at reduced prices or completely free of charge These services include inpatient services, an adult outpatient clinic,a handicapped children's clinic, and a specialty pregnancy clinic Also, St Mary's Medical Center exceeds the guidelines established for the West Virginia ad valorem statute

4b (Code) (Expenses $ 1,116,128 including grants of $ 384,053) (Revenue $ 370,000)

In addition to those patients without the wherewithal to pay for services rendered, we assist in the relief of burden of government for several programs A strong auxiliary (operated as a department of the hospital) exists, which contributes heavily to the activities of SMMC During fiscal 2013, the auxiliary made cash donations of approximately $370,000 In addition, volunteers provided over 39,053 hours of service valuable to promoting the mission and activities of the hospital

4c (Code) (Expenses $ 9,290,436 including grants of $) (Revenue $ 4,866,524)

St Mary's Medical Center also recognizes that carrying out its mission of community service is not confined to the walls of the hospital's buildings and that there are residents in need of services who may never be a registered patient of the hospital In meeting the needs of these individuals and groups, St Mary's Medical Center provides or participates in numerous educational activities, support groups and health screenings and provides human resources, as appropriate, to support other charitable organizations A summary of these community services as prepared by the hospital's mission integration department for the Catholic Health Association is listed below Kids In Motion - Kids In Motion is a fun and innovative exercise and nutrition program designed to improve the health of Tri-State area children It began as a new program in early 2013 as a joint initiative with the Huntington YMCA and other community health partners and even includes a competing hospital, with everyone working together to fight childhood obesity It is the only program of its kind in West Virginia At the heart of the program is Kid Fit, a 10-week program to get kids ages 5-14 moving and having fun, while also learning about fitness and nutrition Weight, body mass index, body fat percentage and blood pressure are tracked throughout the program to measure progress and to customize the program to fit each child During Kid Fit, children utilize exergaming equipment, which combines video games and exercise Parents are also encouraged to participate and entire families are losing weight and getting healthier because of the program St Mary's has committed tremendous financial resources to providing equipment and staff and St Mary's provided the key leadership role in planning and development of the program Several local families are already providing testimony about how Kids in Motion has helped them Events - The Annual St Marys Tri-State Triathlon was held in August and includes three separate races - a triathlon, triathlon relay and duathlon The triathlon consists of a half-mile swim, 15-mile bike ride and 2 9-mile loop run In the duathlon, the swim course is replaced by a 2 9-mile loop run in the opposite direction of the previous loop Races use computer-chip timing The event averages 200+ participants each year but it has a wider reaching impact of promoting fitness in the community with news coverage of stories about first time participants and their ability to complete a triathlon Many family and friends also gather at the event as spectators and some are inspired to compete in the next year's event www healthtristate orgThe St Mary's Kids Try-A-Triathlon for ages 6-14 was also held in August Races consist of either a 50- or 100-yard swim, a two- or four-mile bike course, and a one- or two-mile run, depending on the age group There is a kids camp leading up to this event that helps train young people to participate in the triathlon Race day participation 100+ PATH Project St Mary's is a sponsor of the Paul Ambrose Trail for Health (PATH) project which is designed to develop a 26-mile bicycle and pedestrian path system that will link the various Huntington parks This project will promote wellness by offering family-healthy area throughout Huntington for the public FitFest is held annually each year on 9-11 to focus the entire community on fitness and St Mary's is a major sponsor 500+ participants at FitFest Web site www paulambrosetrailforhealth orgAHA Heart Walk and Go Red Luncheon St Mary's has been the main sponsor for the Heart Walk each year in April As one of St Mary's major service lines, the Regional Heart Institute promotes healthy heart activities for the public throughout the year, but the Heart Walk and the Go Red Luncheon for Women are two of our main events The Heart Walk generates team building by raising funds for the American Heart Association, ending with the actual walk at Ritter Park St Mary's employee teams are joined by teams all across Cabell and Wayne Counties both raising funds for heart research and supporting walking as a family heart-healthy activity 800+ people participant each year for the walk The cause receives wider exposure through advertising heart healthy education tips and information www heart orgPATH to the Cure - St Mary's is the major sponsor for this 5/K run/walk in September that raises close to $100,000 per year A majority of the proceeds pay for mammograms for uninsured and underinsured women in the Tri-State The rest of the money goes to the PATH project mentioned previously www pathtothecure orgHealth Screenings - Additionally St Mary's participates in numerous health fairs throughout the year They provide screenings for health issues such as cholesterol, blood sugar, HDL, osteoporosis, etc at no charge Also, education about various health issues such as stroke risk, joint replacement surgery, and other health risk factors are provided There are 1000+ people screened each year through free screenings www st-marys orgOther Fitness Events - St Mary's also sponsored many other races and walks that promoted wellness and fitness and those include the Ridge to River 10 mile trail run in June, the St Mary's Veteran's Memorial Day 5K run in May in Ironton, Ohio, the Herald Dispatch West Virginia 5K in June, the Marshall/St Mary's Marathon in November, and the St Mary's/Lion's Club 5K in March

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ 339,528,053

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	125		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	2,972		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a** 12		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	**1b** 11		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**	Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**		No
6	Did the organization have members or stockholders?	**6**	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	**8a**	Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**		No

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

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

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

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

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization

▶Angela Swearingen 2900 First Avenue Huntington, WV (304) 526-8931

Part VII **Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

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

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Sister Gail Borgmeyer Board Member	1 00 39 00	X						0	0	0
(2) Michael G Sellards President & CEO, SMMC & Pa	34 00 6 00	X		X				0	843,106	32,712
(3) Sister Marian Ruth Creamer Secretary-Treasurer	2 00 38 00	X						0	0	0
(4) Sister Joanne Obrochta Board Member	1 00	X						0	0	0
(5) Tom Houvouras Chair	2 00	X						0	0	0
(6) Julia Hutchison Vice Chair	1 00	X						0	0	0
(7) Jeff Leaberry MD Board Member	1 00	X						0	0	0
(8) Tim Daly MD Board Member	1 00	X						0	0	0
(9) Richard Muth Board Member	1 00	X						0	0	0
(10) Sister Diane Bushee Board Member	34 00 6 00	X						0	0	0
(11) Sister Elisabeth Heptner Board Member	1 00	X						0	0	0
(12) Matt Miller Board Member	1 00	X						0	0	0
(13) Todd Campbell Sr Vice-Pres/COO	34 00 6 00			X				0	409,558	32,305
(14) Angela D Swearingen VP-Finance/CFO	34 00 6 00			X				0	288,916	29,970
(15) Vera Rose MD Vice-President	40 00				X			264,573	0	30,323
(16) Susan Beth Robinson Vice-President	40 00				X			224,696	0	29,714
(17) Timothy Parnell Vice-President	40 00				X			211,554	0	29,320

Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** *(continued)*

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) Elizabeth Bosley Vice-President	40 00				X			190,520	0	28,689
(19) Ernest Taylor Vice-President	40 00				X			315,095	0	23,938
(20) Sonya Arthur Pharmacist	40 00					X		151,402	0	27,515
(21) Rita Barker Director, Materials Mgmt	40 00					X		158,067	0	21,330
(22) Jeffrey Hamrick Pharmacist	40 00					X		145,705	0	27,344
(23) David Delimpo Pharmacist	40 00					X		144,038	0	20,909
(24) David Sheils President, Foundation	1 00 39 00					X		148,103	0	27,416

1b	**Sub-Total** . . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . . ▶	1,953,753	1,541,580	361,485

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 69

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
University Physicians & Surgeons 1600 Medical Center Drive Ste B501 Huntington WV 25701	Medical	3,895,358
American Red Cross 4 Chase Metrotech Center 7th Floor Brooklyn NY 11245	Medical	2,379,208
Ultimate Health Services 1115 20th St Huntington WV 25703	Medical	1,698,538
Alliance Heathcare Services PO box 96485 Chicago IL 60693	Medical	1,587,407
Aramark Corporation 12483 Collections Center Drive Chicago IL 60693	Biomedical Services	1,578,116

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 ▶ 57

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	100,100			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	1,182,958			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f			1,283,058			
Program Service Revenue			Business Code				
	2a	Patient Service Revenue	621400	388,895,870	388,895,870		
	b	Purchase Rebates	900099	2,440,610	2,440,610		
	c	School of Nursing	611600	1,141,454	1,141,454		
	d	School Radiology	611600	453,309	453,309		
	e						
	f	All other program service revenue		1,161,870	1,161,870		
	g	**Total.** Add lines 2a–2f		394,093,113			
	3	Investment income (including dividends, interest, and other similar amounts)		2,024,773			2,024,773
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real / (ii) Personal				
	6a	Gross rents	1,137,255				
	b	Less rental expenses	0				
	c	Rental income or (loss)	1,137,255				
	d	Net rental income or (loss)		1,137,255	1,137,255		
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	37,057,791 / 56,879				
	b	Less cost or other basis and sales expenses	35,202,324 / 0				
	c	Gain or (loss)	1,855,467 / 56,879				
	d	Net gain or (loss)		1,912,346			1,912,346
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a	451,801			
	b	Less cost of goods sold	b	1,081,296			
	c	Net income or (loss) from sales of inventory		-629,495			-629,495
		Miscellaneous Revenue	Business Code				
	11a	Cafeteria Sales	722100	2,941,665			2,941,665
	b	Maintenance of Sisters	811000	54,000			54,000
	c	Other Investment Income	900099	-6,821,230			-6,821,230
	d	All other revenue		3,483,388			3,483,388
	e	**Total.** Add lines 11a–11d		-342,177			
	12	**Total revenue.** See Instructions		399,478,873	395,230,368	0	2,965,447

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A)

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	339,518	339,518		
2 Grants and other assistance to individuals in the United States See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	1,403,086	1,193,184	209,902	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	116,137,812	98,763,595	17,374,217	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	6,481,781	5,512,107	969,674	
9 Other employee benefits	34,082,895	28,984,094	5,098,801	
10 Payroll taxes	10,222,654	8,693,345	1,529,309	
11 Fees for services (non-employees)				
a Management				
b Legal	1,276,552		1,276,552	
c Accounting	252,000		252,000	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	37,744,096	32,097,579	5,646,517	
12 Advertising and promotion	2,558,926	2,176,111	382,815	
13 Office expenses	23,872,785	20,301,416	3,571,369	
14 Information technology	3,892,067	3,309,814	582,253	
15 Royalties . .				
16 Occupancy	4,845,470	4,120,588	724,882	
17 Travel	156,849	133,384	23,465	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	392	333	59	
20 Interest	3,452,412	2,935,931	516,481	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	15,318,691	13,027,015	2,291,676	
23 Insurance	1,671,410	1,421,367	250,043	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a Medical supplies	61,800,132	61,800,132		
b Bad debts	34,414,458	34,414,458		
c Provider tax	10,228,778	10,228,778		
d Repairs & Maintenance	10,104,899	8,593,206	1,511,693	
e All other expenses	1,739,977	1,482,098	257,879	
25 **Total functional expenses.** Add lines 1 through 24e	381,997,640	339,528,053	42,469,587	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		5,027	1	5,027
	2	Savings and temporary cash investments		13,319,721	2	24,701,608
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		79,289,937	4	86,769,382
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		10,314,370	8	9,676,692
	9	Prepaid expenses and deferred charges		6,951,651	9	2,780,813
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 395,911,539			
	b	Less accumulated depreciation	10b 255,726,362	134,754,396	10c	140,185,177
	11	Investments—publicly traded securities		71,322,242	11	73,828,282
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		6,046,973	13	7,398,405
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		4,238,023	15	3,130,775
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		326,242,340	16	348,476,161
Liabilities	17	Accounts payable and accrued expenses		31,883,988	17	37,426,328
	18	Grants payable		7,213	18	13,079
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		95,010,276	20	88,875,645
	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		1,813,073	23	1,084,871
	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		110,840,548	25	103,558,776
	26	**Total liabilities.** Add lines 17 through 25		239,555,098	26	230,958,699
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		84,902,717	27	115,428,707
	28	Temporarily restricted net assets		1,784,525	28	2,088,755
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		86,687,242	33	117,517,462
	34	Total liabilities and net assets/fund balances		326,242,340	34	348,476,161

Part XI Reconcilliation 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	399,478,873
2	Total expenses (must equal Part IX, column (A), line 25)	2	381,997,640
3	Revenue less expenses Subtract line 2 from line 1	3	17,481,233
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	86,687,242
5	Net unrealized gains (losses) on investments	5	4,523,622
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	8,825,365
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	117,517,462

Part XII Financial Statements and Reporting

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

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		No
	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?	2b	Yes	
	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?	2c	Yes	
	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?	3a		No
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	3b		

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
St Mary's Medical Center

Employer identification number
55-0357050

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

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

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

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

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

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

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

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

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

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

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

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

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Non-functionally integrated

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

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

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

		Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	**11g(i)**		
(ii) A family member of a person described in (i) above?	**11g(ii)**		
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	**11g(iii)**		

h Provide the following information about the supported organization(s)

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (see instructions) **12**

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** . . . . . ▶☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2011 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2012.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2011.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶☐

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

19a **33 1/3% support tests—2012.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2011.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶☐

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

Facts And Circumstances Test

Explanation

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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
St Mary's Medical Center

Employer identification number
55-0357050

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

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

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

		Held at the End of the Year
a	Total number of conservation easements	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

		Amount
c	Beginning balance	1c
d	Additions during the year	1d
e	Distributions during the year	1e
f	Ending balance	1f

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

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

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

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

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

		Yes	No
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part XIII the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		7,014,431		7,014,431
b Buildings		169,640,383	107,760,338	61,880,045
c Leasehold improvements				
d Equipment		207,065,434	145,879,133	61,186,301
e Other		12,191,291	2,086,891	10,104,400
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				140,185,177

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		
Other		
Total. *(Column (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
Total. *(Column (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
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
Deferred salaries & wages	1,709,926
General reserves	5,463,646
Accrued pension costs	94,698,687
St Mary's Medical Management LLC	1,686,517
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	103,558,776

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

Identifier	Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
St Mary's Medical Center

Employer identification number
55-0357050

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care ☑ 100% ☐ 150% ☐ 200% ☐ Other _____ %	3a	Yes	
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 ☑ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	Yes	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)		11,581	5,134,412	0	5,134,412	1 340 %
b Medicaid (from Worksheet 3, column a)		40,075	52,358,592	43,792,201	8,566,391	2 240 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs		51,656	57,493,004	43,792,201	13,700,803	3 580 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)		3,119	1,526	0	1,526	0 %
f Health professions education (from Worksheet 5)		454	8,982,926	4,866,524	4,116,402	1 080 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)		7,152	242,194	0	242,194	0 060 %
j **Total.** Other Benefits		10,725	9,226,646	4,866,524	4,360,122	1 140 %
k **Total.** Add lines 7d and 7j		62,381	66,719,650	48,658,725	18,060,925	4 720 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support	1	278	28,237		28,237	0 010 %
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy	1	4,222	35,553		35,553	0 010 %
8 Workforce development						
9 Other						
10 **Total**	2	4,500	63,790		63,790	0 020 %

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2 12,162,069		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3 2,432,414		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5 110,539,608		
6	Enter Medicare allowable costs of care relating to payments on line 5	6 110,448,359		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7 91,249		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used			

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	Yes	

Part IV **Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 1 Huntington Area MRI	Provide MRI scans	49 000 %		51 000 %
2 2 St Mary's Occupational Health	Occupational therapy	51 000 %		49 000 %
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V Facility Information

Section A. Hospital Facilities

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

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	St Mary's Medical Center 2900 First Avenue Huntington, WV 25702	X	X		X			X			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group St Mary's Medical Center

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 1

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

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 100.000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 200.000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☐ Insurance status			
e ☑ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☑ State regulation			
h ☑ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☐ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- **a** ☑ Notified individuals of the financial assistance policy on admission
- **b** ☐ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- **d** ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**19**	Yes	
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 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?	**21**		No
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?	**22**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, from largest to smallest)

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

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

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
		Part I, Line 3c Eligibility is determined by comparing household family income against the income poverty guidelines for financial indigence, a ratio of total medical expenses to annual disposable income for medical indigence Income is defined as the total annual cash receipts before taxes from all sources Financially indigent Uncompensated care shall include unreimbursed services to the financially indigent Financially indigent shall mean uninsured or underinsured patients accepted for care with no obligation or a discounted obligation to pay for services rendered based on the medical center's eligibility system which may include (a) income levels and means testing or other criteria for determining a patient's inability to pay, or (b) other criteria for determining a patient's inability to pay that are consistent with the medical center's mission and established policy The federal poverty level shall serve as an index for the threshold below which patients receiving care at St Mary's Medical Center are deemed financially indigent Financially indigent services include noncovered services for patients eligible for the Medicaid program, services providedunder county indigent care contracts, and other state or federal assistance programs for low income groups Medically indigent Uncompensated care shall include unreimbursed services to the medically indigent Medically indigent shall mean patients who are responsible for their living expenses, but whose medical and hospital bills, after payment by third party payers, where applicable, exceed (a) a specified percentage of the patient's annual gross income (i e , catastrophic medical expenses) in accordance with the Medical Center's formal eligibility system in such instances where payment would require liquidation of assets critical to living or earning a living, or (b) the criteria for determining a patient's inability to pay While financial indigence is based strictly on an income level, medical indigence considers both income and the financial obligation for healthcare services to calculate the patient's ability to pay without liquidating assets critical to living or earning a living, such as a home, car, personal belongings, etc Therefore, patients are considered for medically indigent status on a case by case basis The patient would be required to provide documentation of income to determine if he/she is to be considered medically indigent All patients are eligible to be considered for medically indigent status with the exception of patients with income below 200% of the federal poverty level as these patients are considered for some level of uncompensated care under the financially indigent category
		Part I, Line 6a SMMC prepares an annual written report that describes programs and services that promote the health of our community The Community Benefit Report provides valuable information on programs and services provided by the Medical Center The report is distributed to Hospital board members but it has not been distributed to the general public The report is compiled using the program "A Guide for Planning and Reporting Community Benefit "

