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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
HOMESTEAD HOSPITAL INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
975 BAPTIST WAY
Suite

City or town, state or country, and ZIP + 4
HOMESTEAD, FL 33033

D Employer identification number
65-0232993

E Telephone number
(786) 662-7000

G Gross receipts $ 329,421,470

F Name and address of principal officer
WILLIAM M DUQUETTE
975 BAPTIST WAY
HOMESTEAD, FL 33033

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 BAPTISTHEALTH NET

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

L Year of formation 1991

M State of legal domicile FL

Part I Summary

1 Briefly describe the organization's mission or most significant activities
SEE STATEMENT 1

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**	16
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	15
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	1,193
6	Total number of volunteers (estimate if necessary)	**6**	254
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
Revenue **8**	Contributions and grants (Part VIII, line 1h)	73,799	416,684
9	Program service revenue (Part VIII, line 2g)	313,923,023	324,970,694
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	160,094	-6,626
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	8,349,051	3,630,733
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	322,505,967	329,011,485
Expenses **13**	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
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)	89,693,520	87,516,378
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)	250,890,667	268,560,534
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	340,584,187	356,076,912
19	Revenue less expenses Subtract line 18 from line 12	-18,078,220	-27,065,427

		Beginning of Current Year	End of Year
Net Assets or Fund Balances **20**	Total assets (Part X, line 16)	76,207,098	73,676,497
21	Total liabilities (Part X, line 26)	343,065,832	365,042,977
22	Net assets or fund balances Subtract line 21 from line 20	-266,858,734	-291,366,480

Part II Signature Block

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

Sign Here

Signature of officer — Date: 2014-08-12

WENDY GREENLEAF CORP V P FINANCE
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶ DELOITTE TAX LLP			Firm's EIN ▶	
Firm's address ▶ 201 E KENNEDY BLVD STE 1200 TAMPA, FL 336024990			Phone no (813) 273-8355	

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

THE MISSION OF BAPTIST HEALTH IS TO IMPROVE THE HEALTH AND WELL-BEING OF INDIVIDUALS, AND TO PROMOTE THE SANCTITY AND PRESERVATION OF LIFE, IN THE COMMUNITIES WE SERVE BAPTIST HEALTH IS A FAITH-BASED ORGANIZATION GUIDED BY THE SPIRIT OF JESUS CHRIST AND THE JUDEO-CHRISTIAN ETHIC WE ARE COMMITTED TO MAINTAINING THE HIGHEST STANDARDS OF CLINICAL AND SERVICE EXCELLENCE, ROOTED IN THE UTMOST INTEGRITY AND MORAL PRACTICE CONSISTENT WITH ITS SPIRITUAL FOUNDATION, BAPTIST HEALTH IS DEDICATED TO PROVIDING HIGH-QUALITY, COST-EFFECTIVE, COMPASSIONATE HEALTHCARE SERVICES TO ALL, REGARDLESS OF RELIGION, CREED, RACE OR NATIONAL ORIGIN, INCLUDING, AS PERMITTED BY ITS RESOURCES, CHARITY CARE TO THOSE IN NEED

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 $ 327,841,340 including grants of $) (Revenue $ 324,970,694)

Consistent with our spiritual foundation, Baptist Health South Florida and its affiliates (Baptist Health) are dedicated to providing high-quality, cost-effective, compassionate healthcare services to all, including, as permitted by our resources, charity care to those in need During the fiscal year ended September 30, 2013, Baptist Health provided patient services to the South Florida area with 71,681 adult admissions, 342,942 patient days, and 313,116 emergency room visits During that same time period, urgent care visits totaled 242,177, outpatient surgery cases 48,441, and other outpatient visits were 482,315 system-wide As of September 30, 2013 the system had 1,713 licensed beds comprised of 1,296 routine general medical surgical, 140 obstetrics, 85 neonatal intensive care unit, 57 pediatrics, 112 intensive care, 23 rehabilitation In total Baptist Health provided more than $364,445,084 in community benefit during its 2013 fiscal year We provided charity care valued at $104,488,000 as well as $200,875,500 in uncompensated services The estimated cost of providing charity services and uncompensated services is based on recent historical cost-to-charge ratios for charity patients and Medicaid patients from BHSF's cost accounting system, applied to the current period gross uncompensated charges associated with providing care to charity and Medicaid patients We also contributed $24,946,000 to the indigent care fund and expended $5,253,000 for educational programs, screenings, corporate sponsorships and donations Free community health and wellness programs covered topics ranging from insomnia and food safety to diabetes and weight control In addition, Baptist Health provided free screenings for cholesterol, blood pressure, body composition and osteoporosis Baptist Health also helped those in need of primary care services by donating approximately $2,295,000 to neighborhood Not-For-Profit clinics such as the Open Door Health Center in Homestead, the South Miami Children's Center in South Miami and the Good Health Clinic in Tavernier We spent $14,939,000 paying physicians who provide care to our community members in need Additionally, we provided $2,039,000 in continuing medical education and $4,387,000 in chaplaincy during the year ended September 30, 2013 Fulfilling our mission to provide compassionate care to the entire community isn't only about assisting those in financial need It is also about supporting services that lose money but are essential to our community In 2007, Baptist Health invested approximately $135,000,000 in building a replacement hospital for Homestead Hospital, and in 2011, Baptist Health built a new hospital in the underserved West Kendall area at a cost of $193,000,000 Both Homestead Hospital and West Kendall Baptist Hospital operate at a loss, but Baptist Health continues to operate these hospitals because they fill an important community need for quality healthcare Additionally Baptist Health has invested substantial funds to harden its facilities to withstand a category 5 hurricane for the protection of our patients and neighbors In addition to the health-related benefits listed above, Baptist Health also has a significant and positive financial impact on our community We directly employ more than 15,000 individuals and indirectly create another 34,000 jobs As South Florida's largest private employer, Baptist Health is taking a leadership role by committing to the environmentally responsible, energy-efficient design and function of our facilities West Kendall Baptist Hospital is certified as a green building through the Leadership in Energy and Environmental Design (LEED) program for the US Green Building Councils This commitment applies to our day-to-day operations, as well, from the supplies we purchase to the vehicles we use In accordance with our faith-based mission, Baptist Health South Florida and its affiliates are committed to making a significant, positive impact on the community it serves

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)
(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ 327,841,340

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	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		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**		No
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**	Yes	
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**		No
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**		No
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**		No
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	0		
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	0		
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			
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			No
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			No
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			No
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a** 16		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	**1b** 15		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**		No
6	Did the organization have members or stockholders?	**6**		No
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**		No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	**16b**		

Section C. Disclosure

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

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

▶FINANCE DEPARTMENT 6855 RED ROAD STE 200 CORAL GABLES, FL (786)662-7000

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) BARBARA C HANCK TRUSTEE	2 0	X								
(2) RENE W TAYLOR TRUSTEE	2 0 2 0	X						589		
(3) M JOHANNA PATERSON TRUSTEE	2 0 2 0	X						394		
(4) RAMON OYARZUN TRUSTEE	2 0 2 0	X						907		
(5) STEVEN SAPP VICE-CHAIR	2 0	X						250		
(6) WILLIE CARPENTER SECRETARY	2 0	X						1,325		
(7) REV WILLIAM L CHAMBERS CHAIRPERSON	2 0 4 0	X						255		
(8) MARIA COSTA SMITH TRUSTEE	2 0	X						200		
(9) MARIA C GARZA TRUSTEE	2 0	X								
(10) HERBERT H GREENE MD TRUSTEE	2 0 4 0	X						125		
(11) Dr JEANNE F JACOBS TRUSTEE	2 0	X								
(12) JOHN P MAAS ESQ TRUSTEE	2 0	X								
(13) MATTHEW BECHERER TRUSTEE	2 0	X								
(14) BILL TILLET TRUSTEE	2 0 8 0	X						830		
(15) ROBERT ZOLTEN MD TRUSTEE	2 0	X						1,463		
(16) STEVEN FLETCHER MD PRESIDENT OF THE MEDICAL STAFF	2 0 2 0	X						52,000		
(17) WILLIAM M DUQUETTE CEO	50 0			X					677,778	104,645

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) NANCY GORDON VP & CNO	50 0				X			407,181		52,506
(19) COREY GOLD VP	50 0				X			190,821		21,907
(20) KENNETH SPELL VP	50 0				X			259,931		29,940
(21) PAUL BORUCK PHARMACIST	45 0					X		182,729		17,780
(22) MARIE-ELSIE ADE NURSE	45 0					X		190,541		19,743
(23) FADY GIRGIS Nurse	45 0					X		163,797		14,795
(24) ALBERT BOOSE PHARMACIST	45 0					X		163,685		35,218
(25) WINIFRED PARDO PHARMACY SUPERVISOR	45 0					X		163,247		27,694
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								1,780,270	677,778	324,228

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 ▶94

			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
OLYMPIA LLP , P O BOX 025278 MIAMI FL 331025278	PHYSICIAN SERVICES	3,262,939
PEDIATRIC EMERGENCY NETWORK PA , 2080 SW 59 AVE PLANTATION FL 33317	PHYSICIANS	985,952
GREATER MIAMI ANESTHESIA SERVICES P , 7337 SW 169 TERR MIAMI FL 33157	PHYSICIAN SERVICES	2,476,699
NELSON A TERZIAN MD PA , 975 BAPTIST WAY 203 HOMESTEAD FL 33033	PHYSICIANS	339,300
SOUTH DADE MEDICAL GROUP LLP , PO BOX 901430 HOMESTEAD FL 33090	PHYSICIAN SERVICES	3,654,913

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 ▶19

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	416,684			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		416,684			
Program Service Revenue			Business Code				
	2a	NET PATIENT REV	621400	324,962,649	324,962,649		
	b	PHARMACY	446110	8,045			8,045
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		324,970,694			
	3	Investment income (including dividends, interest, and other similar amounts)		42,984			42,984
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
			(i) Real / (ii) Personal				
	6a	Gross rents	359,231				
	b	Less rental expenses	284,014				
	c	Rental income or (loss)	75,217 / 0				
	d	Net rental income or (loss)		75,217			75,217
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	76,361				
	b	Less cost or other basis and sales expenses	125,971				
	c	Gain or (loss)	-49,610				
	d	Net gain or (loss)		-49,610			-49,610
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		0			
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities		0			
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory		0			
	Miscellaneous Revenue		Business Code				
	11a	CAFETERIA	722210	1,108,290			1,108,290
	b	GIFT SHOP	453220	483,886			483,886
	c	E H R INCENTIVE	900099	1,952,512			1,952,512
	d	All other revenue		10,828			10,828
	e	**Total.** Add lines 11a–11d		3,555,516			
	12	**Total revenue.** See Instructions		329,011,485	324,962,649		3,632,152

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	0			
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	733,416		733,416	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	68,493,153	58,842,584	9,650,569	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	2,981,530	2,534,301	447,229	
9 Other employee benefits	10,372,629	8,816,735	1,555,894	
10 Payroll taxes	4,935,650	4,195,302	740,348	
11 Fees for services (non-employees)				
a Management	0			
b Legal	397,641		397,641	
c Accounting	92,813		92,813	
d Lobbying	0			
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	0			
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	31,627,481	28,151,724	3,475,757	
12 Advertising and promotion	40,926	34,787	6,139	
13 Office expenses	20,102,223	17,086,890	3,015,333	
14 Information technology	5,988,917	5,090,579	898,338	
15 Royalties . .	0			
16 Occupancy	2,741,601	2,330,361	411,240	
17 Travel	128,349	109,097	19,252	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	384	326	58	
20 Interest	7,941,070	6,749,910	1,191,160	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	4,022,194	3,418,865	603,329	
23 Insurance	5,892,830	5,892,830		
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 PROVISION FOR BAD DEBTS	58,381,590	58,381,590		0
b INDIGENT CARE TAX	2,069,501	2,069,501		
c MANAGEMENT FEE TO AFFILIATE	25,137,260	21,366,671	3,770,589	
d CHARITY CARE	101,906,381	101,906,381		
e All other expenses	2,089,373	862,906	1,226,467	
25 **Total functional expenses.** Add lines 1 through 24e	356,076,912	327,841,340	28,235,572	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		4,310	1	4,310
	2	Savings and temporary cash investments		0	2	0
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		18,502,911	4	16,819,167
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		1,530,523	8	1,831,593
	9	Prepaid expenses and deferred charges		18,669	9	84,211
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 64,168,290			
	b	Less accumulated depreciation	10b 27,285,321	39,248,298	10c	36,882,969
	11	Investments—publicly traded securities		0	11	0
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		16,902,387	15	18,054,247
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		76,207,098	16	73,676,497
Liabilities	17	Accounts payable and accrued expenses		24,059,747	17	27,014,373
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		128,416,814	20	126,322,348
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		190,589,271	25	211,706,256
	26	**Total liabilities.** Add lines 17 through 25		343,065,832	26	365,042,977
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		-269,793,323	27	-295,479,186
	28	Temporarily restricted net assets		2,934,589	28	4,112,706
	29	Permanently restricted net assets		0	29	0
		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		-266,858,734	33	-291,366,480
	34	Total liabilities and net assets/fund balances		76,207,098	34	73,676,497

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	329,011,485
2	Total expenses (must equal Part IX, column (A), line 25)	2	356,076,912
3	Revenue less expenses Subtract line 2 from line 1	3	-27,065,427
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	-266,858,734
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	2,557,681
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	-291,366,480

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	Yes	
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	Yes	

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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
HOMESTEAD HOSPITAL INC

Employer identification number
65-0232993

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)**		No
(ii) A family member of a person described in (i) above?	**11g(ii)**		No
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	**11g(iii)**		No

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
HOMESTEAD HOSPITAL INC

Employer identification number
65-0232993

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		5,592,722		5,592,722
b Buildings		23,476,426	4,119,300	19,357,126
c Leasehold improvements				
d Equipment		33,244,358	22,742,974	10,501,384
e Other		1,854,784	423,047	1,431,737
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				36,882,969