Identifier	ReturnReference	Explanation
		Part I, Line 7 The cost to charge ratio as calculated from worksheet 2 was used to determine community benefit expenses for all subsidized health services
		Part II St Mary's has sponsored a number of community building activities during the past year that promote wellness and help enrich the lives of people in the Tri-State Some of these are as follows Kids In Motion - Kids In Motion is a fun and innovative exercise and nutrition program designed to improve the health of Tri-State area children It began as a new program in early 2013 as a joint initiative with the Huntington YMCA and other community health partners and even includes a competing hospital, with everyone working together to fight childhood obesity It is the only program of its kind in West Virginia At the heart of the program is Kid Fit, a 10-week program to get kids ages 5-14 moving and having fun, while also learning about fitness and nutrition Weight, body mass index, body fat percentage and blood pressure are tracked throughout the program to measure progress and to customize the program to fit each child During Kid Fit, children utilize exergaming equipment, which combines video games and exercise Parents are also encouraged to participate and entire families are losing weight and getting healthier because of the program St Mary's has committed tremendous financial resources to providing equipment and staff and St Mary's provided the key leadership role in planning and development of the program Several local families are already providing testimony about how Kids in Motion has helped them Events - The Annual St Marys Tri-State Triathlon was held in August and includes three separate races - a triathlon, triathlon relay and duathlon The triathlon consists of a half-mile swim, 15-mile bike ride and 2 9-mile loop run In the duathlon, the swim course is replaced by a 2 9-mile loop run in the opposite direction of the previous loop Races use computer-chip timing The event averages 200+ participants each year but it has a wider reaching impact of promoting fitness in the community with news coverage of stories about first time participants and their ability to complete a triathlon Many family and friends also gather at the event as spectators and some are inspired to compete in the next year's event www healthtristate orgThe St Mary's Kids Try-A-Triathlon for ages 6-14 was also held in August Races consist of either a 50- or 100-yard swim, a two- or four-mile bike course, and a one- or two-mile run, depending on the age group There is a kids camp leading up to this event that helps train young people to participate in the triathlon Race day participation 100+ PATH Project St Mary's is a sponsor of the Paul Ambrose Trail for Health (PATH) project which is designed to develop a 26-mile bicycle and pedestrian path system that will link the various Huntington parks This project will promote wellness by offering family-healthy area throughout Huntington for the public FitFest is held annually each year on 9-11 to focus the entire community on fitness and St Mary's is a major sponsor 500+ participants at FitFest Web site www paulambrosetrailforhealth orgAHA Heart Walk and Go Red Luncheon St Mary's has been the main sponsor for the Heart Walk each year in April As one of St Mary's major service lines, the Regional Heart Institute promotes healthy heart activities for the public throughout the year, but the Heart Walk and the Go Red Luncheon for Women are two of our main events The Heart Walk generates team building by raising funds for the American Heart Association, ending with the actual walk at Ritter Park St Mary's employee teams are joined by teams all across Cabell and Wayne Counties both raising funds for heart research and supporting walking as a family heart-healthy activity 800+ people participant each year for the walk The cause receives wider exposure through advertising heart healthy education tips and information www heart orgPATH to the Cure - St Mary's is the major sponsor for this 5/K run/walk in September that raises close to $100,000 per year A majority of the proceeds pay for mammograms for uninsured and underinsured women in the Tri-State The rest of the money goes to the PATH project mentioned previously www pathtothecure orgHealth Screenings - Additionally St Mary's participates in numerous health fairs throughout the year They provide screenings for health issues such as cholesterol, blood sugar, HDL, osteoporosis, etc at no charge Also, education about various health issues such as stroke risk, joint replacement surgery, and other health risk factors are provided There are 1000+ people screened each year through free screenings www st-marys orgOther Fitness Events - St Mary's also sponsored many other races and walks that promoted wellness and fitness and those include the Ridge to River 10 mile trail run in June, the St Mary's Veteran's Memorial Day 5K run in May in Ironton, Ohio, the Herald Dispatch West Virginia 5K in June, the Marshall/St Mary's Marathon in November, and the St Mary's/Lion's Club 5K in March

Identifier	ReturnReference	Explanation
		Part III, Line 4 The text of the footnote reads as follows "the Hospitals provide care to patients who meet specific criteria, defined by their charity care policies, without charge or at amounts less than their established rates, as approved by the West Virginia Health Care Authority (HCA) Because the Hospitals do not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as revenue "The hospital's cost-to-charge ratio was used to compute bad debt expense at cost
		Part III, Line 8 Patient level detail data is used to calculate the uncompensated cost of bad debt and charity Once an account is written off to bad debt and/or charity, the entire cost of the account is classified as bad debt and/or charity and any payments received are netted against the cost of the account to determine the uncompensated costs The cost-to-charge ratio as reported on the facility's Medicare Cost Report was used to compute the Medicare allowable costs

Identifier	ReturnReference	Explanation
		Part III, Line 9b The hospital provides care to patients who meet specific criteria, defined by its charity care policy, without charge or at amounts less than the rates approved by the West Virginia Health Care Authority Because the hospital does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as revenue
		Part V, Section A This facility includes a school of nursing, school of respiratory therapy, a school of medical imaging and a clinical pastoral education program Interns and residents from Marshall University School of Medicine are also assigned at the hospital for their clinical rotations as are students in community based Practical nursing programs

Identifier	ReturnReference	Explanation
St Mary's Medical Center		Part V, Section B, Line 3 In conducting the Community Health Needs Assessment for St Mary's Medical Ctr , the medical center took into account input from representatives of the community served by the medical center, including those with special knowledge of or expertise in public health The CHNA was done in collaboration with Cabell Huntington Hospital and the local health department of the service areas identified A third party specialist, the Center for Entrepreneurial Studies and Development, Inc located in Morgantown, WV was engaged to assist in the planning and development process SMMC established a core planning team consisting of representative members of the medical center management Director of Provider Relations, VP of Mission Integration, Sr VP & COO, VP of Support Services, Planning & Development and the VP of Finance & CFO
St Mary's Medical Center		Part V, Section B, Line 4 Cabell-Huntington Health DepartmentWayne County Health DepartmentLincoln County Health DepartmentCabell Huntington Hospital

Identifier	ReturnReference	Explanation
St Mary's Medical Center		Part V, Section B, Line 7 The SMMC action plan focused upon three overarching goals building a network of collaboration, enhancing education and awareness activities, and tailoring interventions for specific demographic groups with an emphasis on senior awareness Each priority was evaluated to determine if SMMC currently was addressing that need, able to adapt current programs or develop new programs to meet the need, provide an agency that is currently addressing the needed financial support, or if there were insufficient resources (financial or personal) to address the need without collaboration with other agencies Priorities that were deemed to be outside the scope of SMMC and addressed by other resources in the community were not included in the action plan
St Mary's Medical Center		Part V, Section B, Line 20d The maximum amount that a FAP entitled and eligible guarantor would be billed is 64% of gross charges, calculated as a 20% discount applied to every uninsured account (regardless of FAP eligibility) and a minimum of an additional 20% discount of the remaining balance based on family income at 180% - 200% of the FPG

Identifier	ReturnReference	Explanation
		Part VI, Line 2 SMMC takes steps to determine what the most pressing needs are in order provide services to address them The hospital regularly assesses the needs of the community Periodic needs assessments are conducted in partnership with our local health department Additionally, we monitor county, state, and national health indicators and work in partnership with service agencies in the communities we serve to meet identified needs
		Part VI, Line 3 SMMC employs a variety of methods to reach patients with information about financial assistance, including * Financial assistance posters are displayed in all emergency,admitting, outpatient, and clinic areas that include a phone numberto call for financial assistance counseling * Hospital departments that have initial contact with incominginpatients and outpatients are supplied with brochures aboutfinancial assistance for distribution to patients and family members * The hospital employs trained financial assistance counselors whowork individually with patients to assess financial need andrecommend appropriate assistance such as application for federaland/or state programs, qualification for charity care, determinationof automatic discounts and/or further reductions in charges, andsetting up long-term financial arrangements

Identifier	ReturnReference	Explanation
		Part VI, Line 4 St Mary's Medical Center serves the greater Huntington, West Virginia community with a primary service area that includes Cabell, Wayne, Mason, Putnam and Lincoln counties in West Virginia and Lawrence County in Ohio St Mary's also serves a much wider service area because of specialty medical services including advanced emergency trauma care, advanced stroke care, advanced spine care, advanced heart care, advanced cancer care, and advanced orthopedic care That secondary service area includes Logan and Mingo counties in West Virginia, as well as Boyd, Greenup, Carter, Lawrence, Johnson, Floyd and Pike Counties in Kentucky and Scioto and Gallia Counties in Ohio Competitors within our primary service area are Cabell Huntington Hospital (Cabell County) and CAMC Teays Valley (Putnam County) The most recent statistics from the U S Census Bureau show that the high school graduation rate (age 25+) for Huntington is 86 0% The percentage of Huntington residents living below that Federal poverty level is 30 2% Cabell County birth rates for 15 to 19 year-olds is 42 3 per 1000 females
		Part VI, Line 5 St Mary's operates an emergency room that is open to all persons regardless of ability to pay and has an open medical staff with privileges available to all qualified physicians in the area The board of directors represents medical and business professionals, as well sisters from the Pallottine Missionary Sisters All provide hours of service in support of our hospital They are deeply involved in our needs assessment process, building programs and services, and community outreach to ensure that people know about services available to them through our hospital St Mary's engages in medical and scientific research programs, engages in the training and education of health care professionals physicians, nurses, medical imaging techs, respiratory techs, and chaplains, and participates in Medicare, Medicaid, and other government-sponsored health care programs St Mary's adheres to community benefit guidelines outlined in the Catholic Health Association's publication, "A Guide for Planning and Reporting Community Benefit "Community benefit work is driven by community health needs and directed in collaboration with other health care organizations and the broader community Community benefit strategies are integrated in the organizational strategic plan Programs are located throughout the organization, and staff and board education is conducted Dedicated staff is committed to community benefit efforts The St Mary's Foundation is a non-profit organization that provides grant writing and fundraising for both medical center programs and for community benefit programs that reach both the poor and the broader community Operations of the Foundation are governed by a separate Foundation board with voluntary memberships from the local community When St Mary's has excess revenue over operating expenses, we use those funds to obtain current health care technologies and equipment, improve patient care, provide medical training education and research, and to expand access to points of care These investments ensure that we will be here to care for future generations

Identifier	ReturnReference	Explanation
		Part VI, Line 6 St Mary's Medical Center is a not-for-profit health care facility wholly sponsored by Pallottine Health Services, Inc (PHS) Pallottine Health Services is a ministry of the Pallottine Missionary Sisters and includes both St Joseph Hospital of Buckhannon, West Virginia and St Mary's Medical Center of Huntington, West Virginia Both of these hospitals are committed to the core values of compassion, hospitality, reverence, interdependence, stewardship, and trust
Reports Filed With States	Part VI, Line 7	WV

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
St Mary's Medical Center

Employer identification number
55-0357050

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
See Additional Data Table							

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

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

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

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

Part IV **Supplemental Information.**

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

Identifier	Return Reference	Explanation
Procedure for Monitoring Grants in the U S	Part I, Line 2	Schedule I, Part I, Line 2 To ensure proper use of funds, the requesting organization is required to document the use of the grant monies When a request for funds is received and has been approved, the funds are either authorized for use or disbursed to the requesting organization

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 55-0357050
Name: St Mary's Medical Center

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
American Heart Association 162 Court St Charleston, WV 25301	13-5613797	501(c)(3)	20,000				For general operations of the Association in furtherence of their mission to reduce heart disease
Huntington Museum of Art 2033 McCoy Road Huntington, WV 25701	53-0372921	501(c)(3)	10,000				For general operations of the Museum

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Rahall Transportation Institute FoundationPO Box 5425 Huntington, WV 25703	55-0683361	501(c)(3)	10,000				To help promote transportation safety
Huntington Area Development Council916 Fifth Ave Huntington, WV 25701	55-0714570	501(c)(3)	25,000				To promote job creation

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Healthy Huntington Organization2 Partridge Court Huntington, WV 25705	26-1775212	501(c)(3)	25,000				To sponsor fundraising race
Huntington Regional Chamber of CommercePO Box 1509 Huntington, WV 25716	55-0199470	501(c)(6)	10,000				To support economic development in the County

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
American Cancer Society 611 7th Ave Ste 101 Huntington, WV 25701	13-1788491	501(c)(3)	5,250				To support the organization in their fight against cancer
Marshall Artist Series (Marshall Foundation)One John Marshall Drive Huntington, WV 25701	55-6011111	501(c)(3)	10,000				To support arts in Huntington, WV

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Huntington Symphony Orchestra763 3rd Ave Huntington, WV 25725	23-7427617	501(c)(3)	5,000				To support arts in Huntington, WV
WV Senior Sports Classic22 Capitol St Charleston, WV 25301	55-0731521	501(c)(3)	10,000				To sponsor the Classic

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Ebenezer Medical Outreach 1448 10th Ave Suite 100 Huntington, WV 25701	55-0745033	501(c)(3)	38,500				To support community pharmacy and community health
St Mary's Medical Center Foundation2900 First Avenue Huntington, WV 25702	14-1887211	501(c)(3)	6,600				To sponsor foundation events

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Boy Scouts of America Troop 106PO Box 385 Ironton, OH 45638	31-0891212	501(c)(3)	5,345				To sponsor 5K run

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
St Mary's Medical Center

Employer identification number
55-0357050

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☑ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**		No
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		No
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	☑ Compensation committee	☑ Written employment contract		
	☑ Independent compensation consultant	☐ Compensation survey or study		
	☐ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual

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

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	Part I, Line 1a	Michael Sellards, the CEO, is entitled to reimbursement for reasonable travel expense for his spouse to accompany him to three educational meetings per year, one of which being the West Virginia Hospital Association annual meeting
	Part I, Line 4a	4 a Cheryl Swartzwelder received a payment of $37,406 34

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 55-0357050
Name: St Mary's Medical Center

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Michael G Sellards	(I)	0	0	0	0	0	0	0
	(II)	583,185	121,616	138,305	16,309	26,293	885,708	0
Todd Campbell	(I)	0	0	0	0	0	0	0
	(II)	320,055	40,717	48,786	9,602	22,703	441,863	0
Angela D Swearingen	(I)	0	0	0	0	0	0	0
	(II)	241,223	47,543	150	7,237	22,733	318,886	0
Vera Rose MD	(I)	264,573	0	0	7,350	23,615	295,538	0
	(II)	0	0	0	0	0	0	0
Susan Beth Robinson	(I)	207,959	16,737	0	6,741	23,527	254,964	0
	(II)	0	0	0	0	0	0	0
Timothy Parnell	(I)	191,840	19,714	0	6,347	23,498	241,399	0
	(II)	0	0	0	0	0	0	0
Elizabeth Bosley	(I)	174,847	15,673	0	5,716	23,452	219,688	0
	(II)	0	0	0	0	0	0	0
Ernest Taylor	(I)	280,220	34,875	0	7,350	17,341	339,786	0
	(II)	0	0	0	0	0	0	0
Sonya Arthur	(I)	148,421	2,981	0	4,542	23,366	179,310	0
	(II)	0	0	0	0	0	0	0
Rita Barker	(I)	152,572	5,495	0	4,742	16,996	179,805	0
	(II)	0	0	0	0	0	0	0
Jeffrey Hamrick	(I)	145,705	0	0	4,371	23,354	173,430	0
	(II)	0	0	0	0	0	0	0
David Delimpo	(I)	144,038	0	0	4,321	16,965	165,324	0
	(II)	0	0	0	0	0	0	0
David Sheils	(I)	132,922	15,181	0	4,443	23,359	175,905	0
	(II)	0	0	0	0	0	0	0

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
St Mary's Medical Center

Employer identification number
55-0357050

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 3	The organization utilizes an outside contractor that supplies a director over the organization's IT staff The director manages the two IT managers (employees of the organization), who in-turn manage the rest of the IT staff The director is responsible for completing evaluations for the two managers and then signs off on the evaluations of their staff, which includes the rest of the IT staff The outside contractor does not have the ability to hire or fire an employee without the approval of the CFO (as would other Directors who are SMMC employees)

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 6	The organization is a membership (not a stock) corporation under West Virginia state law The organization's sole corporate member is Pallottine Health Services, a related not-for-profit organization

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7a	In accordance with the terms and requirements of its governing documents (i e bylaws), on an annual basis, the organization's current board members recommend the list of candidates for membership to the governing body for the subsequent term to the St Mary's Medical Center board of directors The board of directors approve and elect these candidates to serve as the organization's board of directors

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7b	Pallottine Health Services, as the sole corporate member, also has the right to approve or ratify significant decisions of the organization's governing body including the amendment of bylaws and charters, removal of members of the governing body, and the decision to dissolve the organization

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 11	The Form 990 is reviewed by the organization's management in consultation with an independent accounting firm The financial review is based on the organization's audited financial statements for the relevant time period Before the Form 990 is filed with the IRS, representatives of the organization's board of directors review the Form 990 A complete copy of the same was provided to the St Mary's Medical Center full board at their board meeting on July 15, 2014

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	Upon employment and annually thereafter each key employee and officer of the organization is required to complete a conflict of interest and disclosure form, providing sufficient information about his/her personal interests and relationships so the organization can (1) determine whether any potential or actual conflicts of interest may exist, and (2) monitor work or service assignments to avoid placing the key employee, officer or director in a position where there may be an appearance, potential or actual, of a conflict of interest or a question of objectivity The completed conflicts of interest and disclosure forms for directors are returned to the organization In the event that any board member is deemed to lack independence or a conflict of interest exists, he/she is required to leave the room and cannot be part of the discussion or vote

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	On a regular basis, the organization provides documentation to the compensation committee of the Pallottine Health Services, Inc board with respect to the compensation of the organization's officers and key employees for review and approval Such information includes comparable data from similar size tax-exempt organizations in the Huntington, West Virginia community as well as compensation for these positions (as disclosed on form 990) with other organizations in the health care industry that are of similar size, demographics, and geography Review and approval of the compensation arrangement by the officers/executive committee is documented

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	The organization makes its governing documents, conflict of interest policy, and financial statements available to the public upon request at its office at 2900 First Avenue, Huntington, WV 25702 A nominal fee is charged if copies are requested

Identifier	Return Reference	Explanation
Evaluation Process for Joint Venture	Form 990, Part VI, line 16b	The organization has adopted a formal written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements However, the normal due diligence process for analyzing any such arrangements undertaken in conjunction with the organization's external legal counsel, accountants and other business advisors does include a review to determine the following 1) the impact of the arrangement under applicable federal and state law 2) whether the arrangement will jeopardize the organization's exempt status as a Section 501(c)(3) charitable organization - hospital 3) whether the arrangement will result in any unrelated business taxable income 4) the impact of the arrangement on any existing contractual agreements or other business relationships and 5) whether the arrangement will result in any conflicts of interest If there are any concerns with respect to any of the above matters, the organization will take appropriate steps to ensure that, if the joint venture is pursued, the arrangement will be in compliance with applicable federal and state law and to safeguard the organization's tax-exempt status A formal written policy and procedure has been approved

Identifier	Return Reference	Explanation
Hours devoted to related organizations	Form 990, Part VII	Michael Sellards - 6 hours (PHS, SJH and SMF) Sr Gail Borgmeyer - 39 hours (PHS) Sr Diane Bushee - 6 hours (PHS, SJH and SMF) Todd Campbell - 6 hours (PHS and SJH) Angela Swearingen - 6 hours (PHS and SJH) Rita Barker - 4 hours (SJH) Sr Marian Ruth Creamer - 38 hours (PHS, SJH and PMS)

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 9	Transfer from Affiliates 6,004,793 Change in pension funded status 9,903,294 Loss from affiliate -7,082,722

Identifier	Return Reference	Explanation
Tax-Exempt Bonds	Schedule K	The tax exempt bonds are reported on the Form 990s of St Joseph's Hospital of Buckhannon, Inc and St Mary's Medical Center Since the bond proceeds are issued on behalf of Pallottine Health Services, Inc , Schedule K has been reported on Pallottine Health Services, Inc Form 990

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
St Mary's Medical Center

Employer identification number
55-0357050

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) St Mary's Medical Management LLC 2900 First Avenue Huntington, WV 25702 20-8017790	Medical Practice	WV	-7,082,718	5,903,361	St Mary's Medical Center

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1) Pallottine Health Services 2900 First Avenue Huntington, WV 25702 55-0688201	Parent Oversight	WV	501(c)(3)	Line 11a, I	N/A		No
(2) Pallottine Missionary Sisters 2900 First Avenue Huntington, WV 25702 43-1783315	Church	WV	501(c)(3)	Line 1	N/A		No
(3) St Mary's Medical Center Foundation 2900 First Avenue Huntington, WV 25702 14-1887211	Foundation	WV	501(c)(3)	Line 11b, II	St Mary's Medical Center		No
(4) St Joseph's Hospital of Buckhannon One Amalia Drive Buckhannon, WV 26201 55-0356996	Hospital	WV	501(c)(3)	Line 3	Pallottine Health Services		No
(5) St Joseph's Foundation of Buckhannon One Amalia Drive Buckhannon, WV 26201 55-0727650	Foundation	WV	501(c)(3)	Line 11b, II	St Joseph's Hospital of Buckhannon		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) St Mary's Occupational Health Center LLC 2900 First Avenue Huntington, WV 25702 54-2136110	Medical Services	WV	St Mary's Medical Center	Related	-57,610	63,749		No		Yes		51 000 %
(2) Tri State MRI 2900 First Avenue Huntington, WV 25702 55-0669726	Medical Services	WV	N/A	Related	-119,143	897,477		No		Yes		50 000 %
(3) Claire Frances Health Services 200 Mall Road Ste 3 Ashland, KY 41101 31-1517507	Medical Services	WV	N/A	Related	237,930	55,167		No		Yes		33 330 %
(4) Huntington Area MRI Services LLC 2900 First Avenue Huntington, WV 25702	Medical Services	WV	N/A	Related	269,002	893,618		No		Yes		49 000 %

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity? Yes	(i) No
(1) Vanguard Financial Services 2900 First Avenue Huntington, WV 25702 45-0496141	Collection Agency	WV	St Mary's Medical Center	C	182,907	957,967	100 000 %		No

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

		Yes	No
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 orgranization 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	1a	Yes	
b Gift, grant, or capital contribution to related organization(s)	1b		No
c Gift, grant, or capital contribution from related organization(s)	1c		No
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f	Yes	
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h		No
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j		No
k Lease of facilities, equipment, or other assets from related organization(s)	1k		No
l Performance of services or membership or fundraising solicitations for related organization(s)	1l		No
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n		No
o Sharing of paid employees with related organization(s)	1o	Yes	
p Reimbursement paid to related organization(s) for expenses	1p		No
q Reimbursement paid by related organization(s) for expenses	1q		No
r Other transfer of cash or property to related organization(s)	1r	Yes	
s Other transfer of cash or property from related organization(s)	1s		No

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) St Mary's Medical Management LLC	O	406,561	Internal accounting records
(2) St Mary's Medical Center Foundation	O	203,119	Internal accounting records
(3) Claire Frances Health Services	F	125,000	Internal accounting records

Part VI **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to Form 990, Part IV, line 37.)

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 55-0357050
Name: St Mary's Medical Center

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation	

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PALLOTTINE HEALTH SERVICES, INC.
AND SUBSIDIARIES

Consolidated Financial Statements and Other Supplementary Financial Information

September 30, 2013

arnett foster toothman pllc
CPAs & Advisors

CONTENTS

arnett
foster
toothman pllc
CPAs & Advisors

INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Trustees
Pallottine Health Services, Inc.
and Subsidiaries
Huntington, West Virginia

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Pallottine Health Services, Inc and its subsidiaries 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 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 from material misstatement

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

101 Washington Street East | P O Box 2629
Charleston, WV 25329
304 346 0441 | 800 642 2601

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

ARNETT FOSTER TOOTHMAN PLLC

Arnett Foster Toothman PLLC

Charleston, West Virginia
January 15, 2014

PALLOTTINE HEALTH SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
September 30, 2013 and 2012

ASSETS	2013	2012
Current assets:		
Cash and cash equivalents	**$ 27,342,637**	$ 17,055,203
Patient accounts receivable, net of allowance for doubtful accounts of $69,080,000 and $65,260,000	**66,855,062**	62,159,699
Other accounts receivable	**9,421,841**	8,740,294
Inventories	**10,679,756**	11,231,317
Prepaid expenses	**4,037,561**	5,065,007
Estimated third-party settlements	**-**	5,524,707
Current portion of assets limited as to use	**3,671,667**	3,586,667
Total current assets	**122,008,524**	113,362,894
Assets limited as to use, net of amounts required to meet current liabilities	**80,826,187**	80,782,621
Property and equipment, net of accumulated depreciation	**156,895,743**	153,025,428
Other assets	**937,643**	988,134
Other investments	**6,236,546**	5,565,299
Total assets	**$ 366,904,643**	$ 353,724,376
LIABILITIES AND NET ASSETS		
Current liabilities:		
Notes payable	**$ -**	$ 1,539,138
Accounts payable and accrued expenses	**39,761,096**	35,558,416
Current portion of long-term debt	**4,892,959**	4,862,927
Estimated third-party settlements	**396,670**	-
Other current liabilities	**5,773,874**	8,999,263
Total current liabilities	**50,824,599**	50,959,744
Long-term debt	**89,961,563**	94,864,924
Accrued pension obligation	**101,819,717**	112,889,858
Other liabilities	**6,526,070**	6,933,071
Total liabilities	**249,131,949**	265,647,597
Net assets:		
Unrestricted	**114,532,080**	84,854,982
Temporarily restricted	**3,215,614**	3,196,797
Permanently restricted	**25,000**	25,000
Total net assets	**117,772,694**	88,076,779
Total liabilities and net assets	**$ 366,904,643**	$ 353,724,376

PALLOTTINE HEALTH SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
Years Ended September 30, 2013 and 2012

	2013	2012
Unrestricted revenues, gains, and other support		
Patient service revenues (net of contractual allowances and discounts)	**$ 450,276,968**	$ 447,464,351
Less Provision for bad debts	**(40,625,506)**	(42,216,505)
Net patient service revenue	**409,651,462**	405,247,846
Investment income	**5,483,079**	4,330,056
Electronic health record incentive reimbursement	**3,878,096**	1,263,912
Loss from partnership investments	**(114,493)**	(163,358)
Other	**13,856,337**	11,089,340
Total unrestricted revenues, gains, and other support	**432,754,481**	421,767,796
Expenses		
Salaries and wages	**157,943,239**	151,639,996
Employee benefits	**61,264,369**	60,437,511
Supplies	**87,761,450**	88,899,641
Purchased services	**49,043,215**	43,361,374
Plant operations	**16,387,447**	15,248,526
Interest	**3,830,972**	4,164,417
Depreciation and amortization	**17,240,706**	16,781,588
Provision for bad debts	**1,566,599**	1,821,304
Provider tax	**11,122,352**	10,858,801
Other	**14,000,320**	15,058,663
Total expenses	**420,160,669**	408,271,821
Excess of revenues over expenses from operations	**12,593,812**	13,495,975
Change in fair value of derivative obligation	**3,147,139**	(876,921)
Excess of revenues over expenses	**15,740,951**	12,619,054
Other changes in unrestricted net assets		
Net unrealized gain on investments	**1,690,269**	4,601,299
Change in pension plan funded status	**12,246,058**	(27,180,596)
Increase (decrease) in unrestricted net assets	**29,677,278**	(9,960,243)
Temporarily restricted net assets:		
Contributions and investment income, net	**18,637**	730,679
Increase (decrease) in net assets	**29,695,915**	(9,229,564)
Net assets, beginning of year	**88,076,779**	97,306,343
Net assets, end of year	**$ 117,772,694**	$ 88,076,779

See Notes to Consolidated Financial Statements

PALLOTTINE HEALTH SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended September 30, 2013 and 2012

	2013	2012
Cash flows from operating activities		
Change in net assets	**$ 29,695,915**	$ (9,229,564)
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	**17,240,706**	16,781,588
Provision for bad debts	**40,625,506**	42,216,505
Change in pension plan funded status	**(12,246,058)**	27,180,956
Change in fair value of derivative obligation	**(3,147,139)**	876,921
Net realized and unrealized (gains) losses on investments	**(3,882,772)**	(6,278,316)
Equity in undistributed earnings of unconsolidated affiliates	**(671,247)**	(519,138)
(Increase) decrease in accounts receivable	**(45,320,869)**	(40,505,604)
(Increase) decrease in other receivables	**(681,547)**	(6,231,442)
(Increase) decrease in prepaid expenses	**1,027,446**	1,105,463
(Increase) decrease in inventories	**551,561**	(462,344)
(Increase) decrease in other assets	**47,388**	54,023
(Increase) decrease in estimated third-party settlements	**5,921,377**	(582,602)
Increase (decrease) in accounts payable and accrued	**4,202,680**	(453,744)
Increase (decrease) in accrued pension obligation	**1,175,917**	795,862
Increase (decrease) in other liabilities	**(485,251)**	642,856
Net cash provided by operating activities	**34,053,613**	25,391,420
Cash flows from investing activities		
Change in assets limited as to use, net	**3,754,206**	(14,524,627)
Purchases of property and equipment	**(21,107,918)**	(19,451,938)
Net cash used in investing activities	**(17,353,712)**	(33,976,565)
Cash flows from financing activities		
Net borrowings (payments) on notes payable	**(1,539,138)**	(224,969)
Proceeds from long-term debt	**-**	1,561,273
Repayment of long-term debt	**(4,873,329)**	(6,295,154)
Net cash used in financing activities	**(6,412,467)**	(4,958,850)
Net increase (decrease) in cash and cash equivalents	**10,287,434**	(13,543,995)
Cash and cash equivalents, beginning of year	**17,055,203**	30,599,198
Cash and cash equivalents, end of year	**$ 27,342,637**	$ 17,055,203

Supplemental disclosures of cash flow information:
Cash paid for interest (net of amount capitalized) in 2013 and 2012 was approximately $3,837,000 and $4,185,000, respectively

PALLOTTINE HEALTH SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2013 and 2012

Note 1. Description of Organization and Summary of Significant Accounting Policies

Description of organization: Pallottine Health Services, Inc. (PHS) is sponsored and operated by the Pallottine Missionary Sisters, Queen of Apostles Province (Sponsor), a Missouri not-for-profit corporation, and is a not-for-profit corporation exempt from income tax pursuant to Section 501(a) of the Internal Revenue Code PHS provides management and administrative support services to its two wholly-sponsored hospitals, St Mary's Medical Center, Inc. (St Mary's) and St Joseph's Hospital of Buckhannon, Inc (St Joseph's) (the Hospitals), which are not-for-profit health care facilities

Principles of consolidation: The consolidated financial statements include the accounts of PHS, St Mary's and its other subsidiaries (St Mary's Foundation (SMF), Vanguard Financial Services (VFS), St Mary's Medical Management (SMMM) and its wholly-owned subsidiary, St Mary's Neurosurgery (SMN), and St Mary's Occupational Health Center (SMOHC), St Joseph's and its other subsidiary (St. Joseph's Foundation (SJF)). All significant intercompany amounts and transactions have been eliminated in consolidation

Reclassifications: Certain 2012 amounts have been reclassified to conform to the 2013 presentation Such reclassifications had no effect on the previously reported excess of revenues over expenses or change in net assets

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

Basis of presentation: Net assets, gains and losses are classified based on donor-imposed restrictions Accordingly, net assets of PHS and changes therein are classified and reported as follows

Unrestricted - Unrestricted net assets include resources over which the Board of Trustees has discretionary control

Temporarily restricted - Temporarily restricted net assets are those resources subject to restrictions imposed by donors, which are limited to a specific time period or purpose

Permanently restricted - Permanently restricted net assets are those resources subject to a donor-imposed restriction that they be maintained permanently by the donee or for which perpetual trusts have been established

Cash and cash equivalents: Cash and cash equivalents include investments in highly liquid debt instruments with original maturities of three months or less

Patient accounts receivable: Patient accounts receivable are carried at the net realizable value less an estimate for doubtful or uncollectible accounts. The allowance is based upon a review of the outstanding balances, aged by financial class Management uses collection percentages, based upon historical collection experience, to determine collectibility. Management also reviews troubled, aged accounts to determine collection potential For receivables associated with services provided to patients who have third-party coverage, PHS analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, 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 (which includes both patients without insurance and patients with deductible and copayment balances due for which third–party coverage exists for part of the bill), PHS records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are

financially responsible The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts Recoveries of accounts previously written off are recorded as a reduction to the provision for bad debt when received. Interest is not charged on patient accounts receivable

PHS's allowance for doubtful accounts for self-pay patients was 81 percent of self-pay accounts receivable at September 30, 2013 and 2012, PHS's self-pay writeoffs decreased $1,473,000 from approximately $43,665,000 for the fiscal year 2012 to approximately $42,192,106 for fiscal year 2013 PHS has not changed its charity care or uninsured discount policies during 2013 PHS does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant writeoffs from third-party payors

Inventories: Inventories are valued at amounts approximating the lower of cost (first-in, first-out method) or market

Assets whose use is limited: Assets whose use is limited consists of assets designated by the Board of Trustees (the Board) primarily for future capital improvements However, the Board retains control and may, at its discretion, subsequently use the assets for other purposes Externally designated assets include assets held on behalf of the Sponsor, as well as funds held by the bond trustee for the retirement of debt and interest costs Amounts required to meet current liabilities have been reclassified in the balance sheets at September 30, 2013 and 2012

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet Investment income or loss, including realized gains and losses on the sale of investments, is included in the excess (deficiency) of revenues over expenses, unless the income or loss is restricted by donor or law, in which case the income or loss is reported as a change in temporarily restricted net assets in the statements of operations and changes in net assets Unrealized gains and losses on investments are excluded from the excess (deficiency) of revenues over expenses.

As further explained in Note 4, PHS accounts for its investments in various healthcare related entities using the equity basis of accounting Under this method, PHS equity in the earnings or losses of the investment is reported in PHS's statement of operations

PHS also has investments recorded at cost Income from dividends and distributions are recognized in the statement of operations as they are distributed These investments are reviewed for impairment and if factors indicate a decrease in the fair value of the investment has occurred below cost an impairment adjustment is recorded

Property and equipment: Property and equipment acquisitions are recorded at cost Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method Equipment under capital lease obligations is amortized on the straight-line method over the shorter of the lease term or the useful life of the equipment Such amortization is included in depreciation and amortization in the financial statements Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets

Excess of revenues over expenses: The statements of operations include excess of revenues over expenses Changes in unrestricted net assets that are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, contributions of long-lived assets and change in pension plan funded status

Net patient service revenue: The Hospitals have agreements with third-party payors that provide for payments at amounts different from their established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined

Charity care: The Hospitals provide care to patients who meet specific criteria, defined by their charity care policies, without charge or at amounts less than their established rates, as approved by the West Virginia Health Care Authority (HCA) Because the Hospitals do not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as revenue

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

Self-insurance health plan: PHS has a self-insurance program for employee health insurance Payments for claims by employees are remitted to a third-party administrator to provide for the payment of actual claims and administrative fees Estimated unpaid claims, including amounts for incurred but not reported claims, are included in accounts payable and accrued expenses

Workers' compensation self-insurance plan: St Mary's is self-insured with respect to their employees' workers' compensation benefits Payments are made to a third-party administrator to provide for payments of actual claims and fees Estimated unpaid claims, including amounts for incurred but not reported claims, are accrued based upon historical claims history and are included in accounts payable and accrued expenses

Income taxes: PHS, the Hospitals and related foundations are not-for-profit corporations and have been recognized as tax-exempt pursuant to Section 501(c)(3) of the Code and applicable state statutes VFS is a taxable entity SMOHC, SMMM and SMN are organized as limited liability corporations SMOHC is treated as a partnership for tax purposes SMMM and SMN are treated as single-member LLC's for tax purposes

Accounting principles generally accepted in the United States of America require the management of PHS to evaluate tax positions taken by PHS Management has evaluated PHS's tax positions and concluded that PHS had maintained its tax exempt status and has taken no uncertain tax positions that require recognition or disclosure in the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements

PHS is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress The management of PHS believes it is no longer subject to income tax examinations for years prior to the fiscal year ended September 30, 2010

Derivative instruments and hedging activities: All derivative instruments are recorded on the balance sheets at their respective fair values The interest rate swaps do not qualify for hedge accounting, therefore, PHS accounted for the derivative instruments as a speculative derivative instrument with the change in fair value recorded as a component of realized and unrealized losses on interest rate swap in the accompanying statements of operations in the period of change Net settlement payments made or received during the life of the swaps are also recorded as a component of realized and unrealized losses on interest rate swaps in the accompanying statements of operations

Subsequent events: PHS has evaluated subsequent events through January 15, 2014, the date on which the financial statements were available to be issued

New or recent accounting pronouncements: In December 2011, the FASB issued *Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities* (ASU 2011-11) The objective of ASU 2011-11 is to provide enhanced disclosures that will enable users of its financial statements to evaluate the effect or potential effect of netting arrangements on an entity's financial position This includes the effect or potential effect of rights of setoff associated with an entity's recognized assets and recognized liabilities within the scope of this ASU The amendments require enhanced disclosures by requiring improved information about financial instruments and derivative instruments that are either offset in accordance with existing provisions and requirements of the ASC or subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset in accordance with existing provisions and requirements of the Accounting Standards Codification An entity is required to apply the amendments of this ASU for annual reporting periods beginning on or after January 1, 2013 An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented Management does not believe that the adoption of this ASU will materially impact PHS's financial reporting

In May of 2011, the FASB issued *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* (ASU 2011-04) ASU 2011-04 amends Accounting Standards Codification (ASC) Section 820 to provide for common fair value measurement and disclosure requirements for financial statements in accordance with accounting principles generally accepted in the United States of America as with those prepared under International Financial Reporting Standards. Consequently, the amendments of the ASU change the wording used to describe many of the requirements of accounting principles generally accepted in the United States of America for measuring fair value and for disclosing information about fair value measurements For many of the requirements, the FASB did not intend for the amendments in this ASU to result in a change in the application of the requirements in ASC Section 820 This ASU is effective on a prospective basis for fiscal years, beginning after December 15, 2011 Adoption of this new pronouncement did not materially affect PHS's reporting of financial position, results of operations, or cash flows

In April 2013, the FASB issued ASU 2013-06 Not-for-Profit Entities (Topic 958) Services Received from Personnel of an Affiliate The amendments in this Update apply to not-for-profit 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. The amendments in this Update require 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 All recipient not-for-profit entities should report the corresponding decrease in net assets or the creation or enhancement of an asset resulting from the use of services received from personnel of an affiliate similar to how other such expenses or assets are reported The amendments in this Update are effective prospectively for fiscal years beginning after June 15, 2014 A recipient not-for-profit entity may apply the amendments using a modified retrospective approach under which all prior periods presented upon the date of adoption should be adjusted, but no adjustment should be made to the beginning balance of net assets of the earliest period presented Early adoption is permitted. Management of PHS does not believe that this ASU will materially affect the financial reporting