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
(1) BHSF FOUNDATION, INC	4,112,706
(2) DEFERRED ISSUE COSTS 2007 BOND	585,665
(3) NOTE RECEIVABLE	686
(4) ASSETS HELD FOR SALE	323,354
(5) PHYSICIAN GUARANTEE ASSET	11,079,320
(6) OTHER RECEIVABLES	1,952,516
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	18,054,247

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

1 (a) Description of liability	(b) Book value
Federal income taxes	0
SELF INSURANCE RESERVES	13,121,710
DUE TO TAX EXEMPT AFFILIATE	185,242,700
POST RET BENEFITS LONG TERM	2,262,526
PHYSICIAN GUARANTEE LIABILITY	11,079,320
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	211,706,256

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	168,583,326
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	-160,287,971		
e	Add lines **2a** through **2d**			2e	-160,287,971
3	Subtract line **2e** from line **1**			3	328,871,297
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	140,188		
c	Add lines **4a** and **4b**			4c	140,188
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	329,011,485

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

1	Total expenses and losses per audited financial statements			1	195,838,551
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	49,610		
e	Add lines **2a** through **2d**			2e	49,610
3	Subtract line **2e** from line **1**			3	195,788,941
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	160,287,971		
c	Add lines **4a** and **4b**			4c	160,287,971
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	356,076,912

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
SCHEDULE D, PART XI, LINE 2d	OTHER REVENUE INCLUDED IN BOOKS BUT NOT IN FORM 990	DESCRIPTION AMOUNT CHARITY CARE -101,906,381 PROVISION FOR BAD DEBT -58,381,590 _____ TOTAL -160,287,971
SCHEDULE D, PART XI, LINE 4B	OTHER REVENUE INCLUDED IN FORM 990 BUT NOT IN BOOKS	DESCRIPTION AMOUNT LOSS ON DISPOSAL OF ASSET -49,610 CONTRIBUTIONS FROM FOUNDATION FOR PROPERTY 189,798 _____ TOTAL 140,188
SCHEDULE D, PART XII, LINE 2D	OTHER EXPENSES INCLUDED IN BOOKS BUT NOT IN FORM 990	DESCRIPTION AMOUNT LOSS ON DISPOSAL OF ASSET 49,610 _____ TOTAL 49,610
SCHEDULE D, PART XII, LINE 4B	OTHER EXPENSES INCLUDED IN FORM 990 BUT NOT IN BOOKS	DESCRIPTION AMOUNT CHARITY CARE 101,906,381 PROVISION FOR BAD DEBT 58,381,590 _____ TOTAL 160,287,971
SCHEDULE D, PART X, LINE 2	FIN 48 (ASC 740) FOOTNOTE	As of September 30, 2013 and 2012, BHSF had no material unrecognized tax positions

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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
HOMESTEAD HOSPITAL INC

Employer identification number
65-0232993

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	3a	Yes	
	☐ 100% ☐ 150% ☐ 200% ☑ Other 300 %			
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	3b	Yes	
	☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other ____ %			
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	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)			25,344,918	0	25,344,918	8 510 %
b Medicaid (from Worksheet 3, column a)			38,974,284	16,801,803	22,172,481	7 450 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			0	0	0	0 %
d **Total** Financial Assistance and Means-Tested Government Programs			64,319,202	16,801,803	47,517,399	15 960 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			328,575	0	328,575	0 110 %
f Health professions education (from Worksheet 5)			0	0	0	0 %
g Subsidized health services (from Worksheet 6)			0	0	0	0 %
h Research (from Worksheet 7)			0	0	0	0 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			0	0	0	0 %
j **Total.** Other Benefits			328,575	0	328,575	0 110 %
k **Total.** Add lines 7d and 7j			64,647,777	16,801,803	47,845,974	16 070 %

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						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**						

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		No
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount 2 13,334,355			
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit 3 0			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	20,657,291
6	Enter Medicare allowable costs of care relating to payments on line 5	6	32,255,957
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-11,598,666
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☑ Cost accounting system ☐ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

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

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

Part V Facility Information

Section A. Hospital Facilities

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

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	HOMESTEAD HOSPITAL INC 975 BAPTIST WAY HOMESTEAD,FL 33033	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 HOMESTEAD HOSPITAL INC

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**		No
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**	Yes	
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 300 % 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 300 % 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 identified or reported in Part V, Section B

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
SCHEDULE H		PART 1, LINE 6A Baptist Health South Florida, Inc ("BHSF") the hospital's parent organization, prepares an annual community benefit report which includes the charity care and community benefits provided by Homestead Hospital and the other not-for-profit affiliates of BHSF PART I, LINE 7, COLUMN (F) Bad debt expense of $58,381,590 is included in Form 990 Part IX Line 25 Column (a) but excluded from the denominator for purposes of calculating the percentages on line 7, column f PART I, LINE 7 Amounts calculated and reported in this table were derived from the most accurate, available sources Charity care and Means-Tested Government Programs costs are determined using our cost accounting system which captures all inpatients and out patients including emergency room patients The system also captures all patient pay types - private insurance, Medicare, Medicaid, uninsured and self pay The costs have been offset by any payments received from Medicaid or any other uncompensated care program Other Benefits at cost were compiled by our finance department using our cost accounting system or the actual amounts paid where appropriate PART III, LN 2 Homestead Hospital estimates the allowance for doubtful accounts by reserving a percentage of accounts receivable based on historical and expected collections, business and economic conditions, trends in reimbursement, and other collection indicators For receivables associated with services provided to patients who have third-party coverage, including receivables from government agencies, Homestead Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts For all payor types, when Homestead Hospital can no longer reasonably estimate collectability of an account based on the aging of the balance due and the volatility and unpredictable nature of the amount, Homestead Hospital reserves substantially all amounts due PART III, LINE 4 The footnote that describes bad debt expense reported in the audited consolidated financial statements of Baptist Health South Florida, Inc , which includes Homestead Hospital, Inc , is as follows BHSF records a provision for accounts receivable that could become uncollectible in the future by establishing an allowance to reduce the carrying value of such receivables to their estimated net realizable value Additions to the allowance for doubtful accounts are made by means of the provision for doubtful accounts Accounts written off as uncollectible are deducted from the allowance and subsequent recoveries are added BHSF estimates the allowance for doubtful accounts by reserving a percentage of accounts receivable based on historical and expected collections, business and economic conditions, trends in reimbursement, and other collection indicators For receivables associated with services provided to patients who have third-party coverage, including receivables from government agencies, BHSF analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts For all payor types, when BHSF can no longer reasonably estimate collectability of an account based on the aging of the balance due and the volatility and unpredictable nature of the amount, BHSF reserves substantially all amounts due Recoveries on written-off accounts receivable are recorded in the period the recovery occurs as an increase in net patient service revenue through an adjustment to the provision for doubtful accounts Bad Debt at cost was calculated for Schedule H purposes by applying the cost to charge percentage derived by our cost accounting system against bad debt expense reported on the audited financial statements PART III, LINE 8 Medicare costs were derived using our cost accounting system which captures all inpatients and outpatients including emergency room patients The costs have been offset by any payments received from Medicare The organization does not report any amounts from Part III, Line 7 as community benefit PART III, LINE 9B In order to promote the health and well-being of the community served, uninsured patients with limited financial resources who are unable to access entitlement programs shall be eligible for fee or discounted health care services based on established criteria BHSF has a written debt collection policy No collection efforts are put forth for patients who are known to qualify for charity care PART V, SECTION B, LINE 6a Homestead Hospital prepared a Community Health Needs Assessment report for FY 2013 and an implementation plan was adopted in February 2014 PART V, SECTION B, LINE 20 PATIENTS QUALIFYING UNDER THE FINANCIAL ASSISTANCE POLICY WITH FAMILY INCOME AT OR BELOW 300% FPG RECEIVE FREE CARE PART V, LINE 3 In the fall of 2012, the Health Council of South Florida assisted us in conducting four focus groups to gauge genuine perceptions about Homestead Hospital's role in the community and to collect unvarnished information about healthcare needs and issues from diverse residents, consumers and experts/advocates who are familiar with and could represent all segments of the community Baptist Health leaders and Homestead Hospital executives made up the two internal focus groups The two external focus groups featured South Miami-Dade community health leaders and local healthcare consumers/residents Health experts and leaders who participated included *Chief executive officer of Community Health Centers of South Florida, which provides affordable healthcare to the uninsured and underinsured in South Miami-Dade and Monroe counties *Executive director of Fi Familia, which offers educational programming to improve the lives of migrant farm workers and low-income families in South Miami-Dade *Chief executive officer of Fresh Start Family Services, which promotes disease prevention and provides education and therapeutic services *Chief executive officer of Good News Care Center, a free clinic that provides primary healthcare and health education to low-income and uninsured people *Care coordinator I, Homestead Police Department *Care coordinator II, Homestead Police Department *Director of community health, Miami-Dade County Health Department, whose chronic disease prevention department oversees health, worksite wellness and tobacco prevention *Director of MUJER (Mujeres Unidas en Justicia Educacion y Reforma), which provides culturally sensitive social services addressing family violence in the Hispanic community *Clinic administrator, Open Door Health Center, a free primary healthcare clinic that serves the uninsured poor of South Miami-Dade * Chief executive officer, We Care of South Dade, which advocates for the well-being of South Dade residents by addressing their critical issues and concerns The Homestead residents who participated in the healthcare consumers' focus group were former patients willing to discuss their experiences and share their views about what they see as their neighborhoods' more pressing healthcare needs
SCHEDULE H		PART VI, LINE 2 - NEEDS ASSESSMENT Homestead Hospital, a part of Baptist Health South Florida, is a modern, full-service facility with a rich history in the South Miami-Dade community It was one of the county's first hospitals, founded in 1940 near Krome Avenue Baptist Health invested $135 million to build a new, 142-bed Homestead Hospital, which opened in 2007 in a new location on Campbell Drive to bring sophisticated medical care to a fast-growing and traditionally rural and underserved community As a faith-based, not-for-profit institution, our mission focuses on providing high-quality, compassionate care to all our patients, including the poor and uninsured Understanding the role of wellness and prevention in maximizing the opportunities to improve the health and quality of life of our community, we also offer a multitude of free and low-cost educational programs, exercise classes and health screenings at various locations We are always looking for new ways to improve our services and expand our ability to meet the healthcare needs of our community We conducted a "community health needs assessment" to focus on the particular characteristics of our patients and community and to precisely pinpoint their specific needs This assessment serves as a comprehensive tool to increase our knowledge about the people we serve and enhance our ability to provide top-level healthcare to our entire community in the most effective manner We worked with the Health Council of South Florida to take an in-depth look at the diverse population Homestead Hospital serves, based on such information as inpatient admissions, U S Census data and other local, state and national statistics To gather first-hand input about our community's needs, the Health Council conducted four focus groups with residents/consumers, healthcare experts and advocates, and our own leaders We asked participants about their experiences with Homestead Hospital and their most pressing healthcare issues We mined objective data about our patient population, including rates and types of disease, demographics and other information from the U S Census We questioned local public health experts about their constituents and asked how we can best use our resources to make our community a healthier and better place Finally, we analyzed all the data we compiled to identify the top healthcare needs and issues in our community They are *Access to care *Availability of primary and preventive care *Chronic disease management *Maternal and child health *Socioeconomic issues The CHNA community health needs assessment report, available on our website at BaptistHealth net, will summarize the details of our community health needs assessment It includes a description of the community we serve, the methods we used to make determinations, a look at the input we received from community experts and residents/consumers and, finally, the resulting list of our community's most significant priority healthcare needs The report also includes a list of our existing programs and services that help us address our community's priority healthcare needs We will use these programs as a foundation on which to expand and pinpoint our services based on the priorities targeted in this report This important exercise has helped us better understand our stakeholders - the people who depend on us when they are ill or injured, as well as their families, and the entire community, whose health we strive to improve through educational and preventive measures, innovative partnerships, high-quality care and by being a good corporate citizen We are committed to using this enlightening report as a roadmap to plan the best strategies to specifically and effectively address the most pressing healthcare needs of our entire community, with a special focus on our most vulnerable residents PART VI, LINE 3 - PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE Financial assistance information is provided in multiple locations Patient registration provides to all patients a one-page information handout about the availability of financial assistance, creating awareness of the charity care program Patient registration also provides information regarding Baptist Health South Florida's charity care policy to all uninsured, non-emergent patients prior to service All letters and statements to uninsured patients, including those sent by third-party collection agencies, include a reference to financial assistance programs All public information and forms regarding the provision of charity care use language that is appropriate for the Baptist Health service area Where possible, prior to the registration of a patient potentially eligible for financial assistance, a financial counselor will conduct a pre-registration interview with the patient If a pre-registration interview is not possible, the interview should be conducted as soon as possible thereafter In the case of an emergency admission, the evaluation of payment alternatives does not take place until the medical care needed to stabilize the patient has been provided Those patients who may qualify for financial assistance from a governmental program are referred to the appropriate program such as Medicaid, prior to consideration for charity care Additionally, information regarding our charity care program and qualifying for financial assistance appears on our website at BaptistHealth net PART VI, LINE 4 - COMMUNITY INFORMATION Miami-Dade County is one of the most international communities in the nation According to the U S Census, half of the residents in Homestead Hospital's patient service area are foreign-born, with 75 percent of Latin or Hispanic descent, and 71 percent reporting a language other than English spoken at home The average household includes three people and the average household income is $46,278, below the average Miami-Dade County household income of $61,035 In fact, 23 percent of residents in Homestead Hospital's patient service area live with incomes less than the federal poverty level, which amounts to $23,550 for a family of four in 2013 Thirty-two percent are under 18 years old Fifty-five percent are ages 21-64 and about 9 percent are age 65 or older Homestead Hospital, located at 975 Baptist Way (Campbell Drive/SW 312 Street and SW 147 Avenue) serves South Dade, including Homestead and Florida City This geographical area is home to 155,540 residents Our patient service area, as determined by the addresses of our inpatients, covers five zip codes PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH In furtherance of its exempt purpose to provide healthcare to improve the health and well-being of individuals, and to promote the sanctity and preservation of life in the community it serves, Homestead Hospital operates a 142-bed community hospital located in Homestead, Florida, approximately 31 miles from Downtown Miami The original hospital was established with 20 beds in 1940 as James Archer Smith Hospital It was later acquired by the City of Homestead, and then acquired in 1990 by the then-parent company of South Miami Hospital, and finally in 1995 by BHSF Homestead Hospital admitted approximately 9,794 inpatients in fiscal year 2013, and more than 90,707 patients received emergency care With approval in 2002 from the State of Florida's Agency for Health Care Administration, construction of a replacement facility for Homestead Hospital commenced, located just east of the Florida Turnpike, approximately three miles east of the previous site but still within the limits of the City of Homestead This expansion and relocation responded to the needs of the South Dade community In May 2007, Homestead Hospital was opened at its current location, and in July 2008 an additional 22 beds were added All 142 licensed beds are in private configuration, including 16 post-partum beds, 13 pediatric beds, 23 critical and intermediate care beds, and 90 general medical/surgical beds The facility has four operating rooms, two C-section rooms, and also includes an adjoining medical office building, which houses physician practices and administrative functions PART VI, LINE 6 - AFFILIATED HEALTH CARE SYSTEM THE BHSF SYSTEM PROVIDES A COMPREHENSIVE CONTINUUM OF SERVICES, EITHER THROUGH ITS OWN PROGRAMS OR IN COOPERATION WITH OTHER AFFILIATED HOSPITALS AND HEALTH CARE PROVIDERS THE BHSF SYSTEM'S HEALTH CARE PROGRAMS AND SERVICES INCLUDE THE FOLLOWING BAPTIST CARDIAC & VASCULAR INSTITUTE BAPTIST CARDIAC & VASCULAR INSTITUTE ("BCVI") IS A MULTIDISCIPLINARY CENTER OF EXCELLENCE LOCATED ON THE CAMPUS OF BAPTIST HOSPITAL BCVI'S DISTINCTIVE PERSPECTIVE ON TREATING THE ARTERIES, VEINS AND HEART AS ONE INTEGRATED SYSTEM HAS HELPED ESTABLISH IT AS A PREMIER CARDIAC AND VASCULAR HEALTH CARE FACILITY, WITH APPROXIMATELY 65,596 OUTPATIENT PROCEDURES IN FISCAL YEAR 2013 BCVI OFFERS A FULL RANGE OF ADVANCED SERVICES FOR THE DIAGNOSIS AND TREATMENT OF HEART AND CIRC