Note 2. Cash Concentrations

Included with cash and cash equivalents are demand deposits and short-term investments with financial institutions, the bank balances of which exceed federally insured amounts However, management believes these financial institutions are financially sound and these concentrations do not present a significant risk to PHS and subsidiaries

Note 3. Concentrations of Credit Risk

The Hospitals grant credit without collateral to their patients, most of who are local residents and are insured under third-party payor agreements The mix of gross receivables from patients and third-party payors at September 30, 2013 and 2012 was as follows

	2013	2012
Medicare	**18%**	19%
Medicaid	**11%**	12%
Other third-party payors	**26%**	27%
Private pay	**45%**	42%
	100%	100%

PALLOTTINE HEALTH SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2013 and 2012

Note 4. Investments and Assets Limited As to Use

The composition of assets limited as to use is set forth in the following table

	2013		2012	
	Cost	**Fair Value**	Cost	Fair Value
Internally designated by the Board of Trustees:				
Cash and cash equivalents	**$ 11,591,623**	**$ 11,591,623**	$ 17,166,462	$ 17,166,462
U S government obligations	**14,619,044**	**14,221,352**	11,375,364	11,416,300
Corporate bonds and notes	**9,036,120**	**8,975,005**	9,396,912	9,714,707
International bonds	**122,606**	**124,226**	147,534	152,873
Marketable equity securities	**33,263,868**	**37,255,861**	33,700,656	34,880,477
Mutual funds	**3,749,674**	**3,578,645**	-	-
Mortgage and asset backed securities	**-**	**-**	242,632	220,016
Interest receivable	**32,706**	**32,706**	32,340	32,340
Deferred compensation trust assets	**2,419,956**	**2,419,956**	2,182,822	2,182,822
	74,835,597	**78,199,374**	74,244,722	75,765,997
Held by Trustee for project funds, debt service reserve funds and deposits:				
Cash and cash equivalents	**6,298,480**	**6,298,480**	8,603,291	8,603,291
Total Assets Limited as to Use	**$ 81,134,077**	**$ 84,497,854**	$ 82,848,013	$ 84,369,288

Other Investments:

Other investments at September 30, 2013 and 2012, include

	2013	2012
Equity Method Investments.		
Tri-State MRI (Note 12)	**$ 384,736**	$ 499,735
TSHP	**(19,905)**	(19,905)
Premier	**681,887**	575,556
CHART (Note 14)	**2,375,131**	1,670,216
	3,421,849	2,725,602
Investments recorded at cost		
Claire Health Services	**275,000**	300,000
Land held for sale	**385,317**	385,317
Health Works - PT provider	**87,033**	87,033
Surgical Properties	**80,000**	80,000
Three Gables Surgery Center (Note 12)	**1,400,000**	1,400,000
St Mary's Medical Center Home Health Services, LLC	**562,847**	562,847
Huntington Area MRI Services, LLC (Note 12)	**24,500**	24,500
	2,814,697	2,839,697
Total Other Investments	**$ 6,236,546**	$ 5,565,299

Investment income, including realized and unrealized gains (losses), is comprised of the following for the years ending September 30, 2013 and 2012.

	2013	2012
Realized income		
Interest income and dividends	$ 3,290,576	$ 2,653,039
Net realized gains on sale of securities	2,192,503	1,677,017
	$ 5,483,079	$ 4,330,056
Other changes in unrestricted net assets		
Net change in unrealized gain on investments	$ 1,690,269	$ 4,601,299

Included in assets whose use is limited by Board action are approximately $37 million and $35 million of investments in marketable equity securities as of September 30, 2013 and 2012, respectively These investments, made pursuant to a Board-approved investment plan, are in various industries As of September 30, 2013, no individual industry comprised more than 10% of total investments

PHS does not require collateral to secure its investments

PHS continually reviews non-trading investments for impairment conditions that indicate that an other-than-temporary decline in market value has occurred In conducting this review, numerous factors are considered which, individually or in combination, indicate that a decline is other-than-temporary and that a reduction of the carrying value is required These factors include specific information pertaining to an individual company or a particular industry and general market conditions that reflect prospects for the economy as a whole Based on this review, PHS did not recognize an other-than-temporary loss during the years ended September 30, 2013 and 2012

Note 5. Property and Equipment

Property and equipment consist of the following at September 30, 2013 and 2012

	2013	2012
Land and land improvements	$ 11,275,039	$ 10,885,495
Buildings and fixed equipment	196,855,504	196,494,611
Equipment	219,532,537	202,805,584
	427,663,080	410,185,690
Less accumulated depreciation and amortization	(280,364,426)	(264,340,552)
	147,298,654	145,845,138
Construction in progress	9,597,089	7,180,290
	$ 156,895,743	$ 153,025,428

Estimated cost to complete construction projects as of September 30, 2013 was approximately $405,000 During 2013 and 2012, net interest expense of approximately $0 and $180,000, respectively, was capitalized related to these construction projects and is included in property and equipment

Note 6. Notes Payable

PHS maintains a margin account (revolving line of credit) with a national investment banking firm which allows them to borrow against the value of investments held in trust by the firm for the benefit of PHS. PHS had outstanding borrowings against the investments of $0 and $1,539,138 at September 30, 2013 and 2012, respectively Interest is charged on the outstanding balance which was approximately 2 7% through January 2013 when the line of credit was paid off

Note 7. Long-Term Debt

Long-term debt consists of the following at September 30, 2013 and 2012

	2013	2012
Variable Rate Demand Revenue and Refunding Bonds, 2003 Series A-1 Bonds Due in annual installments ranging from $1,445,000 to $3,120,000 through 2033 plus monthly interest at a variable rate, 0 19% at September 30, 2013	**$ 48,915,732**	$ 50,544,393
Variable Rate Demand Revenue Bonds, 2006 Series A Due in annual installments ranging from $690,000 to $1,925,000 through 2036 plus monthly interest at a variable rate, 0 19% at September 30, 2013	**31,285,000**	32,085,000
Variable Rate Demand Revenue Bonds, 2009 Series A Due in monthly installments of $97,222 through June 2016 plus monthly interest at the 30-day LIBOR rate, 2 518% at September 30, 2013.	**12,541,667**	13,708,333
Note payable, financing company, due in monthly installments of $30,705 through 2014 including variable interest of 0 65% at September 30, 2013, secured by related equipment	**460,205**	827,872
Note payable, financing company, due in monthly installments of $6,610 through 2014 including variable interest of 0.65% at September 30, 2013, secured by related equipment	**92,457**	171,584
Note payable, individual, due in monthly installments of $4,100 through 2017 including interest of 4 25%, secured by related equipment	**172,948**	213,850
Notes payable, related party, due in monthly installments of $15,974 through 2014 including interest at 3 0%, unsecured (Note 12)	**369,251**	508,832
Obligations under capital leases, secured by related equipment.	**1,017,262**	1,667,987
	94,854,522	99,727,851
Less current portion	**4,892,959**	4,862,927
	$ 89,961,563	$ 94,864,924

Aggregate maturities of long-term obligations are as follows

Year Ending September 30,	Long-Term Debt	Capital Lease Obligations
2014	$ 4,305,158	$ 630,095
2015	4,059,336	283,871
2016	3,971,073	145,565
2017	3,970,962	27,542
2018	4,031,667	-
Thereafter	73,499,064	-
	$ 93,837,260	1,087,073
Less amount representing interest under capital lease obligations		69,811
Total		$ 1,017,262

Series 2003 Variable Rate Demand Revenue and Refunding Bonds:

On December 18, 2003, the West Virginia Hospital Finance Authority issued its $61,000,000 Variable Rate Demand Revenue and Refunding Revenue Bonds, 2003 Series A-1 (the "2003 Series A-1") PHS, St Mary's Medical Center and St Joseph's Hospital (the "Obligated Group") then entered into a loan agreement with the West Virginia Hospital Finance Authority, which loaned the proceeds of the bond issue to the Obligated Group The proceeds of the 2003 bonds were used to advance refund the Series 1987 Hospital Revenue Bonds and to establish project funds for the Hospitals' renovation and expansion The Obligated Group has a Letter of Credit Reimbursement Agreement with Fifth Third Bank (Fifth Third) Fifth Third is paid an annual fee for the letter of credit equal to 2 0% of the amount of the outstanding letter of credit. The stated expiration date of the Letter of Credit is June 30, 2014 The 2003 Series A-1 Bonds were issued at a variable interest rate that fluctuates on a weekly basis Under the terms of the Reimbursement Agreement, the 2003 Series A-1 Bonds are scheduled to be repaid on October 1 annually and maturing on October 1, 2033

Pursuant to the Reimbursement Agreement, the Obligated Group has pledged certain collateral including all revenues and accounts receivable

Under the terms of the 2003 Series A-1 bond indentures, the Obligated Group is required to maintain certain deposits with a trustee Such deposits are included with assets limited as to use in the accompanying balance sheets The revenue note indenture also places limits on the incurrence of additional borrowings and requires that the Obligated Group satisfy certain measures of financial performance as long as the notes are outstanding. The Obligated Group is also required to maintain insurance and certain financial covenants The Obligated Group was in compliance with these requirements as of September 30, 2013

Series 2006 Variable Rate Demand Revenue Bonds:

On April 1, 2006, the West Virginia Hospital Finance Authority issued its $35,000,000 Variable Rate Demand Revenue Bonds, 2006 Series A (the "2006 Series A") PHS, St Mary's Medical Center and St Joseph's Hospital (the "Obligated Group") then entered into a loan agreement with the West Virginia Hospital Finance Authority, which loaned the proceeds of the bond issue to the Obligated Group The proceeds of the 2006 bonds were used to establish project funds for the Hospitals' renovation and expansion The Obligated Group has a Reimbursement Agreement with Fifth Third under which the Obligated Group agreed to reimburse Fifth Third for draws under its letter of credit, which will be drawn periodically to repay the 2006 Series A Bonds Fifth Third is paid an annual fee for the letter of credit equal to 2 0% of the amount of the outstanding letter of credit The stated expiration date of the Letter of Credit is June 30, 2014 The 2006 Series A Bonds were issued at a variable interest rate that fluctuates on a weekly basis Under the terms of the Reimbursement Agreement, the 2006 Series A Bonds are scheduled to be repaid on October 1 annually and maturing on October 1, 2036

Pursuant to the Reimbursement Agreement, the Obligated Group has pledged certain collateral including all revenues and accounts receivable

Under the terms of the 2006 Series A bond indentures, the Obligated Group is required to maintain certain deposits with a trustee Such deposits are included with assets limited as to use in the accompanying balance sheets The revenue note indenture also places limits on the incurrence of additional borrowings and requires that the Obligated Group satisfy certain measures of financial performance as long as the notes are outstanding The Obligated Group is also required to maintain insurance and certain financial covenants The Obligated Group was in compliance with these requirements as of September 30, 2013

Series 2009 Variable Rate Demand Revenue Bonds: On June 1, 2009, the West Virginia Hospital Finance Authority issued $17,500,000 Variable Rate Demand Revenue Bonds, 2009 Series A (the "2009 Series A") PHS, St Mary's Medical Center, and St Joseph's Hospital (the "Obligated Group") then entered into a loan agreement with the West Virginia Hospital Finance Authority, which loaned the proceeds of the bond issue to the Obligated Group The proceeds of the 2009 bonds were used to fund the Hospital's renovation and expansion Coincident with the issuance of the 2009 Series A Bonds, the Obligated Group entered into a Loan Agreement with a local bank The 2009 Series A Bonds were issued at a variable interest rate based on the 30-day LIBOR Under the terms of the Loan Agreement, the 2009 Series A Bonds are scheduled to be repaid monthly and mature on July 1, 2016.

Pursuant to the Loan Agreement, the Obligated Group has pledged certain collateral including all revenues and accounts receivable

Under the terms of the 2009 Series A bond indentures, the Obligated Group is required to maintain certain deposits with a trustee Such deposits are included with assets limited as to use in the accompanying balance sheets The revenue note indenture also places limits on the incurrence of additional borrowings and requires that the Obligated Group satisfy certain measures of financial performance as long as the notes are outstanding The Obligated Group is also required to maintain insurance and certain financial covenants The Obligated Group was in compliance with these requirements as of September 30, 2013

Note 8. Operating Lease Commitments

The Hospitals lease certain equipment under non-cancelable operating leases The following is a schedule of future minimum lease payments required under the leases

2014	$ 2,851,690
2015	2,124,633
2016	1,780,286
2017	998,766
2018	637,518
Thereafter	10,383,239
	$ 18,776,132

Total expense for operating leases, including those with terms of one year or less, was approximately $3.4 million and $3 3 million in 2013 and 2012, respectively, and is included in other expenses in the consolidated statements of operations and changes in net assets

In June 2012, St Mary's entered into an operating lease with the Ironton-Lawrence County Area Community Action Organization for the lease of the St Mary's Medical Campus in Ironton, Ohio, a free standing emergency department The lease is for a term of twenty-five years with an option to purchase after the first seven years at an amount equal to St. Mary's proportionate share of the remaining debt service applicable to the funding and creation of the facility St Mary's proportionate share is based upon their share of the leased premises (61% base year) The base rent is $551,717 per year In addition to the base rent, St. Mary's will be charged additional rent based upon St Mary's proportionate share times estimated operating expenses

Note 9. Interest Rate Risk Management

The Obligated Group uses variable-rate debt to finance its capital needs The debt obligations expose the Obligated Group to variability in interest payments due to changes in interest rates Conversely, fixed rate debt obligations can be more expensive in times of declining interest rates Management believes it is prudent to monitor and manage its cost of capital on a regular basis To meet this objective, management, from time to time, enters into interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk

The Obligated Group has interest-rate related derivative instruments to manage the exposure on its debt instruments The Obligated Group does not enter into derivative instruments for any purpose other than cash flow hedging purposes related to its debt

By using derivative financial instruments to hedge exposures to changes in interest rates, the Obligated Group exposes themselves to credit risk and market risk. Credit risk is the failure of the counter-party to perform under the terms of the derivative contract When the fair value of a derivative contract is positive, the counter-party owes the Obligated Group, which creates credit risk for the Obligated Group When the fair value of a derivative contract is negative, the Obligated Group owes the counter-party and, therefore, it does not possess credit risk The Obligated Group minimizes the credit risk in derivative instruments by entering into transactions with high-quality counter-parties

Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates The market risk associated with interest rates is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken

In January 2004, the Obligated Group entered into an interest rate swap agreement in the notional amount of $30 million related to the Series 2003 Bonds (Note 7) The purpose of the swap was to convert the Obligated Group variable rate cash flow exposure on the debt obligations to fixed-rate cash flows Under the terms of the interest rate swap, the Obligated Group receives a variable interest rate payment (based on the Bond Rate, or if certain triggering events occur, an alternative floating rate which is the Bond Market Association Municipal swap index or 67% of 1 month LIBOR) in exchange for making fixed interest rate payments (3 68%) to the swap counter-party, thereby creating the equivalent of fixed-rate debt

In April 2008, the Obligated Group entered into an interest rate swap agreement in the notional amount of $17 5 million related to the Series 2006 Bonds (Note 7) The purpose of the swap was to convert the Obligated Group variable rate cash flow exposure on the debt obligations to fixed rate cash flows Under the terms of the interest rate swap, the Obligated Group receives a variable interest rate payment (based on the Bond Rate, or if certain triggering events occur, an alternative floating rate which is 67% times USD-LIBOR-BBA) in exchange for making fixed interest rate payments (3 112%) to the swap counter-party, thereby creating the equivalent of fixed-rate debt

The following table summarizes the location and amounts of the values for the Obligated Group's interest rate swap agreements.

	Liability Derivatives			
	September 30, 2013		September 30, 2012	
Derivatives not designated as hedging instruments	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate swap agreements	Other current liabilities	$ 5,056,603	Other current liabilities	$ 8,203,742

The following table summarizes the location and amounts of derivative losses on the Obligated Group's interest rate swap agreements

Derivatives not designated as hedging instruments	Location of Gain (Loss) Recognized	Year Ended September 30, 2013	2012
Interest rate swap agreements	Change in fair value of derivative obligation	$ 3,147,139	$ (876,921)

For the years ended September 30, 2013 and 2012, management obtained a valuation of the interest rate swap agreements in accordance with applicable accounting guidance from an independent analyst The goal is to value derivatives, such as the Obligated Group's interest rate swaps, by adjusting the mid-market valuation for a theoretical non-performance or credit risk of the Obligated Group As of September 30, 2013 and 2012 the Obligated Group is posting no collateral Therefore, the entire swap value is subject to the adjustment The mid-market valuation for the liability associated with the swap agreements as of September 30, 2013 and 2012 was determined to be $5,538,371 and $9,264,657, respectively, and the fair value valuation considering the Obligated Group's credit rating resulted in a reduction of this amount by $481,768 and $1,060,915 Therefore, the estimated fair value of the liability associated with the swap agreements as of September 30, 2013 and 2012 was $5,056,603 and $8,203,742, respectively

Note 10. Net Patient Service Revenue, Supplemental Medicaid Funding and Charity Care

Net patient service revenues consist of the following for the years ending September 30, 2013 and 2012

	2013	2012
Patient service revenues	$ 1,046,447,015	$ 991,175,830
Supplemental Medicaid funding	8,817,955	8,796,428
Gross patient service revenue	1,055,264,970	999,972,258
Less provisions for		
Contractual and other adjustments	588,359,006	536,753,096
Charity care (charges foregone based on established rates)	16,628,996	15,754,811
Bad debts	40,625,506	42,216,505
Net patient service revenues	$ 409,651,462	$ 405,247,846

Supplemental Medicaid Funding: In 2012, the Federal Department of Health and Human Services, Centers for Medicare and Medicaid Services approved a State of West Virginia Medicaid Plan Amendment The Plan Amendment provides for supplemental Medicaid payments to qualifying hospitals These supplemental payments are made for medical services provided to Medicaid recipients The program is limited to state fiscal years 2013 through 2014.

The supplemental payment methodology also implements a provider tax as an expansion of the health care provider tax The revenues produced will be used as the state contribution toward drawing down additional federal matching dollars for Medicaid to enhance current hospital payment rates under a Upper Payment Limit (UPL) program. In addition to the current tax of 2.5% currently imposed on providers of inpatient and outpatient hospital services, there is an additional tax of eighty-eight one hundredths of one percent (0 88%) on the gross receipts The tax was reduced to 0 45% for the state fiscal year 2014 The tax provisions expire on July 1, 2014 and are being implemented retroactively to July 1, 2011. Amounts charged to expense for the additional tax imposed amounted to $2,916,720 and $2,722,548 for the years ended September 20, 2013 and 2012, respectively This additional expense is included within provider tax expense in the accompanying consolidated statements of operations

The Hospital's recorded revenue totaling $8,817,955 and $8,796,428 for the supplemental Medicaid payments for the years ended September 30, 2013 and 2012, respectively, and is recorded as an increase to net patient service revenue Of this amount, $4,398,214 had not been received as of September 30, 2012 and therefore is included within other accounts receivable in the accompanying consolidated balance sheets at September 30, 2012

PHS 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, PHS recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of PHS's uninsured patients will be unable or unwilling to pay for the services provided Thus PHS records a significant provision for bad debts related to uninsured patients in the period the services are provided Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized during the years ended September 30, 2013 and 2012 from these major payor sources, is as follows

2013	**Third-Party Payors**	**Self-Pay**	**Total All Payors**
Patient service revenue (net of contractual allowances and discounts)	**$ 432,265,889**	**$ 18,011,079**	**$ 450,276,968**

2012	Third-Party Payors	Self-Pay	Total All Payors
Patient service revenue (net of contractual allowances and discounts)	$ 429,906,797	$ 17,557,554	$ 447,464,351

The Hospitals have agreements with third-party payors that provide for payments to the Hospitals at amounts different from their established rates Contractual adjustments under third-party reimbursement programs represent the difference between the Hospitals' billings at established rates for services and amounts reimbursed by third-party payors The following summarizes the significant payment arrangements with major third-party payors.

- **Medicare**

  Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient psychiatric services are paid on a cost reimbursement methodology subject to certain limitations Outpatient services are paid primarily based on prospectively determined payment classifications Home health services are generally paid based on 60-day episodes of care, with payment scaled for level of service provided Skilled nursing care services are paid on a prospective methodology based on patient classification St Mary's and St Joseph's receive additional reimbursement for "disproportionate share," based on the level of Medicaid and Supplementary Security Income (SSI) patients it serves St Mary's also receives payments for direct and indirect medical education from the Medicare program

Certain inpatient costs and outpatient services are reimbursed on tentative rates, with final settlement determined after submission of an annual cost report by the Hospitals and audit thereof by the Medicare fiscal intermediary The Hospitals' classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a Medicare peer review organization

- **Medicaid**

  Payments for inpatient acute care services rendered to Medicaid program beneficiaries are based primarily upon a prospectively determined rate per discharge based on primary diagnosis Outpatient services are reimbursed based on a predetermined fee schedule Payment for inpatient behavioral health services are reimbursed at an interim rate, which is currently ninety-five percent of charges, and are subject to year-end cost based settlement

- **Medicaid Disproportionate Share Enhancement Program**

  Under the West Virginia Medicaid Disproportionate Share Enhancement Program, funds designated by the West Virginia Legislature for disproportionate share hospitals are distributed based on, among other things, each particular hospital's Medicaid inpatient activity and total operating expenses compared to other hospitals in the State This reimbursement, approximating $742,000 and $1,364,000 for the years ending September 30, 2013 and 2012, respectively, has been included in net patient service revenue in the accompanying consolidated statements of operations Funds received from this program are subject to retroactive settlement.

  Funds received from this program have been audited through 2010 resulting in no settlements For 2011 and future years settlements could occur The laws and regulations governing the DSH settlement process are complex, involving statistical data from all participating hospitals, and subject to interpretation Accordingly, the Hospital is not able to estimate the possible losses that could arise upon completion of the DSH settlement process in future years The ultimate resolution of the settlement process could materially impact the Hospital's future results of operations or cash flows in a particular period

- **Health Care Authority (HCA)**

  The HCA is empowered, by provisions of the West Virginia Code, to regulate the Hospitals' gross patient revenue from nongovernmental payors and to evaluate health care entity financial performance This is accomplished by issuing rate orders, based on the Hospitals' budgets and rate schedules, and evaluating performance and compliance reports submitted by the Hospitals on a periodic basis. Addition and deletion of services is also regulated by HCA under certain circumstances

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

St Joseph's is in the process of receiving designation as a Critical Access Hospital (CAH) under the Medicare and Medicaid Programs CAHs receive payments, on a reasonable cost basis, for inpatient and most outpatient services provided to eligible Medicare and Medicaid patients The designation is anticipated to be complete during 2014.

Revenue from the Medicare and Medicaid programs accounted for approximately 52 percent and 13 percent, respectively, of the Hospitals' gross patient revenue for the year ended September 30, 2013 and 50 percent and 14 percent, respectively, of the Hospitals' gross patient revenue for the year ended September 30, 2012 Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term The 2013 and 2012 net patient service revenue decreased approximately $301,000 and $339,000, respectively, due to prior year retroactive adjustments in excess of amounts previously estimated

Charity Care: PHS provides charity care to patients who are financially unable to pay for the health care services they receive PHS's policy is not to pursue collection of amounts determined to qualify as charity care if the patient has an adjusted income equal to or below 100% of the Federal Poverty Income levels A sliding scale discount is available for patients who meet the guidelines prescribed in the policy Accordingly, PHS does not report these amounts in the net revenues or in the allowance for doubtful accounts Of PHS's $420,160,669 of total expenses reported for the year ended September 30, 2013, an estimated $6,600,000 arose from providing services to qualifying charity care patients For the year ended September 30, 2012, PHS reported total expenses of $408,271,821, for which an estimated $6,400,000 arose from providing services to qualifying charity care patients The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients The ratio of cost to charges is calculated based on PHS's total expenses divided by gross patient service revenue

Note 11. Pension Plans

St. Mary's Defined Contribution Plan

St Mary's has a defined contribution 403(b) retirement plan covering substantially all of their employees The plan, which became effective January 1, 2011, has two components consisting of a salary reduction portion and a discretionary contribution portion The salary reduction component allows eligible employees to contribute, as a salary deferral, to the plan The discretionary contribution portion of the plan allows for additional contributions of eligible wages subject to certain limitations and restrictions Total expense relating to this plan was $3,430,432 and $3,481,955 for the years ended September 30, 2013 and 2012, respectively

St. Mary's Defined Benefit Plan

St Mary's sponsors a noncontributory, defined-benefit plan covering substantially all eligible lay employees of St Mary's and PHS Pension benefits to participating employees are based on years of credited service and annual wages. St. Mary's provides funding sufficient to meet minimum funding requirements under applicable federal laws

Effective August 1, 2010, the plan was amended to freeze future benefit accruals and to provide enhanced benefits through a voluntary early retirement program

PHS maintains an investment policy with regard to its pension plan assets The investment policy has been formulated by the Board of Directors based upon consideration of a wide range of policies and describes the prudent investment processes deemed appropriate for PHS to engage It sets forth an investment structure for managing all plan assets, states the Board's expectations and objectives, and establishes criteria to monitor and evaluate performance PHS has established investment objectives and goals including the preservation of capital with an emphasis of consistent investment performance Short-term volatility will be tolerated inasmuch as it is consistent with the volatility of comparable market indices

The following tables set forth the plan's funded status and amounts recognized in the financial statements

	2013	2012
Change in benefit obligation		
Benefit obligation at beginning of year	**$ 196,199,786**	$ 159,156,001
Service cost	**-**	-
Interest cost	**8,696,304**	8,614,856
Actuarial (gain) loss	**(7,341,789)**	33,060,860
Benefits paid	**(5,099,898)**	(4,631,931)
Benefit obligation at end of year	**192,454,403**	196,199,786
Change in plan assets.		
Fair value in plan assets at beginning of year	**91,913,604**	81,223,846
Actual return on plan assets (net of expenses)	**7,942,010**	12,321,689
Employer contributions	**3,000,000**	3,000,000
Benefits paid	**(5,099,898)**	(4,631,931)
Fair value in plan assets at end of year	**97,755,716**	91,913,604
Funded status at end of year	**$ (94,698,687)**	$ (104,286,182)
Amounts recognized in balance sheet consist of		
Noncurrent liabilities	**$ (94,698,687)**	$ (104,286,182)
Cumulative amounts recognized in other changes in net assets consist of:		
Net actuarial loss	**$ 65,312,887**	$ 75,216,181
	$ 65,312,887	$ 75,216,181
Components of net periodic pension cost:		
Interest cost	**$ 8,696,304**	$ 8,614,856
Expected return on plan assets	**(7,020,027)**	(6,312,498)
Recognized loss	**1,639,522**	1,001,519
Net periodic benefit cost	**$ 3,315,799**	$ 3,303,877
Estimated amounts expected to be amortized from net assets over next fiscal year		
Net loss	**$ 1,390,086**	$ 1,639,522

PALLOTTINE HEALTH SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2013 and 2012

	2013	2012
Weighted average assumptions used to determine benefit obligations at September 30		
Discount rate	**4.75%**	4.50%
Rate of compensation increases	**N/A**	N/A
Weighted average assumptions used to determine net periodic pension cost for the years ending September 30		
Discount rate	**4.75%**	4 50%
Expected return on plan assets	**7.75%**	7 75%
Rate of compensation increases	**N/A**	N/A

The basis for determining the overall expected long-term rate of return on assets has been based on the assumption that future real returns will approximate the historic long-term rates of return experienced for each asset class in the investment policy statement Based on this analysis, it was determined that the long-term rate of return as of September 30, 2013 should be consistently applied.

Following is the Plan's asset allocation and expected future cash flows at September 30, 2013

	Target Allocations	Percentage of Plan Assets
Plan assets		
Equity securities	56%	53%
Fixed income and cash and cash equivalents	44%	47%
Total	100%	100%

Expected contributions for fiscal 2014	$ 3,000,000

Estimated future benefit payments reflecting expected future service

2014	$ 5,885,063
2015	$ 6,300,420
2016	$ 6,843,215
2017	$ 7,348,660
2018	$ 7,905,419
2019 to 2023	$ 49,075,308

The following tables set forth by level with the fair value hierarchy, pension plan assets of St Mary's at their fair values as of September 30, 2013 and 2012:

	2013 Fair Value Measurements Using			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	**Total at September 30, 2013**
Plan Assets				
Cash equivalents	$ 10,009,901	$ -	$ -	**$ 10,009,901**
Corporate stocks				
Consumer Discretionary	7,957,037	-	-	**7,957,037**
Consumer Staples	4,722,544	-	-	**4,722,544**
Energy	3,817,642	-	-	**3,817,642**
Financials	6,360,639	-	-	**6,360,639**

	2013 Fair Value Measurements Using			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	**Total at September 30, 2013**
Industrials	4,311,672	-	-	**4,311,672**
Information Technology	9,699,554	-	-	**9,699,554**
Materials	1,820,927	-	-	**1,820,927**
Other	10,551,152	-	-	**10,551,152**
Telecommunication Services	2,629,879	-	-	**2,629,879**
Utilities	832,828	-	-	**832,828**
Corporate bonds				
A1/A+	-	336,956	-	**336,956**
A1/AA+	-	337,496	-	**337,496**
A2/A+	-	342,015	-	**342,015**
A2/A	-	826,416	-	**826,416**
A2/A-	-	515,736	-	**515,736**
A3/A	-	468,787	-	**468,787**
A3/A-	-	1,345,411	-	**1,345,411**
A3/BBB+	-	162,170	-	**162,170**
AA3/A+	-	268,367	-	**268,367**
BAA1/A	-	180,491	-	**180,491**
BAA1/A-	-	220,253	-	**220,253**
BAA1/BBB	-	366,032	-	**366,032**
BAA1/BBB+	-	1,640,646	-	**1,640,646**
BAA1/BBB-	-	174,440	-	**174,440**
BAA2/A-	-	718,594	-	**718,594**
BAA2/BBB	-	1,950,930	-	**1,950,930**
BAA3/BBB	-	619,167	-	**619,167**
BAA3/BBB-	-	162,807	-	**162,807**
Government obligations				
FHLMC	-	1,455,116	-	**1,455,116**
FNMA	-	4,713,963	-	**4,713,963**
GNMA	-	9,657	-	**9,657**
US Treasury Notes	7,589,903	-	-	**7,589,903**
Mutual funds	5,593,828	-	-	**5,593,828**
	$ 80,940,266	**$ 16,815,450**	**$ -**	**$ 97,755,716**

PALLOTTINE HEALTH SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2013 and 2012

	2012 Fair Value Measurements Using			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	**Total at September 30, 2012**
Plan Assets				
Cash equivalents	$ 762,773	$ -	$ -	**$ 762,773**
Corporate stocks				
Consumer Discretionary	7,966,339	-	-	**7,966,339**
Consumer Staples	3,643,554	-	-	**3,643,554**
Energy	5,825,457	-	-	**5,825,457**
Financials	8,966,204	-	-	**8,966,204**
Health Care	5,794,617	-	-	**5,794,617**
Industrials	4,704,394	-	-	**4,704,394**
Information Technology	12,317,247	-	-	**12,317,247**
Materials	2,309,259	-	-	**2,309,259**
Other	3,277,548	-	-	**3,277,548**
Telecommunication Services	3,699,917	-	-	**3,699,917**
Utilities	1,209,920	-	-	**1,209,920**
Corporate bonds				
A1/A+	-	650,436	-	**650,436**
A1/AA+	-	605,844	-	**605,844**
A2/A+	-	558,673	-	**558,673**
A2/A	-	1,109,366	-	**1,109,366**
A2/A-	-	1,418,480	-	**1,418,480**
A3/A	-	244,902	-	**244,902**
A3/A-	-	3,314,347	-	**3,314,347**
A3/BBB+	-	502,340	-	**502,340**
AA3/A+	-	1,053,400	-	**1,053,400**
AAA/AAA	-	437,144	-	**437,144**
BAA1/A-	-	963,562	-	**963,562**
BAA1/BBB	-	323,625	-	**323,625**
BAA1/BBB+	-	1,348,011	-	**1,348,011**
BAA2/A	-	335,237	-	**335,237**
BAA2/A-	-	1,629,095	-	**1,629,095**
BAA2/BBB	-	1,630,903	-	**1,630,903**
BAA2/BBB-	-	698,843	-	**698,843**
BAA2/BBB+	-	337,691	-	**337,691**
BAA3/BBB	-	1,178,039	-	**1,178,039**
Government obligations				
FHLB	-	291,499	-	**291,499**
FHLMC	-	658,630	-	**658,630**
FNMA	-	5,023,819	-	**5,023,819**
GNMA	-	14,210	-	**14,210**
US Treasury Notes	7,108,279	-	-	**7,108,279**
	$ 67,585,508	$ 24,328,096	$ -	**$ 91,913,604**

St. Joseph's Defined Contribution Plan

St Joseph's has a defined contribution 403(b) retirement plan covering substantially all of their employees. The plan has two components consisting of a salary reduction portion and a discretionary contribution portion The salary reduction component allows eligible employees to contribute, as a salary deferral, to the plan The discretionary contribution portion of the plan allows for additional contributions of eligible wages subject to certain limitations and restriction

St. Joseph's Defined Benefit Plan and Subsequent Event

St Joseph's sponsors a cash balance defined benefit pension plan covering substantially all eligible lay employees Pension benefits to participating employees are based on years of credited service and annual wages Prior to January 1, 1999, the plan form was a unit benefit plan, using annual base wages and specified percentages to calculate the units Benefits under this prior form are still payable to employees who were qualified participants with an accrued benefit Plan assets, primarily consisting of U S government and equity securities, are held in trust by an institutional investment firm The following tables set forth the plan's funded status and amounts recognized in the financial statements.

Effective January 1, 2014, the Plan was amended to freeze future benefit accruals Participation is frozen such that there will be no new participants in the Plan after December 31, 2013 The St Joseph's defined contribution 403(b) Plan will remain in place

	2013	2012
Change in benefit obligation		
Benefit obligation at beginning of year	**$ 13,452,561**	$ 11,163,982
Service cost	**513,970**	425,213
Interest cost	**532,579**	551,676
Actuarial (gain) loss	**(2,132,205)**	1,572,624
Benefits paid	**(276,153)**	(260,934)
Benefit obligation at end of year	**12,090,752**	13,452,561
Change in plan assets		
Fair value in plan assets at beginning of year	**4,848,885**	4,183,100
Actual return on plan assets	**396,990**	626,719
Employer contributions	**-**	300,000
Benefits paid	**(276,153)**	(260,934)
Fair value in plan assets at end of year	**4,969,722**	4,848,885
Funded status at end of year	**$ (7,121,030)**	$ (8,603,676)

	2013	2012
Components of net periodic pension cost:		
Service cost	**$ 513,970**	$ 425,213
Interest cost	**532,579**	551,676
Expected return on plan assets	**(365,088)**	(321,829)
Recognized net actuarial loss	**178,657**	137,286
Net periodic benefit cost	**$ 860,118**	$ 792,346

	2013	2012
Assumptions as of September 30.		
Discount rate	**5.00%**	4 00%
Expected return on plan assets	**7.75%**	7 75%
Rate of compensation increases	**3.50%**	3 50%

Following is the Plan's asset allocation and expected future cash flows at September 30, 2013

	Target Allocations	Percentage of Plan Assets
Plan assets		
Equity securities	60%	61%
Debt securities	35%	32%
Cash and cash equivalents	5%	7%
Total	100%	100%

Expected contributions for fiscal 2014	$ 300,000
Estimated future benefit payments reflecting expected future service	
2014	$ 297,229
2015	$ 344,685
2016	$ 350,028
2017	$ 386,324
2018	$ 393,921
2019 to 2023	$ 2,652,315

Note 12. Related Parties

Pallottine Missionary Sisters

PHS is under contract to pay sponsorship fees to its sponsor, Pallottine Missionary Sisters, totaling approximately $1,298,000 and $1,236,000 in 2013 and 2012, respectively St Mary's provides hospitalization coverage for the nonworking Sisters Costs associated with operation of their infirmary were approximately $1,014,000 in 2013 and $929,000 in 2012 The Sponsor reimburses St Mary's for the costs of the infirmary, including hospitalization costs for nonworking Sisters PHS received payments from the Sponsor of $1,009,000, in 2013 and $865,000, in 2012 St Joseph's incurs no expense associated with the operation of the convent in Buckhannon Accounts receivable from the Sponsor were approximately $86,000 and $148,000 at September 30, 2013 and 2012, respectively The Sisters have loaned St Joseph's money in prior years to be paid in monthly installments of $15,974 at an interest rate of 3 0% The amount outstanding at September 30, 2013 and 2012 was $369,251 and $508,832, respectively, and are included in Long-term debt in the accompanying balance sheet

Tri-State MRI

St Mary's has a 50% interest in Tri-State MRI (the Partnership), through a general partnership agreement with Cabell Huntington Hospital, Inc The Partnership was formed for the purpose of acquiring and operating a magnetic resonance imaging unit St Mary's is accounting for its investment in the Partnership under the equity method of accounting

St Mary's interest in the Partnership is approximately $385,000 and $500,000 at September 30, 2013 and 2012, respectively, and is included in other assets in the accompanying consolidated balance sheets Equity earnings on the investment approximated $(115,000) and $(158,000) for the years ended September 30, 2013 and 2012, respectively, which are included in the consolidated statements of operations and changes in net assets in loss from partnership investments

The following is a summary of certain unaudited financial information of Tri-State MRI as of and for the year ended September 30

	2013	2012
Assets	**$ 1,785,766**	$ 1,930,590
Liabilities	**$ 1,016,294**	$ 922,831
Stockholders' equity	**$ 769,472**	$ 1,007,759
Revenues (net)	**$ 79,648**	$ 136,296
Expenses	**$ 317,935**	$ 412,525

Three Gables Surgery Center, LLC

St Mary's Medical Management, LLC, purchased 10 Class IV membership units in Three Gables Surgery Center in September 2009 for $1,400,000 Three Gables Surgery Center, LLC is a for-profit hospital located in Proctorville, Ohio SMMM received distributions of approximately $252,000 and $218,000 for the years ended September 30, 2013 and 2012, respectively