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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
HOMESTEAD HOSPITAL INC

Employer identification number
65-0232993

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**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	☑ Compensation committee	☑ 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**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**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**	Yes	
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				
(1)WILLIAM M DUQUETTE CEO	(i)				0	0	0	0
	(ii)	328,990	312,929	35,859	79,228	25,417	782,423	123,821
(2)NANCY GORDON VP & CNO	(i)	169,698	230,101	7,382	24,486	28,020	459,687	57,334
	(ii)				0	0	0	0
(3)COREY GOLD VP	(i)	122,861	52,062	15,898	16,363	5,544	212,728	0
	(ii)				0	0	0	0
(4)KENNETH SPELL VP	(i)	155,657	96,986	7,288	14,119	15,821	289,871	25,096
	(ii)				0	0	0	0
(5)PAUL BORUCK PHARMACIST	(i)	172,914	1,808	8,007	3,270	14,510	200,509	0
	(ii)							
(6)MARIE-ELSIE ADE NURSE	(i)	159,164	22,471	8,906	3,907	15,836	210,284	0
	(ii)							
(7)FADY GIRGIS Nurse	(i)	162,119	1,350	328	2,815	11,980	178,592	0
	(ii)							
(8)ALBERT BOOSE PHARMACIST	(i)	156,825	1,000	5,860		35,218	198,903	0
	(ii)							
(9)WINIFRED PARDO PHARMACY SUPERVISOR	(i)	148,598	13,052	1,597	3,379	24,315	190,941	0
	(ii)							

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
SCHEDULE J PART I, QUESTION 7		Key executives who control significant assets or who have a major impact on operations may earn incentive pay The purpose of incentive pay is to focus executive action on key "performance thresholds" and corporate goals that are approved by the Board's Compensation Committee The achievement of these goals requires extraordinary effort, commitment and achievement The incentive component of the executive's total compensation is variable and totally at risk, depending upon the achievement of the agreed-upon goals
SCHEDULE J PART I, QUESTION 4B		As part of the Baptist Health South Florida executive benefit plan, executives are eligible to allocate a portion of their flexible spending allowance to a Supplemental Survivor Accumulation Benefit (SSAB) account The SSAB is a life insurance product that provides a deferred retirement benefit for the executive or a death benefit for the executive's survivors Contributions to the SSAB may be made annually to the participant's account All contributions accumulate, along with investment earnings, for the period the executive participates The executive does not have access to the contributions made or the related investment income, all of which is subject to substantial risk of forfeiture Pursuant to the SSAB plan guidelines, this benefit is terminated upon an executive reaching age 65, however, payment can be deferred to a date at least two years after reaching age 65 but no later than 68 At that time the entire amount accumulated is paid out in a lump sum

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 65-0232993
Name: HOMESTEAD HOSPITAL INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
WILLIAM M DUQUETTE	(I)				0	0	0	0
	(II)	328,990	312,929	35,859	79,228	25,417	782,423	123,821
NANCY GORDON	(I)	169,698	230,101	7,382	24,486	28,020	459,687	57,334
	(II)				0	0	0	0
COREY GOLD	(I)	122,861	52,062	15,898	16,363	5,544	212,728	0
	(II)				0	0	0	0
KENNETH SPELL	(I)	155,657	96,986	7,288	14,119	15,821	289,871	25,096
	(II)				0	0	0	0
PAUL BORUCK	(I)	172,914	1,808	8,007	3,270	14,510	200,509	0
	(II)							
MARIE-ELSIE ADE	(I)	159,164	22,471	8,906	3,907	15,836	210,284	0
	(II)							
FADY GIRGIS	(I)	162,119	1,350	328	2,815	11,980	178,592	0
	(II)							
ALBERT BOOSE	(I)	156,825	1,000	5,860		35,218	198,903	0
	(II)							
WINIFRED PARDO	(I)	148,598	13,052	1,597	3,379	24,315	190,941	0
	(II)							

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
HOMESTEAD HOSPITAL INC

Employer identification number
65-0232993

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) MARTHA MAAS	SISTER OF JOHN MAAS, BOD	91,595	EMPLOYEE		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

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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
HOMESTEAD HOSPITAL INC

Employer identification number
65-0232993

Identifier	Return Reference	Explanation
FORM 990 PART VI, LINE 15	PERFORMANCE-BASED EXECUTIVE COMPENSATION	The South Florida market for highly competent healthcare executives reflects a very competitive environment for qualified executives It is comprised of large, national, for profit chains and not-for-profit hospital systems and stand-alone hospitals The Board of Trustees of Baptist Health South Florida seeks executives of vision and leadership to carry out the organization's faith-based mission of quality care and community service The Board expects these executives to provide leadership that will place Baptist Health among the best healthcare systems in the nation for quality and excellence The Board expects executives to demonstrate integrity and loyalty in the performance of their duties and to adhere to Baptist Health Conflict of Interest Policy, Executive Code of Conduct and all compliance/ethics policies Executive compensation is considered the foundation to attract and retain executives with the talent, experience and character to meet these expectations The Board 's Compensation Committee is comprised exclusively of independent Board members who serve voluntarily without any remuneration, and who must adhere to a stringent conflict of interest policy that precludes them or their families from doing business with Baptist Health The Committee is responsible for reviewing the performance and approving the compensation for executives The term "compensation" includes salaries, benefits and incentives The Compensation Committee annually engages a nationally-recognized, independent consultant to conduct compensation surveys and to advise the Board on compensation policies The Compensation Committee decisions are based on the following 1 Total Compensation Package Recruitment and retention of capable, productive executives is accomplished through design of a total compensation package that includes a base salary, at-risk incentive pay, and benefits It is the objective of Baptist Health to ensure a consistent compensation philosophy across all employee and leadership levels that rewards outstanding performance using a cash plus employee benefits package targeting the 75th percentile Base salaries of fully productive executives are indexed to the median (50th percentile) salary paid by similar healthcare organizations Incentive pay for superior achievement provides the opportunity for total cash compensation at the 75th percentile of the executive's peer group if the executive exceeds his/her performance metrics 2 Performance-based Salary Increases One of the key elements of Baptist Heath's executive compensation philosophy is "pay for performance " Salary increases are based upon the degree to which each executive achieves his/her individual performance objectives for the year, which are tied to corporate objectives Generally these objectives relate to clinical quality, patient, physician and community satisfaction, charity care and mission goals, financial performance and expense management Individual and group performance against these objectives is reviewed by the Compensation Committee and Board of Trustees annually after the close of the fiscal year 3 Market-based Salary Increases The Board's Compensation Committee reviews the market value of executive positions annually to assure that Baptist Health's pay levels are competitive The independent consultant, selected by the Compensation Committee, obtains executive salary information for functionally comparable positions at healthcare institutions of comparable size within Florida and the United States Baptist Health's peer group is comprised of other complex not-for-profit hospital systems of similar size ($2 32 billion in revenues, 15,000 employees), scope (6 hospitals, more than a dozen outpatient centers and a large international service) The peer group does not include for-profit hospitals, whose compensation practices are far more generous (and include such things as stock options and equity/ownership interests) 4 No Guaranteed Salary Increases There is no guarantee of annual executive salary increases Salary increases depend upon the organization's ability to pay, the executive's salary in relation to the market, the executive's performance level, and internal pay relationships to peers 5 At-Risk Incentive Pay Key executives who control significant assets or who have a major impact on operations may earn incentive pay The purpose of incentive pay is to focus executive action on key "performance thresholds" and corporate goals that are approved by the Board's Compensation Committee The achievement of these goals requires extraordinary effort, commitment and achievement The incentive component of the executive's total compensation is variable and totally at risk, depending upon the achievement of the agreed-upon goals 6 Perquisites Baptist Health executives are provided with a common set of perquisites that are typical of other responsible not-for-profit organizations to enable them to more effectively conduct their bu

Identifier	Return Reference	Explanation
FORM 990 PART VI, LINE 15	PERFORMANCE-BASED EXECUTIVE COMPENSATION	siness These benefits are deemed by the Compensation Committee to be appropriate and cons ervative Perquisites are generally limited to auto and cell phone allow ances w hich are fu lly taxable to the executive Other perquisites provided to executives, such as paid time off or reimbursement for relevant educational expenses, are offered to all employees in ac cordance w ith enterprise-w ide policies and procedures Business travel for executives on c ommercial airlines is limited to coach fares (an upgrade to the next available class of se rvice, e g , business class, may be permitted w hen the flight duration is in excess of fiv e hours or an overnight accommodation can be avoided) Chartered plane travel, spousal tra vel, luxury residences for personal use, health, country or social club dues and personal services (such as maid, chauffeur, chef, landscaper) are not provided (or reimbursed) to B aptist Health executives

Identifier	Return Reference	Explanation
FORM 990 PART VI, LINE 12	EMPLOYEE CONFLICT OF INTEREST	AN ACTUAL, POTENTIAL OR PERCEIVED CONFLICT OF INTEREST OCCURS IN THOSE CIRCUMSTANCES WHERE AN EMPLOYEE'S JUDGEMENT COULD BE AFFECTED BECAUSE THE EMPLOYEE HAS A PERSONAL INTEREST, OTHER THAN THE RECEIPT OF COMPENSATION FROM BAPTIST HEALTH SOUTH FLORIDA, INC AND ITS AFFILIATES ("BHSF"), IN THE OUTCOME OF A DECISION OVER WHICH THE EMPLOYEE HAS CONTROL OR INFLUENCE FOR THE PURPOSES OF THIS POLICY, IT IS PRESUMED THAT MANAGERS HAVE CONTROL OR INFLUENCE OVER ANY DECISION AFFECTING A MATTER FOR WHICH A MANAGER HAS RESPONSIBILITY A PERSONAL INTEREST EXISTS WHEN AN EMPLOYEE OR A MEMBER OF HIS OR HER FAMILY STANDS TO DIRECTLY OR INDIRECTLY OBTAIN FINANCIAL GAIN AS A RESULT OF A DECISION THIS POLICY IS INTENDED FOR ALL EMPLOYEES IN ORDER THAT THEY MAY UNDERSTAND, IDENTIFY, MANAGE AND APPROPRIATELY DISCLOSE THOSE TRANSACTIONS WHICH COULD RESULT IN AN ACTUAL, POTENTIAL OR PERCEIVED CONFLICT OF INTEREST IN ACCORDANCE WITH OUR CODE OF ETHICS, HIGH ETHICAL STANDARDS MUST BE OBSERVED IN THE NEGOTIATION AND EXECUTION OF ALL BUSINESS ACTIVITIES CONDUCTED AT, BY OR WITH BHSF ANY DECISIONS MADE BY BHSF EMPLOYEES MUST BE MADE IN COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS, WITH THE BEST ORGANIZATIONAL INTERESTS OF BHSF AS THE HIGHEST PRIORITY AND WITHOUT REGARD TO THE PERSONAL GAIN OR INTEREST OF ANY OTHER PERSON OR ENTITY LIKEWISE, THE APPEARANCE OF ANY SUCH IMPROPER INFLUENCE ON ANY DECISIONS SHOULD BE CONSCIOUSLY AVOIDED EMPLOYEES SHOULD ALSO ADHERE TO POLICY 828 WHICH PROHIBITS VENDOR SPONSORED TRAVEL AND POLICY 829 LIMITING ACCEPTANCE OF PERSONAL HONORARIUMS AND POLICY 831 WHICH PROVIDES LIMITATIONS AND GUIDELINES ON PHILANTHROPIC SOLICITATION OF VENDORS A POTENTIAL OR PERCEIVED CONFLICT OR INTEREST MAY EXIST IRRESPECTIVE OF THE INTENT OF THE EMPLOYEE.