SMMM also has a management agreement with Three Gables through April 22, 2018 The agreement calls for SMMM to provide senior management leadership and will provide a Facility Manager to assist with normal operating activities of Three Gables Total amounts received by SMMM for management services for the years ended September 30, 2013 and 2012, were $448,000 and $432,000, respectively

Huntington Area MRI Services, LLC

St Mary's owns a 49% interest in Huntington Area MRI Services, LLC (the Company), Ultimate Health Services, Inc owns the remaining 51% interest The Company was formed to provide technical MRI to patients of St Mary's Medical Center at Ultimate's Huntington campus St Mary's is accounting for its investment under the cost method of accounting St Mary's interest in the Company is $24,500 at September 30, 2013 and 2012 SMMC received distributions of approximately $294,000 for both the years ended September 30, 2013 and 2012

Note 13. Functional Expenses

PHS provides general health care services, primarily to residents within its geographic location Expenses related to providing these services are as follows for the years ended September 30

	2013	2012
Health care services	**$ 303,416,097**	$ 296,473,384
Support services	**32,773,155**	33,345,888
Educational	**5,037,938**	4,839,751
General and administrative	**78,933,479**	73,612,798
	$ 420,160,669	$ 408,271,821

Note 14. Medical Malpractice Claims

PHS is a member (2% ownership) of Community Hospital Alternative for Risk Transfer (CHART), which provides the member hospitals the initial insurance protection and excess coverage under a claims-made policy CHART was formed as a reciprocal risk retention group, which is a form of a captive insurance company owned by its insureds (called "subscribers") domiciled in Vermont and approved to provide coverage in West Virginia Premiums of approximately $2 8 million were recorded as expense during both the years ended September 30, 2013 and 2012, and were based on the captive's experience to date PHS had a $2,375,131 equity interest in the purchasing group at September 30, 2013 and $1,670,216 at September 30, 2012

PHS has estimated the ultimate costs, if any, of the settlement of such claims Accrued malpractice losses outside of amounts covered by insurance at September 30, 2013 and 2012, included in other liabilities, is based on information provided by the risk managers, legal counsel, and historical experience, and in management's opinion, provide an adequate reserve for loss contingencies

The ultimate amount of claims incurred is dependent on future developments Accordingly, there is a reasonable possibility that a change in estimate will occur in the near term Adjustments, if any, to estimates recorded resulting from ultimate claim payments are reflected in operations in the periods such adjustments are known

Note 15. Health Care Legislation and Regulation and Contingencies

The health care industry is subject to numerous laws and regulations of Federal, state and local governments Government activity has increased with respect to investigations and allegations concerning possible violations of various statutes and regulations by health care providers Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time Management believes that PHS is in compliance with fraud and abuse regulations, as well as other applicable government laws and regulations If found in violation of these laws, PHS could be subject to substantial monetary fines, civil and criminal penalties and exclusion from participation in the Medicare and Medicaid programs

St Joseph's is conducting a compliance investigation and has self-reported compliance findings to the Office of the United States Attorney for the Northern District of West Virginia concerning certain billing and documentation issues with a physician office owned by the Hospital The investigation and communications with the Office of the United States Attorney are in the early stages The ultimate outcome of the investigation and subsequent payback and potential fines and penalties are not known However, the potential billing issue was immediately corrected when identified in April 2011 and all related fees and cost have been recorded as of September 30, 2011 Management and legal counsel believe that there will be a minimum settlement of $200,000 and that the issue will not have a material financial impact on the Hospital or the consolidated financial statements of PHS

PHS and subsidiaries (PHS) are named in several routine lawsuits incidental to their operations It is not possible at the present time to estimate the ultimate legal and financial liability, if any, of PHS with respect to such lawsuits In the opinion of management, after consultation with legal counsel, adequate insurance exists to cover significant financial exposure, in the event there is any, to PHS Accordingly, in the opinion of management, resolution of those matters is not expected to have a material adverse effect on the consolidated financial position However, depending on the amount and timing of such resolution, an unfavorable resolution of some or all of these matters could materially affect the future results of operations or cash flows in a particular period.

Note 16. Advertising Expense

PHS and subsidiaries recognize the costs for advertising as they are incurred Advertising costs included in expenses for 2013 and 2012 were approximately $4 2 million and $4 0 million, respectively

Note 17. Fair Value Measurements

The *Fair Value Measurements and Disclosures Topic* of the Financial Accounting Standards Board (FASB) Accounting Standards Codification defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements

Under the FASB's authoritative guidance on fair value measurements, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date

As noted above, there is a three-level valuation hierarchy for disclosure of fair value measurements The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date The three levels are defined as follows

Level 1 — Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange

Level 2 — Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data

Level 3 — Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation, also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement

Assets at Fair Value on a Recurring Basis

The following table presents the financial instruments carried at fair value as of September 30, 2013 and 2012, by caption, on the statement of financial position by the hierarchy defined above

	2013 Fair Value Measurements			
	Total at September 30, 2013	Level 1	Level 2	Level 3
Investments				
Cash equivalents	**$ 17,922,809**	$ 17,922,809	$ -	$ -
Corporate stocks				
Consumer Discretionary	**5,017,009**	5,017,009	-	-
Consumer Staples	**2,873,899**	2,873,899	-	-
Energy	**2,443,373**	2,443,373	-	-
Financials	**4,312,350**	4,312,350	-	-
Health Care	**3,173,774**	3,173,774	-	-
Industrials	**2,854,218**	2,854,218	-	-

PALLOTTINE HEALTH SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2013 and 2012

	2013 Fair Value Measurements			
	Total at September 30, 2013	Level 1	Level 2	Level 3
Information Technology	**6,032,076**	6,032,076	-	-
Materials	**1,157,819**	1,157,819	-	-
Other	**7,113,050**	7,113,050	-	-
Telecommunication Services	**1,805,832**	1,805,832	-	-
Utilities	**472,461**	472,461	-	-
Corporate bonds				
A1/A	**68,681**	-	68,681	-
A1/A+	**386,966**	-	386,966	-
A1/AA+	**226,937**	-	226,937	-
A2/A+	**354,286**	-	354,286	-
A2/A	**900,851**	-	900,851	-
A2/AA	**87,007**	-	87,007	-
A2/A-	**418,746**	-	418,746	-
A3/A	**340,885**	-	340,885	-
A3/A-	**1,045,014**	-	1,045,014	-
A3/BBB+	**110,044**	-	110,044	-
AA1/AA+	**45,259**	-	45,259	-
AA1/AA	**61,381**	-	61,381	-
AA1/AA-	**29,601**	-	29,601	-
AA2/AA	**145,286**	-	145,286	-
AA2/AA-	**73,004**	-	73,004	-
AA3/A+	**216,419**	-	216,419	-
AA3/AA-	**100,720**	-	100,720	-
AAA	**75,000**	-	75,000	-
AAA/AAA	**50,080**	-	50,080	-
BAA1/A	**124,088**	-	124,088	-
BAA1/A-	**165,024**	-	165,024	-
BAA1/BBB	**251,321**	-	251,321	-
BAA1/BBB+	**1,219,088**	-	1,219,088	-
BAA1/ BBB-	**122,107**	-	122,107	-
BAA2/A-	**634,774**	-	634,774	-
BAA2/BBB	**1,093,236**	-	1,093,236	-
BAA2/BBB-	**109,012**	-	109,012	-
BAA3/BBB	**413,521**	-	413,521	-
BAA3/BBB-	**106,667**	-	106,667	-
Government obligations				
FNMA	**4,224,714**	-	4,224,714	-
FHLMC	**3,233,398**	-	3,233,398	-
US Treasury Notes	**5,467,558**	5,467,558	-	-
FHLBC	**1,295,682**	-	1,295,682	-
International Bonds	**124,226**	-	124,226	-
Mutual funds	**3,578,645**	3,578,645	-	-
Deferred compensation trust asset	**2,419,956**	2,419,956	-	-
Total investments at fair value	**84,497,854**	66,644,829	17,853,025	-
Liabilities				
Derivative obligation	**5,056,603**	-	5,056,603	-
Total liabilities at fair value	**$ 5,056,603**	$ -	$ 5,056,603	$ -

PALLOTTINE HEALTH SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2013 and 2012

	2012 Fair Value Measurements			
	Total at September 30, 2012	Level 1	Level 2	Level 3
Investments				
Cash equivalents	**$ 25,802,093**	$ 25,802,093	$ -	$ -
Corporate stocks				
Consumer Discretionary	**4,189,633**	4,189,633	-	-
Consumer Staples	**1,455,926**	1,455,926	-	-
Energy	**3,078,981**	3,078,981	-	-
Financials	**4,245,863**	4,245,863	-	-
Health Care	**3,200,949**	3,200,949	-	-
Industrials	**2,461,481**	2,461,481	-	-
Information Technology	**7,186,441**	7,186,441	-	-
Materials	**1,117,461**	1,117,461	-	-
Other	**6,498,293**	6,498,293	-	-
Telecommunication Services	**1,282,520**	1,282,520	-	-
Utilities	**162,929**	162,929	-	-
Corporate bonds				
A1/A+	**514,487**	-	514,487	-
A1/AA+	**258,907**	-	258,907	-
A2/A+	**353,168**	-	353,168	-
A2/A	**854,729**	-	854,729	-
A2/AA	**74,592**	-	74,592	-
A2/A-	**762,483**	-	762,483	-
A2/AA-	**89,134**	-	89,134	-
A3/A	**151,378**	-	151,378	-
A3/A-	**784,211**	-	784,211	-
A3/BBB+	**217,680**	-	217,680	-
AA1/AA	**68,237**	-	68,237	-
AA1/AA-	**31,198**	-	31,198	-
AA2/AA	**77,936**	-	77,936	-
AA2/AA-	**193,660**	-	193,660	-
AA2/AA+	**52,539**	-	52,539	-
AA2/A-	**11,733**	-	11,733	-
AA3/A-	**70,397**	-	70,397	-
AA3/A+	**515,785**	-	515,785	-
AA3/AA-	**67,532**	-	67,532	-
AAA/AAA	**284,598**	-	284,598	-
AAA/AA+	**191,699**	-	191,699	-
BAA1/A	**101,508**	-	101,508	-
BAA1/A-	**451,978**	-	451,978	-
BAA1/A+	**36,780**	-	36,780	-
BAA1/BBB	**140,239**	-	140,239	-
BAA1/BBB+	**735,942**	-	735,942	-
BAA2/A	**144,499**	-	144,499	-
BAA2/A-	**833,148**	-	833,148	-
BAA2/BBB	**643,415**	-	643,415	-
BAA2/BBB-	**288,964**	-	288,964	-
BAA2/BBB+	**138,694**	-	138,694	-
BAA3/BBB	**573,457**	-	573,457	-

	2012 Fair Value Measurements			
	Total at September 30, 2012	Level 1	Level 2	Level 3
Government obligations				
FNMA	**3,519,250**	-	3,519,250	-
FHLMC	**1,968,835**	-	1,968,835	-
US Treasury Notes	**4,346,789**	4,346,789	-	-
FHLBC	**1,581,426**	-	1,581,426	-
International Bonds	**152,873**	-	152,873	-
Other	**220,016**	-	220,016	-
Deferred compensation trust asset	**2,182,822**	2,182,822	-	-
Total investments at fair value	**84,369,288**	67,212,181	17,157,107	-
Liabilities				
Derivative obligation	**8,203,742**	-	8,203,742	-
Total liabilities at fair value	**$ 8,203,742**	$ -	$ 8,230,742	$ -

Assets and Liabilities Recorded at Fair Value on a Nonrecurring Basis

PHS has no assets or liabilities that are recorded at fair value on a nonrecurring basis

Fair Value of Financial Instruments

The table below presents the carrying value and fair value of PHS's financial instruments The disclosure excludes leases, affiliate investments, pension and benefit obligations, and insurance policy claim reserves

The fair value represents management's best estimates based on a range of methodologies and assumptions The carrying value of short-term financial instruments not accounted for at fair value, as well as receivables and payables arising in the ordinary course of business, approximates fair value because of the relatively short period of time between their origination and expected realization Quoted market prices are used for most investments as well as for liabilities, such as long-term debt, with quoted prices For liabilities such as long-term debt not accounted for at fair value and without quoted market prices, fair value is based upon estimated cash flows adjusted for credit risk which are discounted using an interest rate appropriate for the maturity of the applicable loans

For additional information regarding PHS's determination of fair value, including items accounted for at fair value, see the preceding *Fair Value Measurements* section

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

Cash and cash equivalents: The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value

Investments: Fair values, which are the amounts reported in the balance sheet, are based on quoted market prices, if available, or estimated using quoted market prices for similar securities

Assets limited as to use: These assets consist primarily of cash and short-term investments and interest receivable The carrying amount reported in the balance sheet is fair value

Accounts payable and accrued expenses: The carrying amount reported in the balance sheet for accounts payable and accrued expenses approximates its fair value

Estimated third-party payor settlements: The carrying amount reported in the balance sheet for estimated third-party payor settlements approximates its fair value

Long-term debt: Fair values of PHS's revenue notes are based on current traded value The fair value of PHS's remaining long-term debt is estimated using discounted cash flow analysis, based on PHS's current incremental borrowing rates for similar types of borrowing arrangements

The carrying amount and fair values of the Company's financial instruments at September 30, 2013 and 2012 are as follows.

	2013		2012	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Cash and cash equivalents	**$ 27,342,637**	**$ 27,342,637**	$ 17,055,203	$ 17,055,203
Assets limited as to use	**$ 84,497,854**	**$ 84,497,854**	$ 84,369,288	$ 84,369,288
Long-term investments	**$ 6,236,546**	**$ 6,236,546**	$ 5,565,299	$ 5,565,299
Estimated third-party settlements	**$ (396,670)**	**$ (396,670)**	$ 5,524,707	$ 5,524,707
Accounts payable and accrued expenses	**$ 39,761,096**	**$ 39,761,096**	$ 35,558,416	$ 35,558,416
Long-term debt	**$ 94,854,522**	**$ 94,854,522**	$ 99,727,851	$ 99,727,851

Note 18. Electronic Health Records (EHR)

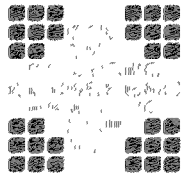
The Health Information Technology for Economic and Clinical Health Act ("HITECH Act") was enacted into law on February 17, 2009 as part of the American Recovery and Reinvestment Act (ARRA) The HITECH Act includes provisions designed to increase the use of EHR by both physicians and hospitals The Hospital intends to comply with the EHR meaningful use requirements of the HITECH Act in time to qualify for the maximum available Medicare and Medicaid incentive payments The Hospitals' compliance will result in significant costs including professional services focused on successfully designing and implementing EHR solutions along with costs associated with the hardware and software components of the project The Hospitals have incurred and will continue to incur both capital expenditures and operating expenses in connection with the implementation of its EHR initiatives The timing of these expenditures does not necessarily correlate with the timing of receipt of the incentive payments and the recognition of revenues St. Mary's recognized revenues relating to Medicare and Medicaid EHR incentive payments of $3,476,887 and $0, respectively for the year ended September 30, 2013 and $0 and $0, respectively for the year ended September 2012 St Joseph's recognized revenues relating to Medicare and Medicaid EHR incentive payments of $0 and $401,209, respectively, for the year ended September 30, 2013, and $835,785 and $428,127, respectively, for the year ended September 30, 2012

Note 19. Estimated Third-Party Settlements

Estimated third-party settlements consist of amounts receivable (payable) to Medicare and Medicaid programs for settlement of current and prior year cost reports, as well as amounts due from the Medicaid program under the disproportionate share program These estimated settlements by program are as follows

	2013	2012
Medicare	**$ 508,231**	$ 6,605,767
Medicaid	**(1,025,074)**	(1,408,257)
Medicaid disproportionate share	**108,000**	138,000
Other	**12,173**	189,197
Net intermediary receivable/(payable)	**$ (396,670)**	$ 5,524,707

OTHER SUPPLEMENTARY FINANCIAL INFORMATION



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INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY FINANCIAL INFORMATION

To the Board of Trustees
Pallottine Health Services, Inc.
and Subsidiaries
Huntington, West Virginia

We have audited the financial statements of Pallottine Health Services, Inc and Subsidiaries as of and for the years ended September 30, 2013 and 2012, and have issued our report thereon which contains an unmodified opinion on those financial statements See pages 1-2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The supplementary information is presented for purposes of additional analysis and is not a required part of the 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

ARNETT FOSTER TOOTHMAN PLLC

Arnett Foster Toothman PLLC

Charleston, West Virginia
January 15, 2014

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PALLOTTINE HEALTH SERVICES, INC. AND SUBSIDIARIES

DETAILS OF CONSOLIDATED BALANCE SHEET
September 30, 2013

	Pallottine Health Services, Inc.	St. Mary's Medical Center and Subsidiaries	St. Joseph's Hospital and Subsidiaries	Consolidation and Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ 944,554	$ 25,966,976	$ 431,107	$ -	$ 27,342,637
Patient accounts receivable, net	-	61,548,118	5,306,944	-	66,855,062
Other accounts receivable	10,384,552	22,170,748	119,273	(23,252,732)	9,421,841
Inventories	-	9,676,692	1,003,064	-	10,679,756
Prepaid expenses	46,513	3,025,183	965,865	-	4,037,561
Estimated third-party settlements	-	-	-	-	-
Current portion of assets limited as to use	-	3,386,667	285,000	-	3,671,667
Total current assets	11,375,619	125,774,384	8,111,253	(23,252,732)	122,008,524
Assets limited as to use, net of amounts required to meet current liabilities	8,318,861	70,467,151	2,040,175	-	80,826,187
Property and equipment, net	23,830	142,270,107	14,601,806	-	156,895,743
Other assets	11,305	861,361	76,282	(11,305)	937,643
Other investments	3,057,018	2,707,178	472,350	-	6,236,546
Total assets	$ 22,786,633	$ 342,080,181	$ 25,301,866	$ (23,264,037)	$ 366,904,643
LIABILITIES AND NET ASSETS					
Current liabilities:					
Notes payable	$ -	$ -	$ -	$ -	$ -
Accounts payable and accrued expenses	14,678,597	34,730,215	12,065,016	(21,712,732)	39,761,096
Current portion of long-term debt		4,046,787	846,172	-	4,892,959
Estimated third-party settlements	-	394,364	2,306	-	396,670
Other current liabilities	14,019	5,170,407	589,448	-	5,773,874
Total current liabilities	14,692,616	44,341,773	13,502,942	(21,712,732)	50,824,599
Long-term debt	-	81,446,573	10,066,295	(1,551,305)	89,961,563
Accrued pension obligation	-	94,698,687	7,121,030	-	101,819,717
Other liabilities	808,796	5,217,471	499,803	-	6,526,070
Total liabilities	15,501,412	225,704,504	31,190,070	(23,264,037)	249,131,949
Net assets:					
Unrestricted	7,285,221	113,266,523	(6,019,664)	-	114,532,080
Temporarily restricted	-	3,109,154	106,460	-	3,215,614
Permanently restricted	-	-	25,000	-	25,000
Total net assets	7,285,221	116,375,677	(5,888,204)	-	117,772,694
Total liabilities and net assets	$ 22,786,633	$ 342,080,181	$ 25,301,866	$ (23,264,037)	$ 366,904,643