Identifier	Return Reference	Explanation
FORM 990 PART VI, LINE 12	BOARD CONFLICT OF INTEREST POLICY	BAPTIST HEALTH AND ITS AFFILIATES HAVE A STRONG AND ROBUST CONFLICT OF INTEREST POLICY THE POLICY IS MEANT TO ENSURE THAT EACH VOTING MEMBER OF THE BOARD OF TRUSTEES GOVERNS THE AFFAIRS OF BAPTIST HEALTH WITH HONESTY AND INTEGRITY AND MAKES DECISIONS FOR THE BENEFIT OF BAPTIST HEALTH VOTING BOARD MEMBERS MAY NOT BE EMPLOYED BY BAPTIST HEALTH NOR ENGAGED TO PROVIDE SERVICES TO BAPTIST HEALTH IN EXCHANGE FOR CASH COMPENSATION CONFLICT FREE DECISION MAKING EXTENDS BEYOND THE BOARD MEMBERS TRANSACTIONS THAT MIGHT BENEFIT (I) THE PRIVATE INTEREST OF A MEMBER OR HIS OR HER FAMILY (II) AN ORGANIZATION CONTROLLED BY A MEMBER OF HIS OR HER FAMILY (III) AN ORGANIZATION IN WHICH A MEMBER OR HIS OR HER FAMILY HAS A MATERIAL INTEREST SINCE THE APPEARANCE OF A CONFLICT OF INTEREST MAY BE AS DAMAGING TO BAPTIST HEALTH'S REPUTATION AS ACTUALLY PERMITTING A CONFLICT TO EXIST, EACH BOARD MEMBER HAS A CONTINUING OBLIGATION TO DISCLOSE ANY POTENTIAL CONFLICTS THIS CONTINUING OBLIGATION IS SUPPLEMENTED BY AN ANNUAL CERTIFICATION THAT THE BOARD MEMBER IS FREE FROM ACTUAL OR POTENTIAL CONFLICTS OF INTEREST THE ANNUAL CERTIFICATION IS REVIEWED BY THE VICE PRESIDENT OF COMPLIANCE WHO REPORTS DIRECTLY TO THE BOARD POTENTIAL CONFLICTS ARE FURTHER REVIEWED BY THE BOARD'S ETHICS COMMITTEE IF A CONFLICT DOES EXIST, THE CONFLICTED BOARD MEMBER MAY BE REQUIRED TO (I) RESIGN FROM THE BOARD OR (II) ELIMINATE THE RELATIONSHIP WHICH GIVES RISE TO THE CONFLICT

Identifier	Return Reference	Explanation
FORM 990 PART VI, LINE 12 C	ENFORCEMENT AND MONITORING OF CONFLICT OF INTEREST POLICY	ONE OF BAPTIST HEALTH SOUTH FLORIDA'S GREATEST ASSETS IS THE INTEGRITY OF ITS VOLUNTEER BOARD MEMBERS ONE WAY TO ASSURE INTEGRITY IS OUR COMMITMENT TO A STRINGENT CONFLICT OF INTEREST POLICY FOR OUR GOVERNING BOARDS AND MANAGEMENT AS A PART OF A ROBUST CONFLICT OF INTEREST POLICY, BOARD MEMBERS MUST ANNUALLY COMPLETE A CONFLICT OF INTEREST DECLARATION FORM THE AUDIT AND COMPLIANCE DEPARTMENT MONITOR TO ENSURE ALL VOTING MEMBERS SUBMIT THE DECLARATION FORM AND PERFORM NECESSARY RESEARCH TO UNDERSTAND IF A POTENTIAL CONFLICT EXISTS ALL DISCLOSURES AND THE RELATED RESEARCH ARE SUMMARIZED FOR THE ETHICS COMMITTEE OF THE BAPTIST HEALTH BOARD OF TRUSTEES ANY DISCLOSURES THAT MAY RESULT IN THE APPEARANCE OF A CONFLICT ARE ADDRESSED BY THE COMMITTEE FOR ITS CONSIDERATION AND RESOLUTION

Identifier	Return Reference	Explanation
DOCUMENTS AVAILABLE TO THE PUBLIC	FORM 990, PART VI, SECTION C LINE 19	DOCUMENTS THAT ARE REQUIRED TO BE OPEN FOR PUBLIC INSPECTION ARE MADE AVAILABLE UPON REQUEST IN ADDITION BOTH THE FORM 990 AND AUDITED FINANCIAL STATEMENTS ARE AVAILABLE FOR PUBLIC VIEWING ON THIRD PARTY WEBSITES OUR CONFLICT OF INTEREST POLICY IS AVAILABLE ON WWW BAPTISTHEALTH NET

Identifier	Return Reference	Explanation
US INFORMATIONAL RETURNS	FORM 990, PART V, LINE 1 (a)	BAPTIST HEALTH SOUTH FLORIDA (BHSF) HAS A SYSTEM-WIDE TREASURY POLICY, WHICH RECOGNIZES ITS RESPONSIBILITY TO OVERSEE, MANAGE, AND COORDINATE ALL AFFILIATE OPERATIONS, INCLUDING THE TREASURY FUNCTIONS BHSF SERVES AS THE CENTRALIZED CASH RECEIPT AND DISBURSING AGENT FOR ALL BHSF ENTITIES AS SUCH ONLY BHSF ISSUES US INFORMATIONAL RETURNS

Identifier	Return Reference	Explanation
EMPLOYEES REPORTED ON FROM W-3	FORM 990, PART V, LINE 2(a)	BAPTIST HEALTH SOUTH FLORIDA (BHSF)IS THE APPOINTED PAY AGENT FOR ALL OF ITS AFFILIATES AS SUCH ONLY BHSF ISSUES FORM W-3

Identifier	Return Reference	Explanation
FORM 990 REVIEW PROCESS	FORM 990, PART VI, SECTION B LINE 11B	THE MANAGEMENT OF BAPTIST HEALTH SOUTH FLORIDA (BHSF) IS RESPONSIBLE FOR THE ACCURACY AND COMPLETENESS OF THE TAX RETURNS OF BHSF AND ALL OF ITS NONPROFIT, CHARITABLE AFFILIATES THIS FORM 990 HAS BEEN PREPARED IN CONFORMITY WITH THE INTERNAL REVENUE CODE AND TREASURY REGULATIONS INDEPENDENT TAX CONSULTANTS AND MEMBERS OF MANAGEMENT HAVE REVIEWED IN DETAIL THE COMPLETED FORM 990 PRIOR TO FILING, THE FORM 990 PREPARTION PROCESS AND THE DOCUMENTS ARE DISCUSSED AT A MEETING OF THE FINANCE & INSURANCE COMMITTEE OF THE BOARD OF TRUSTEES AND MADE AVAILABLE ELECTRONICALLY TO ALL MEMBERS OF THE BOARD OF TRUSTEES FOR REVIEW AND COMMENTARY ADDITIONALLY THE EXECUTIVE AND COMPENSATION COMMITTEES OF THE BHSF BOARD OF TRUSTEES, COMPOSED OF INDEPENDENT UNCOMPENSATED MEMBERS, REVIEW OTHER PERTINENT AREAS OF THE RETURN THE PRESIDENT AND CEO AS WELL AS THE EXECUTIVE VICE PRESIDENT AND CFO HEREBY CERTIFY AS TO THE ACCURACY AND COMPLETENESS OF THIS FORM 990

Identifier	Return Reference	Explanation
GOVERNING AND MANAGEMENT	FORM 990 PART VI LINE 7a & 7b	THIS ORGANIZATION IS PART OF BAPTIST HEALTH SOUTH FLORIDA, AN INTEGRATED HEALTH CARE DELIVERY SYSTEM THE BOARD OF TRUSTEES OF BAPTIST HEALTH SOUTH FLORIDA HAS THE RIGHT TO APPROVE OR RATIFY CERTAIN CORPORATE DECISIONS OF THE ORGANIZATION AND TO APPOINT SOME BOARD MEMBERS TO THE HOSPITAL'S BOARD OF DIRECTORS

Identifier	Return Reference	Explanation
Schedule J Part II Column (B)(ii)	EXECUTIVE COMPENSATION	All executive compensation is reviewed and approved annually by the compensation committee which is comprised of independent uncompensated members of the Board of Trustees who have certified that they have no conflict of interest with the organization Reportable compensation includes base salary as well as payments under a formal incentive plan which rewards successful achievement of quality, mission, charity care, and financial corporate objectives

Identifier	Return Reference	Explanation
BOND LIABILITY AT PARENT LEVEL	Form 990 Part IV, Line 24a	All bond liabilities will be reported at the parent level, on Schedule K of Baptist Health South Florida, Inc 's 2012 Form 990

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS/FUND BALANCE	FORM 990 PART XI LINE 9	OTHER CHANGES IN NET ASSETS OR FUND BALANCES OTHER INCREASE IN FUND BALANCES CHANGE IN POST RETIREMENT HEALTH OBLIGATION 1,379,565 CHANGE IN BENFEFICIAL INTEREST IN BHSF 1,178,116 _____ TOTAL 2,557,681

Identifier	Return Reference	Explanation
Form 990, Part VII		The amounts appearing as reportable compensation on Form 990 Part VII for our volunteer board members are composed of either payments for services as an elected representative of the medical staff, non-clinical services rendered to Baptist Health South Florida or its affiliates which make possible an important administrative function, or minor discounts on clinical services received at a Baptist Health South Florida facility All of these amounts are reported in accordance with the rules and regulations pertaining to IRS Forms W-2 and 1099 respectively

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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
HOMESTEAD HOSPITAL INC

Employer identification number
65-0232993

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
See Additional Data Table							

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) 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	

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

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

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

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

		Yes	No
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	No
b	Gift, grant, or capital contribution to related organization(s)	1b	No
c	Gift, grant, or capital contribution from related organization(s)	1c	Yes
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	No
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	Yes
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	Yes
n	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	Yes
o	Sharing of paid employees with related organization(s)	1o	No
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

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	

Software ID:
Software Version:
EIN: 65-0232993
Name: HOMESTEAD HOSPITAL INC

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity? Yes	(i) Section 512(b)(13) controlled entity? No
BAPTIST HEALTH ENTERPRISES INC 6855 RED ROAD STE 600 CORAL GABLES, FL 33143 59-2572862	REAL ESTATE MGMT	FL	NA	C	0	0	0 %		No
SAMARITAN RISK RETENTION GROUP 7301 RIVERS AVENUE SUITE 230 NORTH CHARLESTON, SC 29406 20-3433505	INSURANCE	SC	NA	C	0	0	0 %		No
PINEAPPLE INSURANCE COMPANY 23 LIME TREE BAY AVE PO BOX 1051 GRAND CAYMAN KY1-11 CJ 98-0465790	INSURANCE	CJ	NA	C	0	0	0 %		No
BMAB EAST TOWER INC 6855 RED ROAD STE 600 CORAL GABLES, FL 33143 65-4047110	REAL ESTATE MGMT	FL	NA	C	0	0	0 %		No
BAPTIST MEDICAL SERVICES CORP 6855 RED ROAD STE 600 CORAL GABLES, FL 33143 65-0506620	HOLDING COMPANY	FL	NA	C	0	0	0 %		No
KENDALL CREDIT & BUSINESS SERVICES INC 6855 RED ROAD STE 600 CORAL GABLES, FL 33143 65-0434778	COLLECTIONS	FL	NA	C	0	0	0 %		No
WEST KENDALL PROFESSIONAL SERVICES INC 6855 RED ROAD STE 600 CORAL GABLES, FL 33143 65-0475570	COLLECTIONS	FL	NA	C	0	0	0 %		No
SOUTH MIAMI HEALTH ENTERPRISES INC 6855 RED ROAD STE 600 CORAL GABLES, FL 33143 59-2623930	MEDICAL CENTER	FL	NA	C	0	0	0 %		No
BAPTIST MEDICAL TRANSPORT SERVICES INC 6855 RED ORAD STE 600 CORAL GABLES, FL 33143 65-0732544	PATIENT TRANSPORT	FL	NA	C	0	0	0 %		No
EAST KENDALL INVESTMENTS INC 6855 RED ROAD STE 600 CORAL GABLES, FL 33143 65-0593165	RENT REAL	FL	NA	C	0	0	0 %		No
BAPTIST AMBULATORY SERVICES INC 6855 RED ROAD STE 600 CORAL GABLES, FL 33143 42-1573814	HOLDING COMPANY	FL	NA	C	0	0	0 %		No
BHE REALTY 6855 RED ROAD STE 600 CORAL GABLES, FL 33143 90-0152617	R ESTATE BROKER	FL	NA	C	0	0	0 %		No
BAPTIST ANCILLARY SERVICES INC 6855 RED ROAD STE 600 CORAL GABLES, FL 33143 55-0800138	HOLDING COMPANY	FL	NA	C	0	0			No

BAPTIST HEALTH SOUTH FLORIDA, INC.
AND AFFILIATES

Annual Financial Report as of and for the Years Ended
September 30, 2013 and 2012

BAPTIST HEALTH SOUTH FLORIDA, INC. AND AFFILIATES

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REPORT OF MANAGEMENT

The management of Baptist Health South Florida, Inc is responsible for the integrity and objectivity of the financial statements of Baptist Health and affiliates ("Baptist Health") The annual financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, and include amounts that are based on our best judgments with due consideration given to materiality

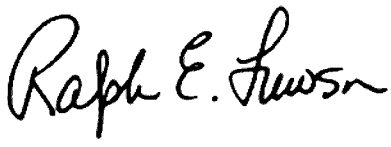
Management is responsible for establishing and maintaining a system of internal controls over financial reporting and safeguarding assets against unauthorized acquisition, use or disposition This system is designed to provide reasonable assurance as to the integrity and reliability of financial reporting and safeguarding of assets The concept of reasonable assurance is based on the recognition that there are inherent limitations in all systems of internal controls and that the cost of such systems should not exceed the benefits to be derived from them

Management believes that the foundation of an appropriate system of internal controls is a strong ethical company culture and climate It has always been the policy and practice of Baptist Health to conduct its affairs in a highly ethical and socially responsible manner This responsibility is characterized and reflected in Baptist Health's Code of Ethics (the "Code") that is distributed throughout Baptist Health Management maintains a systematic program to ensure compliance with this Code

The Audit and Compliance Committee of the Board of Trustees, which is composed of independent persons who are not employees, meets periodically with management, the internal auditors and the independent auditors to review the manner in which these groups are performing their responsibilities and to carry out the Audit and Compliance Committee's oversight role with respect to auditing, internal controls and financial reporting matters Both the internal auditors and the independent auditors periodically meet privately with the Audit and Compliance Committee and have access to its individual members

Baptist Health engaged Deloitte & Touche LLP, independent auditors, to audit our accompanying consolidated financial statements as of and for the years ended September 30, 2013 and 2012, in accordance with auditing standards generally accepted in the United States of America Their report follows

Brian E Keeley
President and Chief Executive Officer



Ralph E Lawson
Executive Vice President and
Chief Financial Officer

BAPTIST HEALTH SOUTH FLORIDA, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS
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Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Baptist Health
South Florida, Inc and Affiliates.

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements The procedures selected depend on the 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 BHSF'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 BHSF's internal control Accordingly, we express no such opinion An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements

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

Opinion

In our opinion, such consolidated financial statements referred to above present fairly, in all material respects, the financial position of BHSF as of September 30, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating balance sheet and statement of operations information of BHSF on pages 29 and 30 and the supplemental combining balance sheet and statement of operations information of Baptist Health South Florida, Inc Hospitals on pages 31 and 32 are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements This supplementary information is the responsibility of BHSF management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements Such information has been subjected to the auditing procedures applied in our 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, such information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

Deloitte & Touche LLP

December 16, 2013

BAPTIST HEALTH SOUTH FLORIDA, INC. AND AFFILIATES

CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2013 AND 2012

ASSETS	2013	2012
CURRENT ASSETS		
Cash and cash equivalents	$79,288,821	$62,750,738
Assets whose use is limited	557,008	520,671
Accounts receivable - net	243,165,003	244,735,933
Other current assets	99,743,264	86,492,975
Total current assets	422,754,096	394,500,317
ASSETS WHOSE USE IS LIMITED	2,517,360,060	2,345,989,524
OTHER INVESTMENTS	65,747,427	58,723,009
PROPERTY AND EQUIPMENT - NET	1,298,101,654	1,140,283,178
GOODWILL	42,961,881	42,961,881
OTHER ASSETS	29,130,105	28,677,754
TOTAL ASSETS	$4,376,055,223	$4,011,135,663
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$15,225,274	$27,443,339
Estimated third-party payor settlements	13,341,153	18,977,217
Commercial paper notes		29,982,572
Current maturities of long-term debt	12,468,437	11,433,529
Accrued wages, salaries and benefits	166,202,156	161,134,473
Accrued expenses and other current liabilities	264,737,529	253,033,284
Total current liabilities	471,974,549	502,004,414
LONG-TERM DEBT	1,011,131,013	1,004,350,222
OTHER LIABILITIES	175,580,403	173,894,622
Total liabilities	1,658,685,965	1,680,249,258
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted		
Baptist Health South Florida, Inc. and Affiliates	2,654,242,436	2,270,997,724
Noncontrolling interests	5,391,318	5,657,222
Total unrestricted net assets	2,659,633,754	2,276,654,946
Temporarily restricted	45,532,138	42,732,621
Permanently restricted	12,203,366	11,498,838
Total net assets	2,717,369,258	2,330,886,405
TOTAL LIABILITIES AND NET ASSETS	$4,376,055,223	$4,011,135,663

See accompanying notes to consolidated financial statements

BAPTIST HEALTH SOUTH FLORIDA, INC AND AFFILIATES

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

	2013	2012
UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT		
Net patient service revenue before provision for doubtful accounts	$2,388,327,931	$2,253,533,177
Provision for doubtful accounts	280,026,007	282,213,678
Net patient service revenue	2,108,301,924	1,971,319,499
Rental revenue	11,844,818	10,406,271
Other operating revenue	49,922,129	56,597,245
Total unrestricted revenues, gains and other support	2,170,068,871	2,038,323,015
EXPENSES		
Wages, salaries and benefits	1,128,304,228	1,114,988,175
Supplies	256,481,682	253,381,422
Malpractice and other insurance	67,046,857	53,363,295
Administrative and general	385,679,854	375,405,892
Depreciation and amortization	117,231,508	112,818,236
Interest	46,238,802	45,093,853
Total expenses	2,000,982,931	1,955,050,873
INCOME FROM OPERATIONS	169,085,940	83,272,142
OTHER INCOME		
Investment income	206,292,500	250,866,021
Other income - net	2,085	93,786
Total other income	206,294,585	250,959,807
EXCESS OF REVENUES OVER EXPENSES BEFORE INCOME TAX PROVISION AND NONCONTROLLING INTERESTS	375,380,525	334,231,949
INCOME TAX PROVISION	2,888,985	6,238,327
EXCESS OF REVENUES OVER EXPENSES FROM CONSOLIDATED OPERATIONS	372,491,540	327,993,622
INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(11,387,952)	(10,548,467)
EXCESS OF REVENUES OVER EXPENSES ATTRIBUTABLE TO BAPTIST HEALTH SOUTH FLORIDA, INC AND AFFILIATES	$361,103,588	$317,445,155

See accompanying notes to consolidated financial statements

BAPTIST HEALTH SOUTH FLORIDA, INC AND AFFILIATES

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

	2013	2012
UNRESTRICTED NET ASSETS		
Excess of revenues over expenses from consolidated operations	$372,491,540	$327,993,622
Net assets released from restrictions used for property and equipment acquisitions	4,792,186	3,094,801
Change in value of split-interest agreements	(178,611)	(89,354)
Transfers from (to) temporarily restricted net assets	9,510	(28,852)
Changes in accumulated postretirement benefit obligation other than periodic benefit cost	17,518,039	3,800,927
Sale of limited partnership interests	346,643	937,903
Purchase of limited partnership interests	(254,767)	(115,069)
Partnership distributions	(11,745,732)	(11,029,011)
Increase in unrestricted net assets	382,978,808	324,564,967
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	9,623,539	9,662,504
Restricted income on temporarily restricted contributions	267,565	525,556
Net assets released from restrictions	(6,786,570)	(5,133,577)
Transfers (to) from unrestricted net assets	(9,510)	28,852
Transfers to permanently restricted net assets	(50,000)	
Provision for and write-off of prior years' pledges	(245,507)	(391,599)
Increase in temporarily restricted net assets	2,799,517	4,691,736
PERMANENTLY RESTRICTED NET ASSETS		
Contributions	654,528	310,282
Transfers from temporarily restricted net assets	50,000	
Increase in permanently restricted net assets	704,528	310,282
INCREASE IN NET ASSETS	386,482,853	329,566,985
NET ASSETS - BEGINNING OF YEAR	2,330,886,405	2,001,319,420
NET ASSETS - END OF YEAR	$2,717,369,258	$2,330,886,405

See accompanying notes to consolidated financial statements

BAPTIST HEALTH SOUTH FLORIDA, INC AND AFFILIATES

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

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$386,482,853	$329,566,985
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	117,231,508	112,818,236
Provision for doubtful accounts	280,026,007	282,213,678
Accretion of bond premium	(1,101,379)	(1,117,883)
Deferred income tax	(1,431,385)	2,468,438
Realized (gain) loss on sales of securities - net	(75,669,876)	17,123,901
Change in net unrealized gains and losses	(74,951,726)	(211,185,130)
Sale of limited partnership interests	(346,643)	(937,903)
Purchase of limited partnership interests	254,767	115,069
Partnership distributions	11,745,732	11,029,011
Gain on disposal of assets - net	(1,489)	(6,781,080)
Changes in accumulated postretirement benefit obligation other than periodic benefit cost	(17,518,039)	(3,800,927)
Changes in assets and liabilities		
Net increase in accounts receivable	(278,455,077)	(285,434,525)
Net increase in other assets	(12,074,286)	(29,724,138)
Net decrease in accounts payable	(12,218,065)	(7,602,252)
Net (decrease) increase in third-party payor settlements	(5,636,064)	11,400,280
Net increase in accrued expenses and other liabilities	39,615,138	32,395,275
Net cash provided by operating activities	355,951,976	252,547,035
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(260,122,799)	(156,258,899)
Sale of limited partnership interests	346,643	937,903
Purchase of limited partnership interests	(254,767)	(115,069)
Purchase of investments	(2,771,407,024)	(2,925,618,945)
Proceeds from sales and maturities of investments	2,745,203,316	2,813,924,967
Net cash used in investing activities	(286,234,631)	(267,130,043)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of debt		59,914,267
Repayment of debt	(41,433,530)	(41,077,762)
Partnership distributions	(11,745,732)	(11,029,011)
Net cash (used in) provided by financing activities	(53,179,262)	7,807,494
NET CHANGE IN CASH AND CASH EQUIVALENTS	16,538,083	(6,775,514)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	62,750,738	69,526,252
CASH AND CASH EQUIVALENTS, END OF YEAR	$79,288,821	$62,750,738
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest - net of amounts capitalized	$48,720,000	$45,794,000
Cash paid for income taxes	$4,217,000	$3,833,000
Acquisition of property and equipment through accrued expenses	$12,016,000	$20,116,000
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING ACTIVITIES		
Acquisition of property and equipment through mortgage assumption	$20,411,006	

See accompanying notes to consolidated financial statements

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Baptist Health South Florida, Inc ("BHSF" or "Baptist Health"), a not-for-profit Florida corporation located in Miami-Dade County, Florida, is the parent of a system of not-for-profit hospitals and other not-for-profit and for-profit corporations

Mission - The mission of Baptist Health is to improve the health and well-being of individuals, and to promote the sanctity and preservation of life, in the communities it serves Baptist Health is a faith-based organization guided by the spirit of Jesus Christ and the Judeo-Christian ethic, and is committed to maintaining the highest standards of clinical and service excellence, rooted in the utmost integrity and moral practice Consistent with its spiritual foundation, Baptist Health is dedicated to providing high-quality, cost-effective, compassionate healthcare services to all, regardless of religion, creed, race or national origin, including, as permitted by its resources, charity care to those in need

Organization - The not-for-profit hospitals comprising BHSF are Baptist Hospital of Miami, Inc ("Baptist Hospital"), Doctors Hospital, Inc ("Doctors Hospital"), Homestead Hospital, Inc ("Homestead Hospital"), South Miami Hospital, Inc ("South Miami Hospital") and West Kendall Baptist Hospital, Inc ("West Kendall Baptist Hospital"), all located in south Miami-Dade County, Florida, and Mariners Hospital, Inc ("Mariners Hospital") located in Monroe County, Florida (collectively, the "BHSF Hospitals") BHSF also includes Baptist Outpatient Services, Inc ("BOS"), a not-for-profit Florida corporation, which owns and operates two large diagnostic imaging centers, one located on the Baptist Hospital campus, and a second center located on the West Kendall Baptist Hospital campus, 13 satellite diagnostic imaging facilities in Miami-Dade and Broward counties, and a home health agency, and manages 16 urgent care centers, of which seven operate under the license of Baptist Hospital and nine under the license of South Miami Hospital, and Baptist Health South Florida Foundation, Inc (the "Foundation"), a Florida not-for-profit corporation, whose purpose is to raise funds for the BHSF Hospitals and BOS

Baptist Health Enterprises, Inc ("BHE") is a for-profit Florida corporation, which is wholly owned by BHSF BHE's lines of business include real estate, outpatient surgery centers, sleep diagnostic centers, collection services, and a network of physicians designed to promote quality care BHE is the general partner and the owner of all the limited partnership interests in Kendall Professional Center, Ltd , doing business as Baptist Medical Arts Building ("BMAB"), a Florida limited partnership that owns a professional office building and parking garage, located adjacent to Baptist Hospital on land leased from Baptist Hospital BHE owns 100% of the stock of BMAB East Tower, Inc ("East Tower"), a for-profit Florida corporation which owns a second medical office building, located adjacent to Baptist Hospital on land leased from Baptist Hospital BHE also owns a medical office building and parking garage, located on the South Miami Hospital campus on land leased from South Miami Hospital Other wholly-owned subsidiaries of BHE include Kendall Credit and Business Service, Inc , an entity that provides collection services, Baptist Ancillary Services, Inc , Baptist Sleep Centers, LLC , Baptist Health Quality Network, LLC, and Baptist Medical Services, Corp , an entity that owns an interest in BHS Ambulatory Surgical Center at Baptist, Ltd , doing business as Medical Arts Surgery Center ("MASC at Baptist"), a free-standing, multi-specialty surgery center, of 67% and 68% as of September 30, 2013 and 2012, respectively Baptist Ancillary Services, Inc is the corporate parent of Baptist Ambulatory Services, Inc ("BAS"), a wholly-owned subsidiary, which is the managing member of, and currently owns a 62% interest in, Baptist Surgery and Endoscopy Centers, LLC ("BSEC") BSEC is organized as a single partnership that holds investments in multiple ambulatory surgery center divisions, namely Medical Arts Surgery Center at South Miami ("MASC at South Miami"), a multi-specialty, ambulatory surgical center, Galloway Endoscopy Center ("GEC") and Baptist Endoscopy Center at Coral Springs, two free-standing, single-specialty surgery centers, specializing in outpatient endoscopy procedures Baptist Sleep Centers, LLC, a Florida single-member limited liability company, owns a 60% controlling interest in two sleep diagnostic centers, Baptist Sleep Centers of South Florida, LLC and Baptist Sleep Center at Galloway, LLC Baptist Health Quality Network, LLC, ("BHQN") is a Florida single-member LLC, organizing a clinically integrated network of physicians designed to promote quality initiatives

In September 2002, BHSF formed Pineapple Insurance Company ("PIC"), a single-parent, Cayman Islands captive insurance company, to facilitate BHSF's professional and general liability, self-insurance and property insurance programs, including contracting for reinsurance (see Note 8) In January 2006, Samaritan Risk Retention Group, Inc ("SRRG" and together with PIC, the "Insurance Companies") was licensed to transact business under the laws of the state of South Carolina SRRG is also chartered as a risk retention group and is registered to conduct business in the state of Florida SRRG was organized for the purpose of offering professional liability insurance to physicians who meet the company's underwriting requirements, are Florida-licensed, practicing physicians and have privileges to treat patients at BHSF facilities In March 2006, SRRG issued a surplus note in the amount of $5,000,000 to BHSF Until the note is satisfied, the governing Board of Directors of SRRG is elected by proxy and controlled by BHSF

In April 2005, Baptist Cardiac & Vascular Institute Management Company, LLC ("BCVI Management Company"), a Florida limited liability corporation, was formed. Baptist Hospital has a 50% interest in BCVI Management Company, which was established to provide management services for the Baptist Cardiac and Vascular Institute, in order to improve clinical performance and achieve operational efficiency. Baptist Hospital's investment in BCVI Management Company is accounted for using the equity method. At September 30, 2013 and 2012, Baptist Hospital's investment in BCVI Management Company was approximately $1,507,000 and $1,318,000, respectively, and is recorded in other assets in the accompanying consolidated balance sheets.