PALLOTTINE HEALTH SERVICES, INC. AND SUBSIDIARIES

DETAILS OF CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
Year Ended September 30, 2013

	Pallottine Health Services, Inc	St Mary's Medical Center and Subsidiaries	St Joseph's Hospital and Subsidiaries	Consolidation and Eliminations	Consolidated
Unrestricted revenues, gains, and other support					
Patient service revenues (net of contractual allowances and discounts)					
and discounts)	$ -	$ 408,389,450	$ 41,887,518	$ -	$ 450,276,968
Less Provision for bad debts	-	(34,414,458)	(6,211,048)	-	(40,625,506)
Net patient service revenue	-	373,974,992	35,676,470	-	409,651,462
Investment income	1,134,123	3,697,134	651,822	-	5,483,079
Electronic health record incentive reimbursement	-	3,476,887	401,209	-	3,878,096
Income from partnership investments	-	(114,493)	-	-	(114,493)
Other	2,129,400	12,919,019	1,067,880	(2,259,962)	13,856,337
Total unrestricted revenues, gains, and other support	3,263,523	393,953,539	37,797,381	(2,259,962)	432,754,481
Expenses					
Salaries and wages	2,101,265	135,831,479	20,010,495	-	157,943,239
Employee benefits	393,198	54,816,835	6,054,336	-	61,264,369
Supplies	-	82,910,381	4,851,069	-	87,761,450
Purchased services	1,026,817	46,335,488	3,934,522	(2,253,612)	49,043,215
Plant operations	6,350	15,394,452	992,995	(6,350)	16,387,447
Interest	-	3,452,612	378,360	-	3,830,972
Depreciation and amortization	6,499	15,559,325	1,674,882	-	17,240,706
Provision for bad debts	-	1,566,599	-	-	1,566,599
Provider tax	-	10,272,996	849,356	-	11,122,352
Other	137,767	10,567,755	3,294,798	-	14,000,320
Total expenses	3,671,896	376,707,922	42,040,813	(2,259,962)	420,160,669
Excess (deficiency) of revenues over expenses from operations	(408,373)	17,245,617	(4,243,432)	-	12,593,812
Change in fair value of derivative obligation	-	2,822,965	324,174	-	3,147,139
Excess (deficiency) of revenues over expenses	(408,373)	20,068,582	(3,919,258)	-	15,740,951
Other changes in unrestricted net assets					
Net unrealized gain (loss) on investments	281,525	1,700,657	(291,913)	-	1,690,269
Change in pension funded status	-	9,903,294	2,342,764	-	12,246,058
Increase (decrease) in unrestricted net assets	(126,848)	31,672,533	(1,868,407)	-	29,677,278
Increase (decrease) in temporarily restricted net assets	-	230,096	(211,459)	-	18,637
Increase (decrease) in net assets	(126,848)	31,902,629	(2,079,866)	-	29,695,915
Net assets, beginning of year	7,412,069	84,473,048	(3,808,338)	-	88,076,779
Net assets, end of year	$ 7,285,221	$ 116,375,677	$ (5,888,204)	$ -	$ 117,772,694

PALLOTTINE HEALTH SERVICES, INC. AND SUBSIDIARIES

DETAILS OF CONSOLIDATED BALANCE SHEET
September 30, 2012

	Pallottine Health Services, Inc	St Mary's Medical Center and Subsidiaries	St Joseph's Hospital and Subsidiaries	Consolidation and Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	$ 822,614	$ 14,467,717	$ 1,764,872	$ -	$ 17,055,203
Patient accounts receivable, net	-	56,271,971	5,887,728	-	62,159,699
Other accounts receivable	7,994,473	19,553,571	495,461	(19,303,211)	8,740,294
Inventories	-	10,316,019	915,298	-	11,231,317
Prepaid expenses	10,858	4,044,209	1,009,940	-	5,065,007
Estimated third-party settlements (payable)	-	5,979,531	(454,824)	-	5,524,707
Current portion of assets limited as to use	-	3,311,667	275,000	-	3,586,667
Total current assets	8,827,945	113,944,685	9,893,475	(19,303,211)	113,362,894
Assets limited as to use, net of amounts required to meet current liabilities	7,952,089	68,035,745	4,794,787	-	80,782,621
Property and equipment, net	30,329	137,179,250	15,815,849	-	153,025,428
Other assets	11,305	897,398	90,736	(11,305)	988,134
Other investments	2,245,772	2,847,177	472,350	-	5,565,299
Total assets	$ 19,067,440	$ 322,904,255	$ 31,067,197	$ (19,314,516)	$ 353,724,376
LIABILITIES AND NET ASSETS					
Current liabilities					
Notes payable	$ -	$ -	$ 1,539,138	$ -	$ 1,539,138
Accounts payable and accrued expenses	10,611,909	31,365,259	11,344,459	(17,763,211)	35,558,416
Current portion of long-term debt		4,039,870	823,057	-	4,862,927
Other current liabilities	17,646	8,067,995	913,622	-	8,999,263
Total current liabilities	10,629,555	43,473,124	14,620,276	(17,763,211)	50,959,744
Long-term debt	-	85,493,359	10,922,870	(1,551,305)	94,864,924
Accrued pension obligation	-	104,286,182	8,603,676	-	112,889,858
Other liabilities	1,025,816	5,178,542	728,713	-	6,933,071
Total liabilities	11,655,371	238,431,207	34,875,535	(19,314,516)	265,647,597
Net assets					
Unrestricted	7,412,069	81,593,990	(4,151,077)	-	84,854,982
Temporarily restricted	-	2,879,058	317,739	-	3,196,797
Permanently restricted	-	-	25,000	-	25,000
Total net assets	7,412,069	84,473,048	(3,808,338)	-	88,076,779
Total liabilities and net assets	$ 19,067,440	$ 322,904,255	$ 31,067,197	$ (19,314,516)	$ 353,724,376

PALLOTTINE HEALTH SERVICES, INC. AND SUBSIDIARIES

DETAILS OF CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
Year Ended September 30, 2012

	Pallottine Health Services, Inc	St Mary's Medical Center and Subsidiaries	St Joseph's Hospital and Subsidiaries	Consolidation and Eliminations	Consolidated
Unrestricted revenues, gains, and other support					
Patient service revenues (net of contractual allowances and discounts)	$ -	$ 403,122,391	$ 44,341,960	$ -	$ 447,464,351
Less Provision for bad debts	-	(35,700,966)	(6,515,539)	-	(42,216,505)
Net patient service revenue	-	367,421,425	37,826,421	-	405,247,846
Investment income	977,973	2,968,609	383,474	-	4,330,056
Electronic health record incentive reimbursement	-	-	1,263,912	-	1,263,912
Income from partnership investments	-	(163,358)	-	-	(163,358)
Other	1,871,890	10,489,366	718,913	(1,990,829)	11,089,340
Total unrestricted revenues, gains, and other support	2,849,863	380,716,042	40,192,720	(1,990,829)	421,767,796
Expenses					
Salaries and wages	1,577,180	131,041,496	19,021,320	-	151,639,996
Employee benefits	355,483	54,471,787	5,610,241	-	60,437,511
Supplies	-	83,661,177	5,238,464	-	88,899,641
Purchased services	800,012	40,914,478	3,631,363	(1,984,479)	43,361,374
Plant operations	6,350	14,312,893	935,633	(6,350)	15,248,526
Interest	319	3,709,650	454,448	-	4,164,417
Depreciation and amortization	5,781	15,242,493	1,533,314	-	16,781,588
Provision for bad debts	-	1,821,304	-	-	1,821,304
Provider tax	-	9,963,188	895,613	-	10,858,801
Other	58,252	11,512,767	3,487,644	-	15,058,663
Total expenses	2,803,377	366,651,233	40,808,040	(1,990,829)	408,271,821
Excess (deficiency) of revenues over expenses from operations	46,486	14,064,809	(615,320)	-	13,495,975
Change in fair value of derivative obligation	-	(788,801)	(88,120)	-	(876,921)
Excess (deficiency) of revenues over expenses	46,486	13,276,008	(703,440)	-	12,619,054
Other changes in unrestricted net assets					
Net unrealized gain on investments	631,673	3,642,888	326,738	-	4,601,299
Change in pension funded status	-	(26,050,150)	(1,130,446)	-	(27,180,596)
Increase (decrease) in unrestricted net assets	678,159	(9,131,254)	(1,507,148)	-	(9,960,243)
Increase in temporarily restricted net assets	-	634,437	96,242	-	730,679
Increase (decrease) in net assets	678,159	(8,496,817)	(1,410,906)	-	(9,229,564)
Net assets, beginning of year	6,733,910	92,969,865	(2,397,432)	-	97,306,343
Net assets, end of year	$ 7,412,069	$ 84,473,048	$ (3,808,338)	$ -	$ 88,076,779

ST. MARY'S MEDICAL CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
September 30, 2013 and 2012

ASSETS	2013	2012
Current assets:		
Cash and cash equivalents	**$ 25,966,976**	$ 14,467,717
Patient accounts receivable, net of allowance for doubtful accounts of $62,224,000 and $57,993,000	**61,548,118**	56,271,971
Other accounts receivable	**22,170,748**	19,553,571
Inventories	**9,676,692**	10,316,019
Prepaid expenses	**3,025,183**	4,044,209
Estimated third-party settlements	**-**	5,979,531
Current portion of assets limited as to use, externally designated	**3,386,667**	3,311,667
Total current assets	**125,774,384**	113,944,685
Assets limited as to use, net of amounts required to meet current liabilities	**70,467,151**	68,035,745
Property and equipment, net of accumulated depreciation	**142,270,107**	137,179,250
Other assets	**861,361**	897,398
Other investments	**2,707,178**	2,847,177
Total assets	**$ 342,080,181**	$ 322,904,255
LIABILITIES AND NET ASSETS		
Current liabilities:		
Notes payable	**$ -**	$ -
Accounts payable and accrued expenses	**34,730,215**	31,365,259
Current portion of long-term debt	**4,046,787**	4,039,870
Estimated third-party settlements	**394,364**	-
Other current liabilities	**5,170,407**	8,067,995
Total current liabilities	**44,341,773**	43,473,124
Long-term debt	**81,446,573**	85,493,359
Accrued pension obligation	**94,698,687**	104,286,182
Other liabilities	**5,217,471**	5,178,542
Total liabilities	**225,704,504**	238,431,207
Net assets:		
Unrestricted	**113,266,523**	81,593,990
Temporarily restricted	**3,109,154**	2,879,058
Total net assets	**116,375,677**	84,473,048
Total liabilities and net assets	**$ 342,080,181**	$ 322,904,255

ST. MARY'S MEDICAL CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
Years Ended September 30, 2013 and 2012

	2013	2012
Unrestricted revenues, gains, and other support		
Patient service revenues (net of contractual allowances and discounts)	**$ 408,389,450**	$ 403,122,391
Less Provision for bad debts	**(34,414,458)**	(35,700,966)
Net patient service revenue	**373,974,992**	367,421,425
Investment income	**3,697,134**	2,968,609
Income from partnership investments	**(114,493)**	(163,358)
Electronic health record incentive reimbursement	**3,476,887**	-
Other	**12,919,019**	10,489,366
Total unrestricted revenues, gains, and other support	**393,953,539**	380,716,042
Expenses		
Salaries and wages	**135,831,479**	131,041,496
Employee benefits	**54,816,835**	54,471,787
Supplies	**82,910,381**	83,661,177
Purchased services	**46,335,488**	40,914,478
Plant operations	**15,394,452**	14,312,893
Interest	**3,452,612**	3,709,650
Depreciation and amortization	**15,559,325**	15,242,493
Provision for bad debts	**1,566,599**	1,821,304
Provider tax	**10,272,996**	9,963,188
Other	**10,567,755**	11,512,767
Total expenses	**376,707,922**	366,651,233
Excess of revenues over expenses from operations	**17,245,617**	14,064,809
Change in fair value of derivative obligation	**2,822,965**	(788,801)
Excess of revenues over expenses	**20,068,582**	13,276,008
Other changes in unrestricted net assets		
Net unrealized gain on investments	**1,700,657**	3,642,888
Change in pension funded status	**9,903,294**	(26,050,150)
Increase (decrease) in unrestricted net assets	**31,672,533**	(9,131,254)
Increase in temporarily restricted net assets	**230,096**	634,437
Increase (decrease) in net assets	**31,902,629**	(8,496,817)
Net assets, beginning of year	**84,473,048**	92,969,865
Net assets, end of year	**$ 116,375,677**	$ 84,473,048

ST. MARY'S MEDICAL CENTER, INC. AND SUBSIDIARIES

DETAILS OF CONSOLIDATED BALANCE SHEET
September 30, 2013

ASSETS	St. Mary's Medical Center	Vanguard Financial Services	St. Mary's Medical Center Foundation	St. Mary's Occupational Health Center	St. Mary's Medical Management and Subsidiary	Consolidation and Eliminations	Consolidated
Current assets:							
Cash and cash equivalents	$ 24,022,206	$ 526,216	$ 938,330	$ 1,047	$ 479,177	$ -	$ 25,966,976
Patient accounts receivable, net	58,959,696	-	-	120,545	2,467,877	-	61,548,118
Other accounts receivable	22,441,904	103,849	35,966	-	-	(410,971)	22,170,748
Inventories	9,676,692	-	-	-	-	-	9,676,692
Prepaid expenses	2,831,327	27,578	6,676	1,196	158,406	-	3,025,183
Estimated third-party settlements	-	-	-	-	-	-	-
Curent portion of assets limited as to use	3,386,667	-	-	-	-	-	3,386,667
Total current assets	121,318,492	657,643	980,972	122,788	3,105,460	(410,971)	125,774,384
Assets limited as to use, net of amounts required to meet current liabilities	70,467,151	-	-	-	-	-	70,467,151
Property and equipment, net	140,925,808	24,553	-	1,845	1,317,901	-	142,270,107
Other assets	676,361	-	185,000	-	-	-	861,361
Other investments	3,915,240	-	-	-	1,480,000	(2,688,062)	2,707,178
Total assets	$ 337,303,052	$ 682,196	$ 1,165,972	$ 124,633	$ 5,903,361	$ (3,099,033)	$ 342,080,181
LIABILITES AND NET ASSETS							
Current liabilities:							
Notes payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounts payable and accrued expenses	32,762,885	(244,333)	33,055	432,550	2,157,029	(410,971)	34,730,215
Current portion of long-term debt	4,046,787	-	-	-	-	-	4,046,787
Estimated third-party settlements	394,364	-	-	-	-	-	394,364
Other current liabilities	5,170,407	-	-	-	-	-	5,170,407
Total current liabilities	42,374,443	(244,333)	33,055	432,550	2,157,029	(410,971)	44,341,773
Long-term debt	81,446,573	-	-	-	-	-	81,446,573
Accrued pension obligation	94,698,687	-	-	-	-	-	94,698,687
Other liabilities	5,217,471	-	-	-	-	-	5,217,471
Total liabilities	223,737,174	(244,333)	33,055	432,550	2,157,029	(410,971)	225,704,504
Net assets:							
Unrestricted	111,477,123	926,529	112,518	(307,917)	3,746,332	(2,688,062)	113,266,523
Temporarily restricted	2,088,755	-	1,020,399	-	-	-	3,109,154
Total net assets	113,565,878	926,529	1,132,917	(307,917)	3,746,332	(2,688,062)	116,375,677
Total liabilities and net assets	$ 337,303,052	$ 682,196	$ 1,165,972	$ 124,633	$ 5,903,361	$ (3,099,033)	$ 342,080,181

ST. MARY'S MEDICAL CENTER, INC. AND SUBSIDIARIES

DETAILS of CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
Year Ended September 30, 2013

	St. Mary's Medical Center	Vanguard Financial Services	St. Mary's Medical Center Foundation	St. Mary's Occupational Health Center	St. Mary's Medical Management and Subsidiary	Consolidation and Eliminations	Consolidated
Unrestricted revenues, gains, and other support							
Patient service revenues (net of contractual allowances and discounts)	$ 388,895,870	$ -	$ -	$ 749,610	$ 18,743,970	$ -	$ 408,389,450
Less Provision for bad debts	(34,414,458)	-	-	-	-	-	(34,414,458)
Net patient service revenue	354,481,412	-	-	749,610	18,743,970	-	373,974,992
Investment income	3,438,865	-	1,484	-	256,785	-	3,697,134
Income from partnership investments	(7,448,567)	-	-	-	-	7,334,074	(114,493)
Electronic health record incentive reimbursemen	3,476,887	-	-	-	-	-	3,476,887
Other	10,723,763	1,552,527	531,386	150,576	2,053,593	(2,092,826)	12,919,019
Total unrestricted revenues, gains, and other support	364,672,360	1,552,527	532,870	900,186	21,054,348	5,241,248	393,953,539
Expenses							
Salaries and wages	117,400,914	685,610	-	334,310	17,410,645	-	135,831,479
Employee benefits	50,927,314	122,294	-	81,862	3,685,365	-	54,816,835
Supplies	82,031,139	204,429	-	133,461	541,352	-	82,910,381
Purchased services	45,928,931	23,205	-	271,579	2,204,599	(2,092,826)	46,335,488
Plant operations	14,903,129	200,800	-	30,297	260,226	-	15,394,452
Interest	3,452,412	200	-	-	-	-	3,452,612
Depreciation and amortization	15,318,691	14,149	-	2,544	223,941	-	15,559,325
Provision for bad debts	-	-	-	19,785	1,546,814	-	1,566,599
Provider tax	10,228,778	-	-	-	44,218	-	10,272,996
Other	7,254,729	118,933	834,881	139,306	2,219,906	-	10,567,755
Total expenses	347,446,037	1,369,620	834,881	1,013,144	28,137,066	(2,092,826)	376,707,922
Excess (deficiency) of revenues over expenses from operations	17,226,323	182,907	(302,011)	(112,958)	(7,082,718)	7,334,074	17,245,617
Change in fair value of derivative obligation	2,822,965	-	-	-	-	-	2,822,965
Excess (deficiency) of revenues over expenses	20,049,288	182,907	(302,011)	(112,958)	(7,082,718)	7,334,074	20,068,582
Other changes in unrestricted net assets							
Change in net unrealized gain on investments	1,700,657	-	-	-	-	-	1,700,657
Equity transfers	(283,233)	543,147	274,400	-	6,288,026	(6,822,340)	-
Change in pension funded status	9,903,294	-	-	-	-	-	9,903,294
Increase (decrease) in unrestricted net assets	31,370,006	726,054	(27,611)	(112,958)	(794,692)	511,734	31,672,533
Increase (decrease) in temporarily restricted net assets	304,230	-	(74,134)	-	-	-	230,096
Increase (decrease) in net assets	31,674,236	726,054	(101,745)	(112,958)	(794,692)	511,734	31,902,629
Net assets, beginning of year	81,891,642	200,475	1,234,662	(194,959)	4,541,024	(3,199,796)	84,473,048
Net assets, end of year	$ 113,565,878	$ 926,529	$ 1,132,917	$ (307,917)	$ 3,746,332	$ (2,688,062)	$ 116,375,677