BHSF, certain BHSF Hospitals, and BOS control several affiliated physician practices ("Baptist Health Medical Group") as the sole member or through contractual arrangements. These physician practices provide a variety of specialty physician services.

Basis of Presentation - The consolidated financial statements include the accounts of BHSF, the BHSF Hospitals, BOS, Baptist Health Medical Group, the Foundation, BHE and subsidiaries, and Insurance Companies. All intercompany transactions have been eliminated in consolidation.

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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions are used for, but not limited to: recognition of net patient service revenue, valuation of accounts receivable, including contractual allowances and provisions for doubtful accounts, reserves for losses and expenses related to employee healthcare and professional and general liability risks, asset impairments, including goodwill, and estimated third-party settlements. Future events and their effects cannot be predicted with certainty, accordingly, management's accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of the accompanying consolidated financial statements will change as new events occur, as more experience is acquired, as additional information is obtained and as the operating environment changes. Management regularly evaluates the accounting policies and estimates it uses. In general, management relies on historical experience and on other assumptions believed to be reasonable under the circumstances, and may employ outside experts to assist in the evaluation, as considered necessary. Although management believes all adjustments considered necessary for fair presentation have been included, actual results may vary from those estimates.

Community Benefits - In pursuing its mission, BHSF provides services to the financially disadvantaged and to the broader community in which it operates, despite the lack or adequacy of payment for those services. These services are categorized as follows:

Charity Care - BHSF provides a level of charity care that is consistent with the needs of the community it serves and the financial resources that are available. All or a portion of the charges incurred at established rates are classified as charity by reference to BHSF's established policies. Essentially, these policies define charitable services as those for which no payment is anticipated. In assessing a patient's ability to pay, BHSF utilizes generally recognized poverty income levels for the respective community, but also includes certain cases where incurred charges are considered to be beyond the patient's ability to pay. In addition, BHSF provides services to other indigent patients under various state and local programs which pay healthcare providers amounts which are less than the cost of the services provided. Because BHSF does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as revenue in the accompanying consolidated financial statements (see Note 2).

Other Community Benefits - BHSF has entered into agreements to pay certain physician specialists for healthcare they provide to BHSF's charity care patients. In addition to the services that are provided to the financially disadvantaged, BHSF provides services to the broader community. These services include educational programs, community information on health services, donations and the cost of healthcare in excess of payments for patients under federal and state programs.

Treasury Policy - BHSF has a system-wide treasury policy, which recognizes its responsibility to oversee, manage, and coordinate all affiliate operations, including the treasury functions. BHSF serves as the centralized cash receipt and disbursing agent for all BHSF entities. The treasury policy provides that each BHSF affiliate's unrestricted cash and investments be transferred to BHSF, and that BHSF shall provide or arrange for advances and loans to its affiliates and will utilize the cash and investments held by it to provide financial support for the BHSF Hospitals and the other corporations comprising the system. These transfers have been eliminated in consolidation. Debt and related issuance costs are allocated to affiliates based on the use of debt proceeds.

New Accounting Pronouncements - Effective October 1, 2012, BHSF adopted the provisions of Accounting Standards Update ("ASU") 2011-07, *Health Care Entities (Topic 954) Presentation and Disclosure of Patient Services Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* ("ASU 2011-07") ASU 2011-07 requires certain healthcare entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts) Additionally, those healthcare entities are required to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts ASU 2011-07 also requires disclosures of patient service revenue (net of contractual allowances and discounts), as well as qualitative and quantitative information about changes in the allowance for doubtful accounts The accompanying consolidated statements of operations and Note 3 have been retrospectively restated to reflect the adoption of ASU 2011-07

Effective October 1, 2012, BHSF prospectively adopted the provisions of ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U S GAAP and IFRS* ("ASU 2011-04") ASU 2011-04 provides clarifying guidance on how to measure fair value and requires additional disclosures regarding fair value measurements The expanded disclosures required by this guidance are included in Note 16 The adoption of ASU 2011-04 did not have a significant impact on BHSF's consolidated financial condition, results of operations or cash flows

Effective October 1, 2012, BHSF adopted the provisions of ASU 2010-26, *Financial Services—Insurance (Topic 944) Accounting for Costs Associated With Acquiring or Renewing Insurance Contracts* ("ASU 2010-26") ASU 2010-26 specifies which costs relating to the acquisition of new or renewal insurance contracts qualify for deferral The guidance permits deferral of qualifying costs only when associated with successful contract acquisitions Internal selling agent and underwriter salary and benefit costs allocated to unsuccessful contracts, as well as advertising costs, are excluded The adoption of ASU 2010-26 did not have a significant impact on BHSF's consolidated financial condition, results of operations or cash flows

In October 2012, the Financial Accounting Standards Board ("FASB") issued ASU 2012-05, *Statement of Cash Flows (Topic 230) Not-for-Profit Entities Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows* ("ASU 2012-05") ASU 2012-05 requires not-for-profit entities to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any not-for-profit-imposed limitations for sale and were converted nearly immediately into cash ASU 2012-05 is effective prospectively for fiscal years, and interim periods within those years, beginning after June 15, 2013, with early adoption permitted but not required Retrospective application to all prior periods presented upon the date of adoption is permitted BHSF has not determined the impact to its consolidated financial statements from the adoption of this standard

In February 2013, the FASB issued ASU 2013-04, *Liabilities (Topic 405) Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date* ("ASU 2013-04") ASU 2013-04 provides guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements The new guidance requires entities to measure these obligations as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors The new guidance is effective for fiscal years ending after December 15, 2013 BHSF has not determined the impact to its consolidated financial statements from the adoption of this standard

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand and cash in depository accounts maintained with various commercial banks, which exceed federally insured limits Nonetheless, management periodically evaluates the creditworthiness of those institutions BHSF has not experienced any losses on such deposits

Inventories - Inventories, totaling approximately $25,713,000 and $22,859,000 at September 30, 2013 and 2012, respectively, consisting primarily of pharmaceutical, medical and surgical supplies, are stated at average cost, and are included in other current assets in the consolidated balance sheets

Assets Whose Use is Limited and Other Investments - Assets whose use is limited include assets set aside by the Board of Trustees for future capital improvements and education, over which the Board retains control and may at its discretion subsequently use for other purposes, note proceeds designated for capital improvements, insurance surplus reserves and assets held by a trustee under bond indenture agreements Assets whose use is limited that are required for obligations classified as current liabilities are reported in current assets Other investments are held by the Foundation and include certain assets whose use is restricted by donors (see Note 3)

BHSF manages the investment function based upon a comprehensive written investment policy approved by the Board of Trustees that provides for a diversified investment portfolio based upon return, risk, social values and projected liquidity requirements. Investment results, portfolio allocations and investment policy compliance are regularly reviewed with the Investment Review Committee of the Board of Trustees.

BHSF holds certain financial instruments with derivative features, including forward foreign exchange contracts and short sales of equity securities. BHSF records these derivatives at fair value in its consolidated balance sheets and records the changes in fair value of the derivatives as investment income in the consolidated statements of operations. The change in fair value of derivative instruments held by BHSF resulted in investment gains of approximately $1,327,000 for the year ended September 30, 2013, and losses of approximately $6,668,000 for the year ended September 30, 2012. BHSF also holds various hybrid financial instruments with embedded derivative features, including convertible preferred stock and convertible bonds.

BHSF records a liability for short sales and forward foreign exchange contracts that are in a loss position. The obligations arising from such transactions are recorded on a trade-date basis and carried at current market values. The majority of forward foreign exchange contract transactions are settled on a short-term basis. Contracts that are not subject to a master netting agreement represent obligations to settle the contract at a rate above the current market exchange rate. At September 30, 2013 and 2012, forward foreign exchange contract obligations totaled approximately $5,059,000 and $3,495,000, respectively. Short sale positions are held as part of a long-short equity investment strategy. At September 30, 2013, short sale obligations totaled approximately $4,905,000. Both short sale and forward foreign exchange contract obligations are recorded in accrued expenses and other liabilities in the accompanying balance sheets.

Derivatives may expose BHSF to market risk or credit risk in excess of the amounts recorded in the consolidated balance sheets. Market risk on a derivative or foreign exchange product is the exposure created by potential fluctuations in interest rates, foreign exchange rates and other values, and is a function of the type of product, the volume of transactions, the tenor and terms of the agreement, and the underlying volatility. Credit risk is the exposure to loss in the event of nonperformance by the other party to the transaction, where the value of collateral held, if any, is not adequate to cover such losses. Management does not believe that there are significant market or credit risks associated with these transactions, given BHSF's investment strategies and the overall characteristics of its investment portfolio.

BHSF holds alternative investment interests in two limited partnerships as of September 30, 2013 and 2012. One of the partnerships was established to invest in a broad range of infrastructure and infrastructure-related assets located in member countries of the Organization for Economic Co-operation and Development with a primary focus on the United States, Canada, Western Europe and Australia. The second partnership was established to construct and manage a well-diversified portfolio of publicly-traded equity securities issued by real estate investment trusts and other publicly-held real estate companies in North America, Europe and Asia. During the year ended September 30, 2013, BHSF also held an alternative investment in two Cayman Islands exempt companies. Both of the Cayman Islands exempt companies are commodity funds designed to be market neutral and non-directional and focus on various commodity interests, including physical commodities, forwards, exchange-listed futures, options and over-the-counter derivatives. One of these commodity funds was newly acquired during 2013, while the other commodity fund interest, which was held at September 30, 2012, was redeemed during 2013 (see Note 3). These investments are accounted for using the equity method and reported at fair value. All changes in BHSF's ownership interests are reflected in investment income. The carrying value of BHSF's interests in these partnerships and the Cayman Islands exempt company, as of September 30, 2013 and 2012, was approximately $181,017,000 and $153,954,000, respectively (see Note 3).

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Property and Equipment - Net - Property and equipment are stated at cost or, if donated, at fair market value on the date of donation, less the allowance for depreciation. Depreciation is computed on the straight-line method using estimated useful lives ranging from two to forty years. Expenditures that materially increase values, change capacities or extend useful lives are capitalized, in addition to interest cost, during the period of construction. For qualifying assets, BHSF capitalizes interest cost until the assets are ready for their intended use. Gains and losses on dispositions are recorded in the year of disposal.

Gifts of long-lived assets, such as land, buildings or equipment, are reported as a direct addition to unrestricted net assets, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as additions to temporarily or permanently restricted net assets. Absent explicit donor stipulations about

how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service. Property and equipment are more fully described in Note 4.

BHSF management is responsible for evaluating long-lived assets for impairment by monitoring internal and external environments for events and circumstances that would indicate that the carrying value of an asset may not be recoverable. When these events occur, management measures impairment by comparing the carrying amount of the asset to future undiscounted cash flows expected to result from the use of the asset and residual value. If the undiscounted cash flows are less than the net book value of the asset, an impairment loss based on the fair value of the asset is recognized.

Determination of the fair value of acquired long-lived assets involves certain judgments and estimates. Fair value estimates are derived from appraisals, established market values of comparable assets or internal estimates of future cash flows. These fair value estimates can change by material amounts in subsequent periods. Many factors and assumptions can impact the estimates, including future financial trends, changes in healthcare trends and regulations, and the nature of the ultimate disposition of assets. In some cases, these fair value estimates assume the highest and best use of hospital assets in the future to a market place participant other than a hospital.

Impairment tests are based on programs and initiatives implemented or to be implemented that are designed to achieve the most recent projections. If these projections are not met or if in the future negative trends occur that impact our future outlook, impairments of long-lived assets may occur.

Malpractice Liability Claims - Provisions for losses related to malpractice liability risks are based upon actuarially-determined estimates and represent the estimated ultimate net cost of all reported and unreported losses incurred through the respective balance sheet dates. Those estimates are subject to the effects of trends in loss severity and frequency. The estimates are reviewed and adjustments are recorded as experience develops or new information becomes known.

Temporarily and Permanently Restricted Net Assets - Temporarily restricted net assets are those for which use has been limited by donors to a specific time period or purpose. Permanently restricted net assets are those for which use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of BHSF or its affiliates (see Note 7).

Excess of Revenues Over Expenses - The consolidated statements of operations include excess of revenues over expenses. Changes in unrestricted net assets, which are excluded from excess of revenues over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets), changes in the value of split-interest agreements, transfers from temporarily restricted net assets, changes in accumulated postretirement benefit obligation other than periodic benefit cost, purchase and sale of limited partnership interests and partnership distributions.

Donor-Restricted Gifts - Unconditional promises to give cash and other assets to BHSF and its affiliates are reported at fair value at the date the promise is received. Contingent promises to give and indications of intentions to give are reported at fair value at the date the contingency is met. The gifts are reported as either temporarily or permanently restricted support, if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets. Net assets released from restrictions used for operations are included in excess of revenues over expenses. Net assets released from restrictions used to purchase property and equipment are reported as a change in net assets.

Goodwill - Goodwill represents the excess of purchase price and related costs over the value assigned to net tangible assets and identifiable intangible assets of businesses acquired and accounted for under the acquisition method of accounting. Goodwill has arisen from various acquisitions by affiliates of BHSF (see Note 5).

Deferred Bond Issue Costs and Bond Premium - Deferred bond issue costs and bond premium are being amortized and accreted using the bonds-outstanding method. For the years ended September 30, 2013 and 2012, amortization of bond issue costs totaled approximately $368,000 and $371,000, respectively, and accretion of bond premium totaled approximately $1,101,000 and $1,186,000, respectively.

Indigent Care Assessment - The Healthcare Consumer Protection and Awareness Act of 1984 created a fund to provide for the treatment of indigent patients. Hospitals in the state of Florida are required to pay into the fund an amount equal to 1.5% of net inpatient revenue and 1% of net outpatient revenue. The indigent care assessment is included in administrative and general expenses in the consolidated statements of operations.

Income and Other Taxes - BHSF, BHSF Hospitals, BOS and the Foundation are not-for-profit corporations and are recognized as tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code The Baptist Health Medical Group affiliated physician practices are single-member limited liability companies, which are treated as disregarded entities for federal income tax purposes BHE and the Insurance Companies provide for income taxes in accordance with the provisions of FASB Accounting Standards Codification ("ASC") 740, *Income Taxes* ("ASC 740") As required under ASC 740, deferred tax assets and liabilities are recognized under the balance sheet approach, which recognizes the future tax effect of temporary differences between the amounts recorded in the financial statements and the tax basis of these amounts Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the periods in which the deferred tax assets or liabilities are expected to be realized or settled (see Note 12) Taxes collected from patients, tenants, customers and others, concurrent with specific revenue-producing transactions and subsequently remitted to governmental authorities, are recorded on a net basis and excluded from revenues

Asset Retirement Obligations - BHSF has various conditional asset retirement obligations for the removal of asbestos The carrying amount of the obligations for the years ended September 30, 2013 and 2012, totaled approximately $1,235,000 and $1,915,000, respectively For the years ended September 30, 2013 and 2012, BHSF settled obligations of approximately $481,000 and $424,000, respectively

Electronic Health Records Incentive Payment - The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act ("HITECH") These provisions were designed to increase the use of electronic health records ("EHR") technology and establish the requirements for a Medicare and Medicaid incentive payments program beginning in 2011 for eligible hospitals and providers that adopt and meaningfully use certified EHR technology Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period Initial Medicaid incentive payments are available to providers that adopt, implement or upgrade certified EHR technology, but providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional incentive payments Medicaid EHR incentive payments are fully funded by the federal government and administered by the states, however, the states are not required to offer EHR incentive payments to providers

During the years ended September 30, 2013 and 2012, BHSF recognized HITECH incentives related to certain of the BHSF's hospitals that have demonstrated meaningful use of, and completed attestations as to their adoption or implementation of, certified EHR technology The Medicare and Medicaid incentives recognized during the year ended September 30, 2013, were $7,419,000 and $1,864,000, respectively The Medicare and Medicaid incentives recognized during the year ended September 30, 2012, were $8,700,000 and $4,700,000, respectively These incentive reimbursements are included in other operating revenue in the consolidated statement of operations BHSF accounts for EHR incentive payments using the gain contingency model As such, BHSF recognizes EHR incentive payments when the specified meaningful use criteria have been satisfied, and all contingencies in estimating the amount of the incentive payments to be received are resolved Medicare meaningful use attestations are subject to audit by the federal government or its designee

2 NET PATIENT SERVICE REVENUE

Net patient service revenue is recorded based upon established billing rates less allowances for contractual adjustments Revenue is recorded during the period the healthcare services are provided, based upon the estimated amounts due from the patients and third-party payors, including federal and state agencies (under the Medicare and Medicaid programs), managed care health plans, commercial insurance companies and employers Estimates of contractual allowances under managed care health plans are based upon the payment terms specified in the related contractual agreements The bases for payment under these agreements include prospectively determined rates per diagnosis, per diem or per procedure rates, or discounts from established charges

Mariners Hospital is a critical access hospital ("CAH") As such, it is certified to receive cost-based reimbursement for services provided to Medicare beneficiaries Among other participation constraints, CAH status requires that Mariners Hospital operates no more than 25 beds and that its average length of stay does not exceed four days

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation Federal regulations require submission of annual cost reports covering medical costs and expenses associated with the services provided by each facility to program beneficiaries Annual cost reports required under the Medicare and Medicaid programs are subject to routine audits, which may result in adjustments to the amounts ultimately determined to be due to BHSF under these payment programs These audits often require several years to reach the final determination of amounts earned under the programs As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term Such audits of the Medicare cost reports have been completed for Mariners Hospital for fiscal years through 2011 and for all other BHSF Hospitals for fiscal years through 2009 Medicaid audits have been completed for Mariners

Hospital for fiscal years through 2009 and for all other BHSF Hospitals through fiscal year 2008

BHSF provides charity care to patients who are financially unable to pay for the healthcare services they receive Uninsured patients treated at BHSF facilities with household income at or below 300% of the federal poverty level are eligible for free care In addition, uninsured patients may be eligible for charity care if incurred charges are considered beyond the patient's ability to pay The federal poverty level is established by the federal government and is based on income and family size BHSF provided charity care at a cost of approximately $104,488,000 and $95,229,000 for the years ended September 30, 2013 and 2012, respectively The estimated cost of providing charity services is based on recent historical cost-to-charge ratios for charity patients from BHSF's cost accounting system applied to the current period gross uncompensated charges associated with providing care to charity patients

BHSF receives payments for services rendered from government agencies (primarily the Medicare and Medicaid programs), managed care health plans, commercial insurance companies, employers and patients During the years ended September 30, 2013 and 2012, approximately 12% of BHSF's net patient service revenue related to patients participating in the Medicare program BHSF recognizes that revenues and receivables from the Medicare program are significant to its operations but does not believe that there are significant credit risks associated with this federal program BHSF does not believe that there are any other significant concentrations of revenues from any particular payor that would subject it to any significant credit risks in the collection of its accounts receivable

The concentration of net patient service accounts receivable by payor class, as a percentage of total net patient service accounts receivable, at September 30, 2013 and 2012, was as follows

	2013	2012
Medicare	13%	14%
Managed care	72	71
Medicaid	5	5
Other third-party payors	9	6
Patients	1	4
Total	100%	100%

BHSF provides for accounts receivable that could become uncollectible in the future by establishing an allowance to reduce the carrying value of such receivables to their estimated net realizable value Additions to the allowance for doubtful accounts are made by means of the provision for doubtful accounts Accounts written off as uncollectible are deducted from the allowance and subsequent recoveries are added BHSF estimates the allowance for doubtful accounts by reserving a percentage of accounts receivable based on historical and expected collections, business and economic conditions, trends in reimbursement, and other collection indicators For receivables associated with services provided to patients who have third-party coverage, including receivables from government agencies, BHSF analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts For all payor types, when BHSF can no longer reasonably estimate collectability of an account based on the aging of the balance due and the volatility and unpredictable nature of the amount, BHSF reserves substantially all amounts due Recoveries on written-off accounts receivable are recorded in the period the recovery occurs as an increase in net patient service revenue through an adjustment to the provision for doubtful accounts

Collections are impacted by the ability of patients to pay and the effectiveness of BHSF's collection efforts Significant changes in payor mix, business office operations, economic conditions, or trends in federal and state governmental healthcare coverage could affect BHSF's collection of accounts receivable and the estimates of the collectability of future accounts receivable The process of estimating the allowance for doubtful accounts requires BHSF to estimate the collectability of self-pay accounts receivable, which is primarily based on its collection history, adjusted for expected recoveries and, if available, anticipated changes in collection trends BHSF also continually reviews its overall reserve adequacy by monitoring historical cash collections as well as by analyzing payor classification, aged accounts receivable by payor, days revenue outstanding, and business and economic conditions

The following summarizes net patient service revenue before provision for doubtful accounts by payor class for the years ended September 30, 2013 and 2012

	2013	2012
Net patient service revenue before provision for doubtful accounts		
Medicare	$278,348,589	$280,286,559
Medicaid	122,556,965	151,624,923
Managed care	1,655,598,086	1,527,434,826
Other	331,824,291	294,186,869
Net patient service revenue before provision for doubtful accounts	$2,388,327,931	$2,253,533,177

The following summarizes the activity in BHSF's allowance for doubtful accounts for the years ended September 30, 2013 and 2012

	2013	2012
Balance, beginning of year	$161,577,848	$171,301,561
Provision, during the year	280,026,007	282,213,678
Accounts written off (net of recoveries)	(279,673,641)	(291,937,391)
Balance, end of year	$161,930,214	$161,577,848

Net patient service revenue recognized for medical services rendered includes adjustments resulting from reviews and audits of prior-year Medicare and Medicaid cost reports and subsequent payment experience from patients and third-party payors Such adjustments are considered in the recognition and estimation of revenue in the periods the adjustments become known or as cost report years are no longer subject to reviews and audits

In 2012, the Center for Medicare and Medicaid Services ("CMS") released revised rates related to the disproportionate share ("DSH") adjustment that is applied to eligible hospitals' diagnosis related groupings ("DRG") payments The DSH adjustment is a percentage add-on to the basic DRG payments and is available to hospitals that serve a disproportionate number of indigent patients All of the BHSF hospitals are considered disproportionate share hospitals, except Mariners, which is classified as a critical access hospital The newly-released, revised rates substantially reduced the add-on percentage for each of the BHSF DSH hospitals, not only for current and prospective encounters but also for all Medicare discharges beginning in fiscal year 2006 The cumulative negative effect of the 2012 rate changes were reflected as a reduction in net patient service revenue of approximately $22,500,000 in the fiscal year ended September 30, 2012 Subsequent CMS DSH rate adjustment in 2013 had no material impact

The combined effects from changes in estimates related to the valuation of prior periods accounts receivable, primarily due to favorable payment experience from patients and third-party payors, was an increase in income from operations of approximately $21,971,000 and $49,400,000, for the years ended September 30, 2013 and 2012, respectively Additionally, during the years ended September 30, 2013 and 2012, BHSF received approximately $30,895,000 and $4,500,000, respectively, related to favorable settlements of outstanding disputes with various commercial third-party payors Third-party payor settlements are recorded as an increase to net patient service revenue when the disputes are settled and the cash settlements are received

3 ASSETS WHOSE USE IS LIMITED AND OTHER INVESTMENTS

Assets whose use is limited and other investments at September 30, 2013, are set forth in the following table and stated at fair value

	Assets Whose Use is Limited	Other Investments	Total
Financial assets			
Cash and short-term investments	$179,128,415	$4,319,235	$183,447,650
U S Treasury obligations	85,084,758	1,849,968	86,934,726
U S Agency obligations	63,943,716	1,354,158	65,297,874
Municipal bonds	6,456,819	171,269	6,628,088
Corporate equity instruments	1,035,667,374	30,302,712	1,065,970,086
Corporate bonds	525,678,605	10,325,457	536,004,062
Foreign government bonds	327,483,374	9,222,253	336,705,627
Foreign corporate bonds	62,433,961	1,231,933	63,665,894
Foreign exchange contracts	3,028,561	84,034	3,112,595
Global properties securities fund	63,604,945	1,724,702	65,329,647
Infrastructure fund	48,883,295	1,746,736	50,630,031
Commodity fund	63,293,839	1,763,042	65,056,881
Total financial assets	2,464,687,662	64,095,499	2,528,783,161
Redemption receivable from commodity fund	53,229,406	1,651,928	54,881,334
Total	$2,517,917,068	$65,747,427	$2,583,664,495

Assets whose use is limited and other investments at September 30, 2012, are set forth in the following table and stated at fair value

	Assets Whose Use is Limited	Other Investments	Total
Cash and short-term investments	$238,364,436	$2,841,432	$241,205,868
U S Treasury obligations	108,917,615	1,722,761	110,640,376
U S Agency obligations	58,769,439	1,471,986	60,241,425
Municipal bonds	9,477,098	270,922	9,748,020
Corporate equity instruments	870,303,260	26,450,454	896,753,714
Corporate bonds	491,398,674	9,718,198	501,116,872
Foreign government bonds	364,888,402	10,402,385	375,290,787
Foreign corporate bonds	52,198,235	1,216,091	53,414,326
Foreign exchange contracts	2,789,538	78,587	2,868,125
Global properties securities fund	62,264,246	1,688,348	63,952,594
Infrastructure fund	33,531,815	1,198,185	34,730,000
Commodity fund	53,607,437	1,663,660	55,271,097
Total	$2,346,510,195	$58,723,009	$2,405,233,204

On June 30, 2013, BHSF submitted a redemption notice to liquidate its holdings in one of the commodity funds The redemption amount is based on the fair market value of BHSF's interest as of September 30, 2013 On September 30, 2013, the investment was redeemed BHSF recorded a redemption receivable from the commodity fund of approximately $54,881,000 as of September 30, 2013 Approximately $52,137,000 was received in October 2013, with the remaining balance to be received upon completion of the fund's annual audit

The following is the composition of assets whose use is limited at September 30, 2013 and 2012

	2013	2012
Board designated for		
Funded depreciation	$2,244,842,957	$2,026,195,921
Education	335,043	335,043
Total Board designated	2,245,178,000	2,026,530,964
Note proceeds designated for capital improvements	259,872,509	255,456,552
Cash and short-term investments held by trustee under bond indenture agreement	82	51,306,817
Insurance reserves	12,866,477	13,215,862
Total	2,517,917,068	2,346,510,195
Less amount required for current liabilities	(557,008)	(520,671)
Assets whose use is limited	$2,517,360,060	$2,345,989,524

Assets held by the trustee under the bond indenture agreement at September 30, 2012, include a project fund with unexpended bond proceeds with a balance of approximately $51,289,000 (see Note 6)

Other investments represent assets of the Foundation At September 30, 2013 and 2012, other investments in the amount of approximately $26,125,000 and $26,190,000, respectively, were temporarily restricted as to use by donors, and approximately $11,669,000 and $11,294,000, respectively, were permanently restricted as to use by donors

Investment income and gains and losses for assets whose use is limited, other investments and cash and cash equivalents are comprised of the following for the years ended September 30, 2013 and 2012

	2013	2012
Investment income		
Interest and dividends income	$55,670,898	$56,804,792
Realized gains on sales of securities	134,344,244	88,507,489
Realized losses on sales of securities	(58,674,368)	(105,631,390)
Change in net unrealized gains and losses	74,951,726	211,185,130
Investment income	$206,292,500	$250,866,021
Other changes in temporarily restricted net assets		
Investment income	$167,954	$638,304
Realized gains (losses) on investments - net	99,611	(112,748)
Total	$267,565	$525,556