ST. MARY'S MEDICAL CENTER, INC. AND SUBSIDIARIES

DETAILS OF CONSOLIDATED BALANCE SHEET
September 30, 2012

ASSETS	St. Mary's Medical Center	Vanguard Financial Services	St. Mary's Medical Center Foundation	St. Mary's Occupational Health Center	St. Mary's Medical Management and Subsidiary	Consolidation and Eliminations	Consolidated
Current assets:							
Cash and cash equivalents	$ 12,553,425	$ 364,199	$ 1,009,219	$ 24,127	$ 516,747	$ -	$ 14,467,717
Patient accounts receivable, net	53,536,724	-	-	150,687	2,584,560	-	56,271,971
Other accounts receivable	19,768,981	60,853	87,077	-	-	(363,340)	19,553,571
Inventories	10,314,375	-	1,644	-	-	-	10,316,019
Prepaid expenses	3,849,730	17,692	(225)	2,464	174,548	-	4,044,209
Estimated third-party settlements	5,979,531	-	-	-	-	-	5,979,531
Curent portion of assets limited as to use	3,311,667	-	-	-	-	-	3,311,667
Total current assets	109,314,433	442,744	1,097,715	177,278	3,275,855	(363,340)	113,944,685
Assets limited as to use, net of amounts required to meet current liabilities	68,035,745	-	-	-	-	-	68,035,745
Property and equipment, net	135,637,672	33,591	-	4,389	1,503,598	-	137,179,250
Other assets	712,398	-	185,000	-	-	-	897,398
Other investments	4,566,973	-	-	-	1,480,000	(3,199,796)	2,847,177
Total assets	$ 318,267,221	$ 476,335	$ 1,282,715	$ 181,667	$ 6,259,453	$ (3,563,136)	$ 322,904,255
LIABILITES AND NET ASSETS							
Current liabilities:							
Notes payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounts payable and accrued expenses	29,309,631	275,860	48,053	376,626	1,718,429	(363,340)	31,365,259
Current portion of long-term debt	4,039,870	-	-	-	-	-	4,039,870
Other current liabilities	8,067,995	-	-	-	-	-	8,067,995
Total current liabilities	41,417,496	275,860	48,053	376,626	1,718,429	(363,340)	43,473,124
Long-term debt	85,493,359	-	-	-	-	-	85,493,359
Accrued pension obligation	104,286,182	-	-	-	-	-	104,286,182
Other liabilities	5,178,542	-	-	-	-	-	5,178,542
Total liabilities	236,375,579	275,860	48,053	376,626	1,718,429	(363,340)	238,431,207
Net assets:							
Unrestricted	80,107,117	200,475	140,129	(194,959)	4,541,024	(3,199,796)	81,593,990
Temporarily restricted	1,784,525	-	1,094,533	-	-	-	2,879,058
Total net assets	81,891,642	200,475	1,234,662	(194,959)	4,541,024	(3,199,796)	84,473,048
Total liabilities and net assets	$ 318,267,221	$ 476,335	$ 1,282,715	$ 181,667	$ 6,259,453	$ (3,563,136)	$ 322,904,255

ST. MARY'S MEDICAL CENTER, INC. AND SUBSIDIARIES

DETAILS OF CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
Year Ended September 30, 2012

	St. Mary's Medical Center	Vanguard Financial Services	St. Mary's Medical Center Foundation	St. Mary's Occupational Health Center	St. Mary's Medical Management and Subsidiary	Consolidation and Eliminations	Consolidated
Unrestricted revenues, gains, and other support							
Patient service revenues (net of contractual allowances and discounts)	$ 383,733,307	$ -	$ -	$ 736,009	$ 18,653,075	$ -	$ 403,122,391
Less Provision for bad debts	(35,700,966)	-	-	-	-	-	(35,700,966)
Net patient service revenue	348,032,341	-	-	736,009	18,653,075	-	367,421,425
Investment income	2,672,519	-	19,593	-	276,497	-	2,968,609
Income from partnership investments	(6,211,983)	-	-	-	-	6,048,625	(163,358)
Other	8,949,547	1,358,060	341,050	216,131	1,669,182	(2,044,604)	10,489,366
Total unrestricted revenues, gains, and other support	353,442,424	1,358,060	360,643	952,140	20,598,754	4,004,021	380,716,042
Expenses							
Salaries and wages	113,642,398	699,892	-	361,197	16,338,009	-	131,041,496
Employee benefits	50,773,448	137,082	-	84,567	3,476,690	-	54,471,787
Supplies	82,692,030	186,200	1,869	160,839	620,239	-	83,661,177
Purchased services	40,894,262	13,083	41,406	265,469	1,744,862	(2,044,604)	40,914,478
Plant operations	13,849,290	190,225	-	27,602	245,776	-	14,312,893
Interest	3,708,092	441	-	1,117	-	-	3,709,650
Depreciation and amortization	15,047,540	12,017	-	503	182,433	-	15,242,493
Provision for bad debts	-	-	-	45,654	1,775,650	-	1,821,304
Provider tax	9,929,629	-	-	-	33,559	-	9,963,188
Other	8,647,202	114,120	523,153	94,901	2,133,391	-	11,512,767
Total expenses	339,183,891	1,353,060	566,428	1,041,849	26,550,609	(2,044,604)	366,651,233
Excess (deficiency) of revenues over expenses from operations	14,258,533	5,000	(205,785)	(89,709)	(5,951,855)	6,048,625	14,064,809
Change in fair value of derivative obligation	(788,801)	-	-	-	-	-	(788,801)
Excess (deficiency) of revenues over expenses	13,469,732	5,000	(205,785)	(89,709)	(5,951,855)	6,048,625	13,276,008
Other changes in unrestricted net assets							
Change in net unrealized gain on investments	3,642,888	-	-	-	-	-	3,642,888
Equity transfers	19,722,579		250,949	-	6,584,333	(26,557,861)	-
Change in pension funded status	(26,050,150)	-	-	-	-	-	(26,050,150)
Increase (decrease) in unrestricted net assets	10,785,049	5,000	45,164	(89,709)	632,478	(20,509,236)	(9,131,254)
Increase in temporarily restricted net assets	462,373	-	172,064	-	-	-	634,437
Increase (decrease) in net assets	11,247,422	5,000	217,228	(89,709)	632,478	(20,509,236)	(8,496,817)
Net assets, beginning of year	70,644,220	195,475	1,017,434	(105,250)	3,908,546	17,309,440	92,969,865
Net assets, end of year	$ 81,891,642	$ 200,475	$ 1,234,662	$ (194,959)	$ 4,541,024	$ (3,199,796)	$ 84,473,048

ST. JOSEPH'S HOSPITAL OF BUCKHANNON, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
September 30, 2013 and 2012

ASSETS	2013	2012
Current assets:		
Cash and cash equivalents	**$ 431,107**	$ 1,764,872
Patient accounts receivable, net of allowance for doubtful accounts	**5,306,944**	5,887,728
Other accounts receivable	**119,273**	495,461
Inventories	**1,003,064**	915,298
Prepaid expenses	**965,865**	1,009,940
Estimated third-party settlements (payable)	**-**	(454,824)
Current portion of assets limited as to use	**285,000**	275,000
Total current assets	**8,111,253**	9,893,475
Assets limited as to use, net of amounts required to meet current liabilities	**2,040,175**	4,794,787
Property and equipment, net of accumulated depreciation	**14,601,806**	15,815,849
Other assets	**76,282**	90,736
Other investments	**472,350**	472,350
Total assets	**$ 25,301,866**	$ 31,067,197
LIABILITIES AND NET ASSETS		
Current liabilities:		
Notes payable	**$ -**	$ 1,539,138
Accounts payable and accrued expenses	**12,065,016**	11,344,459
Current portion of long-term debt	**846,172**	823,057
Estimated third-party settlements	**2,306**	-
Other current liabilities	**589,448**	913,622
Total current liabilities	**13,502,942**	14,620,276
Long-term debt	**10,066,295**	10,922,870
Accrued pension obligation	**7,121,030**	8,603,676
Other liabilities	**499,803**	728,713
Total liabilities	**31,190,070**	34,875,535
Net assets:		
Unrestricted	**(6,019,664)**	(4,151,077)
Temporarily restricted	**106,460**	317,739
Permanently restricted	**25,000**	25,000
Total net assets	**(5,888,204)**	(3,808,338)
Total liabilities and net assets	**$ 25,301,866**	$ 31,067,197

ST. JOSEPH'S HOSPITAL OF BUCKHANNON, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
Years Ended September 30, 2013 and 2012

	2013	2012
Unrestricted revenues, gains, and other support		
Patient service revenues (net of contractual allowances and discounts)	**$ 41,887,518**	$ 44,341,960
Less: Provision for bad debts	**(6,211,048)**	(6,515,539)
Net patient service revenue	**35,676,470**	37,826,421
Investment income	**651,822**	383,474
Electronic health record incentive reimbursement	**401,209**	1,263,912
Other	**1,067,880**	718,913
Total unrestricted revenues, gains, and other support	**37,797,381**	40,192,720
Expenses		
Salaries and wages	**20,010,495**	19,021,320
Employee benefits	**6,054,336**	5,610,241
Supplies	**4,851,069**	5,238,464
Purchased services	**3,934,522**	3,631,363
Plant operations	**992,995**	935,633
Interest	**378,360**	454,448
Depreciation and amortization	**1,674,882**	1,533,314
Provider tax	**849,356**	895,613
Other	**3,294,798**	3,487,644
Total expenses	**42,040,813**	40,808,040
Deficiency of revenues over expenses from operations	**(4,243,432)**	(615,320)
Change in fair value of derivative obligation	**324,174**	(88,120)
Deficiency of revenues over expenses	**(3,919,258)**	(703,440)
Other changes in unrestricted net assets		
Net unrealized gain (loss) on investments	**(291,913)**	326,738
Change in pension plan funded status	**2,342,764**	(1,130,446)
Decrease in unrestricted net assets	**(1,868,407)**	(1,507,148)
Increase (decrease) in temporarily restricted net assets	**(211,459)**	96,242
Decrease in net assets	**(2,079,866)**	(1,410,906)
Net assets, beginning of year	**(3,808,338)**	(2,397,432)
Net assets, end of year	**$ (5,888,204)**	$ (3,808,338)

ST. JOSEPH'S HOSPITAL OF BUCKHANNON, INC. AND SUBSIDIARIES

DETAILS OF CONSOLIDATED BALANCE SHEET
September 30, 2013

ASSETS	St. Joseph's Hospital	St. Joseph's Foundation	Consolidation and Eliminations	St. Joseph's Hospital Consoliated
Current assets:				
Cash and cash equivalents	$ 431,107	$ -	$ -	$ 431,107
Patient accounts receivable, net	5,306,944	-	-	5,306,944
Other accounts receivable	119,273	-	-	119,273
Inventories	1,003,064	-	-	1,003,064
Prepaid expenses	965,865	-	-	965,865
Estimated third-party settlements	-	-	-	-
Current portion of assets limited as to use	285,000	-	-	285,000
Total current assets	8,111,253	-	-	8,111,253
Assets whose use is limited, net of amount required to meet current liabilities	1,847,366	192,809	-	2,040,175
Property and equipment, net	14,601,806	-	-	14,601,806
Other assets	76,282	-	-	76,282
Other investments	472,350	-	-	472,350
Total assets	$ 25,109,057	$ 192,809	$ -	$ 25,301,866
LIABILITES AND NET ASSETS				
Current liabilities:				
Notes payable	$ -	$ -	$ -	$ -
Accounts payable and accrued expenses	12,065,016	-	-	12,065,016
Current portion of long-term debt	846,172	-	-	846,172
Estimated third-party settlements	2,306	-	-	2,306
Other current liabilities	589,448	-	-	589,448
Total current liabilities	13,502,942	-	-	13,502,942
Long-term debt, net of current portion	10,066,295	-	-	10,066,295
Accrued pension obligation	7,121,030	-	-	7,121,030
Other liabilities	499,803	-	-	499,803
Total liabilities	31,190,070	-	-	31,190,070
Net assets:				
Unrestricted	(6,146,854)	127,190	-	(6,019,664)
Temporarily restricted	40,841	65,619	-	106,460
Permanently restricted	25,000	-	-	25,000
Total net assets	(6,081,013)	192,809	-	(5,888,204)
Total liabilities and net assets	$ 25,109,057	$ 192,809	$ -	$ 25,301,866

ST. JOSEPH'S HOSPITAL OF BUCKHANNON, INC. AND SUBSIDIARIES

DETAILS OF CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
Year Ended September 30, 2013

	St. Joseph's Hospital	St. Joseph's Foundation	Consolidation and Eliminations	St. Joseph's Hospital Consoliated
Unrestricted revenues, gains, and other support				
Patient service revenues (net of contractual allowances and discounts)	$ 41,887,518	$ -	$ -	$ 41,887,518
Less Provision for bad debts	(6,211,048)	-	-	(6,211,048)
Net patient service revenue	35,676,470	-	-	35,676,470
Investment income	637,539	14,283	-	651,822
Electronic health record incentive reimbursement	401,209		-	401,209
Other	947,089	120,791	-	1,067,880
Total unrestricted revenues, gains, and other support	37,662,307	135,074	-	37,797,381
Expenses				
Salaries and wages	20,010,495	-	-	20,010,495
Employee benefits	6,054,336	-	-	6,054,336
Supplies	4,850,918	151	-	4,851,069
Purchased services	3,934,522	-	-	3,934,522
Plant operations	992,995	-	-	992,995
Interest	378,360	-	-	378,360
Depreciation and amortization	1,674,882	-	-	1,674,882
Provider tax	849,356	-	-	849,356
Other	3,183,707	111,091	-	3,294,798
Total expenses	41,929,571	111,242	-	42,040,813
Excess (deficiency) of revenues over expenses from operations	(4,267,264)	23,832	-	(4,243,432)
Change in fair value of derivative obligation	324,174	-	-	324,174
Excess (deficiency) of revenues over expenses	(3,943,090)	23,832	-	(3,919,258)
Other changes in unrestricted net assets				
Net unrealized loss on investments	(291,913)	-	-	(291,913)
Change in pension plan funded status	2,342,764	-	-	2,342,764
Increase (decrease) in unrestricted net assets	(1,892,239)	23,832	-	(1,868,407)
Decrease in temporarily restricted net assets	(10,024)	(201,435)	-	(211,459)
Decrease in net assets	(1,902,263)	(177,603)	-	(2,079,866)
Net assets (deficiency), beginning of year	(4,178,750)	370,412	-	(3,808,338)
Net assets (deficiency), end of year	$ (6,081,013)	$ 192,809	$ -	$ (5,888,204)

ST. JOSEPH'S HOSPITAL OF BUCKHANNON, INC. AND SUBSIDIARIES

DETAILS OF CONSOLIDATED BALANCE SHEET
September 30, 2012

ASSETS	St. Joseph's Hospital	St. Joseph's Foundation	Consolidation and Eliminations	St. Joseph's Hospital Consoliated
Current assets:				
Cash and cash equivalents	$ 1,764,872	$ -	$ -	$ 1,764,872
Patient accounts receivable, net	5,887,728	-	-	5,887,728
Other accounts receivable	495,461	-	-	495,461
Inventories	915,298	-	-	915,298
Prepaid expenses	1,009,940	-	-	1,009,940
Estimated third-party settlements	(454,824)	-	-	(454,824)
Current portion of assets limited as to use	275,000	-	-	275,000
Total current assets	9,893,475	-	-	9,893,475
Assets whose use is limited, net of amount required to meet current liabilities	4,424,375	370,412	-	4,794,787
Property and equipment, net	15,815,849	-	-	15,815,849
Other assets	90,736	-	-	90,736
Other investments	472,350	-	-	472,350
Total assets	$ 30,696,785	$ 370,412	$ -	$ 31,067,197
LIABILITES AND NET ASSETS				
Current liabilities:				
Notes payable	$ 1,539,138	$ -	$ -	$ 1,539,138
Accounts payable and accrued expenses	11,344,459	-	-	11,344,459
Current portion of long-term debt	823,057	-	-	823,057
Current portion of accrued pension obligation	-	-	-	-
Other current liabilities	913,622	-	-	913,622
Total current liabilities	14,620,276	-	-	14,620,276
Long-term debt, net of current portion	10,922,870	-	-	10,922,870
Accrued pension obligation	8,603,676	-	-	8,603,676
Other liabilities	728,713	-	-	728,713
Total liabilities	34,875,535	-	-	34,875,535
Net assets:				
Unrestricted	(4,254,435)	103,358	-	(4,151,077)
Temporarily restricted	50,685	267,054	-	317,739
Permanently restricted	25,000	-	-	25,000
Total net assets	(4,178,750)	370,412	-	(3,808,338)
Total liabilities and net assets	$ 30,696,785	$ 370,412	$ -	$ 31,067,197

ST. JOSEPH'S HOSPITAL of BUCKHANNON, INC. AND SUBSIDIARIES

DETAILS OF CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
Year Ended September 30, 2012

	St. Joseph's Hospital	St. Joseph's Foundation	Consolidation and Eliminations	St. Joseph's Hospital Consoliated
Unrestricted revenues, gains, and other support				
Patient service revenues (net of contractual allowances and discounts)	$ 44,341,960	$ -	$ -	$ 44,341,960
Less Provision for bad debts	(6,515,539)	-	-	(6,515,539)
Net patient service revenue	37,826,421	-	-	37,826,421
Investment income	376,925	6,549	-	383,474
Electronic health record incentive reimbursement	1,263,912		-	1,263,912
Other	536,175	182,738	-	718,913
Total unrestricted revenues, gains, and other support	40,003,433	189,287	-	40,192,720
Expenses				
Salaries and wages	19,021,320	-	-	19,021,320
Employee benefits	5,610,241	-	-	5,610,241
Supplies	5,238,373	91	-	5,238,464
Purchased services	3,631,363	-	-	3,631,363
Plant operations	935,633	-	-	935,633
Interest	454,448	-	-	454,448
Depreciation and amortization	1,533,314	-	-	1,533,314
Provision for bad debts	-	-	-	-
Provider tax	895,613	-	-	895,613
Other	3,349,129	138,515	-	3,487,644
Total expenses	40,669,434	138,606	-	40,808,040
Excess (deficiency) of revenues over expenses from operations	(666,001)	50,681	-	(615,320)
Change in fair value of derivative obligation	(88,120)	-	-	(88,120)
Excess (deficiency) of revenues over expenses	(754,121)	50,681	-	(703,440)
Other changes in unrestricted net assets				
Net unrealized gain on investments	326,738	-	-	326,738
Change in pension plan funded status	(1,130,446)	-	-	(1,130,446)
Decrease in unrestricted net assets	(1,557,829)	50,681	-	(1,507,148)
Increase in temporarily restricted net assets	6,119	90,123	-	96,242
Increase (decrease) in net assets	(1,551,710)	140,804	-	(1,410,906)
Net assets (deficiency), beginning of year	(2,627,040)	229,608	-	(2,397,432)
Net assets (deficiency), end of year	$ (4,178,750)	$ 370,412	$ -	$ (3,808,338)