4 PROPERTY AND EQUIPMENT - NET

Property and equipment at September 30, 2013 and 2012, are summarized as follows

	2013	2012
Land and land improvements	$278,698,293	$184,662,584
Buildings and improvements	1,047,264,958	936,318,435
Equipment	849,726,016	761,613,735
Total	2,175,689,267	1,882,594,754
Less accumulated depreciation	(953,304,907)	(859,865,395)
Total	1,222,384,360	1,022,729,359
Construction in progress	75,717,294	117,553,819
Property and equipment - net	$1,298,101,654	$1,140,283,178

Interest costs incurred during fiscal years 2013 and 2012 were approximately $47,960,000 and $48,595,000, respectively Interest capitalized was approximately $1,719,000 and $3,496,000, during fiscal years 2013 and 2012, respectively Capitalized interest was net of approximately $2,000 and $5,000 of interest income earned on temporary investments of bond proceeds, during fiscal years 2013 and 2012, respectively Depreciation expense on property and equipment, for the years ended September 30, 2013 and 2012, amounted to approximately $117,428,000 and $112,707,000, respectively

During fiscal year 2013, BHSF and certain BHSF Hospitals closed on several building and land purchases with a total cost of approximately $128,674,000 These acquisitions are for use in BHSF's clinical and administrative operations

5 GOODWILL

Goodwill of approximately $29,351,000 arose from the acquisition of Doctors Hospital by South Miami Hospital in October 2003 Goodwill has arisen from various acquisitions by BHE, including approximately $17,554,000 from the acquisition of GEC on January 1, 2009 Doctors Hospital's and BHE's goodwill are subject to at least an annual assessment for impairment by applying a fair-value based test, which is conducted each year as of September 30 or more frequently, when events or other changes in circumstances indicate that the carrying value of goodwill may not be recoverable There was no impairment of Doctors Hospital's or BHE's goodwill at September 30, 2013 or 2012 There were no transactions during the years ended September 30, 2013 and 2012, which resulted in additional goodwill

6 DEBT

Pursuant to a Master Trust Indenture, an obligated group was created, which at September 30, 2013 and 2012, consisted of BHSF, the BHSF Hospitals and BOS (the "BHSF Obligated Group") Each member of the BHSF Obligated Group is jointly and severally liable for all debt issued under the Master Trust Indenture

On May 16, 2007, the BHSF Obligated Group issued through the City of South Miami Health Facilities Authority ("SMHFA") $800,000,000 of its Hospital Revenue Bonds, Series 2007 ("2007 Bonds") in accordance with the provisions of a new Master Trust Indenture dated as of May 1, 2007 The 2007 Bonds bear interest at rates ranging from 4 62% to 5 00%, payable semiannually each February 15 and August 15, and mature annually on August 15 through 2042 Payment of principal and interest on the 2007 Bonds is wholly dependent on the credit of the BHSF Obligated Group Certain proceeds of the 2007 Bonds, together with other available funds, were used to refund outstanding bonds and pay expenses incurred in connection with the issuance of the 2007 Bonds, and the remaining proceeds have been used for the costs of acquiring, constructing, renovating, rehabilitating and equipping certain healthcare facilities of BHSF

On May 25, 2011, the BHSF Obligated Group issued $250,000,000 of its Baptist Health South Florida Obligated Group Taxable Notes, Series 2011 (the "2011 Taxable Notes") The 2011 Taxable Notes were issued under the Master Trust Indenture, as amended and supplemented by a First Supplemental Master Trust Indenture The 2011 Taxable Notes bear interest at 4 59% per annum and mature on August 15, 2021 Proceeds of the 2011 Taxable Notes may be used for any corporate purposes, however, BHSF has designated that the proceeds will be used to finance capital improvements to the healthcare facilities of the BHSF Obligated Group members

On December 21, 2011, the BHSF Obligated Group implemented a commercial paper program that allows BHSF to issue up to $150,000,000 of taxable commercial paper notes for general corporate purposes at an interest rate to be determined at the time of the commercial paper notes issuance As of September 30, 2012, approximately $30,000,000 had been drawn on the available commercial paper, all of which matured on November 2, 2012 Commercial paper borrowings had a weighted-average interest rate of 0 40% and 0 35%, during fiscal years 2013 and 2012, respectively No new commercial paper notes were issued in the year ended September 30, 2013

On September 16, 2013, BHSF assumed a mortgage note with an outstanding principal balance of $20,411,006 as part of the purchase of an office building located in Coral Gables, Florida The mortgage note bears interest at 5 33% per annum, with monthly interest and principal payments, and a balloon principal payment of $19,746,010 due at maturity on January 1, 2015 The mortgage note has a prepayment penalty which expires on October 1, 2014

Under the Master Trust Indenture, as amended and supplemented by a First Supplemental Master Trust Indenture, the BHSF Obligated Group has certain restrictions on incurrence of additional debt and certain other covenants At September 30, 2013, the BHSF Obligated Group was in compliance with all of its debt covenants

A summary of debt at September 30, 2013 and 2012, is as follows

	2013	2012
2007 Bonds (including unaccreted bond premium 2013 - $13,831,414, 2012 - $14,950,221)	$753,231,414	$765,720,221
2011 Taxable Notes	250,000,000	250,000,000
Mortgage Notes Payable	20,368,036	
Commercial paper notes (net of unamortized discount 2012 $17,428)		29,982,572
Capital lease obligation		63,530
Total	1,023,599,450	1,045,766,323
Amount representing current maturities	(12,468,437)	(41,416,101)
Long-term debt	$1,011,131,013	$1,004,350,222

At September 30, 2013, the scheduled principal payments on long-term debt for the next five years and thereafter are as follows

Year ending September 30	Revenue Bonds	Taxable Notes	Mortgage Notes	Total
2014	$11,940,000		$528,437	$12,468,437
2015	12,535,000		19,839,599	32,374,599
2016	13,160,000			13,160,000
2017	13,820,000			13,820,000
2018	14,510,000			14,510,000
Thereafter	673,435,000	$250,000,000		923,435,000
Total	$739,400,000	$250,000,000	$20,368,036	$1,009,768,036

The Internal Revenue Service ("IRS") routinely examines municipal debt to determine compliance with federal tax regulations On January 24, 2011, the City of Coral Gables Health Facilities Authority received a letter from the IRS stating that the Hospital Revenue Bonds, Series 2004 had been selected for a routine examination Upon conclusion of the audit, the IRS issued a no-change determination letter on November 10, 2011 On November 28, 2011, the SMHFA received a letter from the IRS stating that the 2007 Bonds have been selected for a routine examination On August 12, 2013, BHSF and the SMHFA entered into a closing agreement with the IRS which fully resolved all issues

7 NET ASSETS

A summary of the changes in consolidated unrestricted net assets attributable to BHSF and the noncontrolling interests for the year ended September 30, 2013, is as follows

	Total	BHSF	Noncontrolling Interests
Balance, beginning of year	$2,276,654,946	$2,270,997,724	$5,657,222
Excess of revenues over expenses	372,491,540	361,103,588	11,387,952
Net assets released from restrictions used for property and equipment acquisitions	4,792,186	4,792,186	
Change in value of split-interest agreements	(178,611)	(178,611)	
Transfers from temporarily restricted net assets	9,510	9,510	
Changes in accumulated postretirement benefit obligation other than periodic benefit cost	17,518,039	17,518,039	
Sale of limited partnership interests	346,643		346,643
Purchase of limited partnership interests	(254,767)		(254,767)
Partnership distributions	(11,745,732)		(11,745,732)
Increase in unrestricted net assets	382,978,808	383,244,712	(265,904)
Balance, end of year	$2,659,633,754	$2,654,242,436	$5,391,318

A summary of the changes in consolidated unrestricted net assets attributable to BHSF and the noncontrolling interests for the year ended September 30, 2012, is as follows

	Total	BHSF	Noncontrolling Interests
Balance, beginning of year	$1,952,089,979	$1,946,775,047	$5,314,932
Excess of revenues over expenses	327,993,622	317,445,155	10,548,467
Net assets released from restrictions used for property and equipment acquisitions	3,094,801	3,094,801	
Change in value of split-interest agreements	(89,354)	(89,354)	
Transfers from temporarily restricted net assets	(28,852)	(28,852)	
Changes in accumulated postretirement benefit obligation other than periodic benefit cost	3,800,927	3,800,927	
Sale of limited partnership interests	937,903		937,903
Purchase of limited partnership interests	(115,069)		(115,069)
Partnership distributions	(11,029,011)		(11,029,011)
Increase in unrestricted net assets	324,564,967	324,222,677	342,290
Balance, end of year	$2,276,654,946	$2,270,997,724	$5,657,222

Temporarily and permanently restricted net assets are available for the following purposes at September 30, 2013 and 2012

	2013	2012
Equipment and building fund	$27,257,166	$25,979,453
Indigent care	11,829,392	11,876,676
Health education	18,648,946	16,375,330
Temporarily and permanently restricted net assets	$57,735,504	$54,231,459

BHSF's endowment consists of funds that have been limited by donors to a specific time period or purpose As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions Endowment funds received are included in assets whose use is limited and invested in accordance with BHSF's investment policy (see Note 1)

Gifts donated to the permanently restricted endowments are classified as permanently restricted net assets at their original fair value Gifts donated with temporary restrictions are classified as temporarily restricted net assets at their original fair value, until those amounts are appropriated for expenditure by the BHSF Hospitals or BOS in accordance with donors' wishes Income derived from permanently and temporarily restricted net assets is expendable to support the BHSF Hospitals and BOS, absent explicit donor stipulations to the contrary

8 MEDICAL MALPRACTICE AND GENERAL LIABILITY INSURANCE

BHSF is self-insured for professional and general liability coverage Coverage in excess of the self-insurance limits, less coinsurance, is provided on a claims-made basis by PIC, which reinsures 100% of its professional and general liability risk with unrelated commercial insurance carriers The adequacy of the coverage provided and the provisions for losses are reviewed quarterly by independent actuaries Should the claims-made policies be terminated, or not renewed or replaced with equivalent insurance, claims based on incidents during their term, but reported subsequently, will be uninsured At September 30, 2013 and 2012, BHSF has accrued undiscounted estimates of approximately $179,456,000 and $154,248,000, respectively, which represents the cost to settle malpractice and general liability claims reported and claims incurred but not reported Approximately $45,180,000 and $36,292,000 is included in accrued expenses and other current liabilities, and approximately $134,276,000 and $117,956,000 is included in other liabilities, in the accompanying consolidated balance sheets at September 30, 2013 and 2012, respectively

The fiscal year 2013 and 2012 consolidated statements of operations reflect a change in estimate in the accrued undiscounted cost to settle malpractice and general liability claims of approximately $17,328,000 and $14,156,000, respectively, primarily due to favorable development and settlement of historical outstanding claims

9 EMPLOYEE BENEFITS PROGRAMS

BHSF subsidizes the cost of health insurance for its employees through a self-insured employee health plan Under the self-insurance plan, all claims from employees and their dependents, less deductibles and coinsurance, as provided in the plan, are paid directly by BHSF to the plan administrators BHSF has commercial insurance coverage for per-occurrence claims in excess of the self-insured limits At September 30, 2013 and 2012, BHSF has recorded liabilities for outstanding and estimated unreported claims of its employees and their covered dependents under this plan of approximately $15,115,000 and $15,600,000, respectively, which are included in accrued wages, salaries and benefits in the accompanying consolidated balance sheets

BHSF is self-insured for workers' compensation claims BHSF purchases commercial insurance coverage for per-occurrence workers' compensation claims in excess of the self-insured limit BHSF has recorded liabilities for outstanding and estimated unreported claims covered under this plan, which are included in accrued expenses and other current liabilities in the accompanying consolidated balance sheets

10 POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

BHSF provides certain healthcare benefits for retired employees Under accounting principles generally accepted in the United States of America, BHSF is required to accrue the estimated cost of retiree benefit payments during the years the employee provides service

The following table sets forth the changes in benefit obligation, plan liability and funded status of the postretirement healthcare benefit plan for the years ended September 30, 2013 and 2012

	2013	2012
Change in benefit obligation		
Benefit obligation, beginning of year	$43,513,790	$41,539,093
Service cost	3,399,108	4,154,339
Interest cost	1,206,410	1,670,757
Benefits paid - net	(133,190)	(49,472)
Actuarial gain	(18,521,819)	(3,800,927)
Benefit obligation, end of year	$29,464,299	$43,513,790
Change in plan liability		
Net plan liability, beginning of year	$43,513,790	$41,539,093
Other changes in benefit obligation recognized in net unrestricted assets	(17,518,039)	(3,800,927)
Net periodic benefit cost	3,601,738	5,825,096
Benefits paid - net	(133,190)	(49,472)
Net postretirement liability, end of year	$29,464,299	$43,513,790
Funded status of plan		
Current assets	$0	$0
Noncurrent assets	$0	$0
Current liabilties	$565,975	$740,648
Noncurrent liabilities	$28,898,324	$42,773,142

Components of the net periodic benefit cost of the postretirement benefit plan for the years ended September 30, 2013 and 2012, consisted of the following

	2013	2012
Service cost	$3,399,108	$4,154,339
Interest cost	1,206,410	1,670,757
Recognized actuarial gain	(1,003,780)	
Net periodic benefit cost	$3,601,738	$5,825,096

The following benefit payments, which reflect expected future service and expected benefit payments for services previously rendered relative to the postretirement benefit plan, are expected to be paid as follows

Year ending September 30	
2014	$565,975
2015	$752,199
2016	$982,488
2017	$1,233,171
2018	$1,553,939
2019 - 2023	$12,987,361

The assumed healthcare cost trend rate used in measuring the accumulated postretirement benefit obligation of the medical plan at September 30, 2013, was 8 5% in 2013, declining gradually to 5 0% by the year 2022 The assumed healthcare cost trend rate used in measuring the accumulated postretirement benefit obligation of the medical plan at September 30, 2012, was 8 5% in 2012, declining gradually to 5 0% by the year 2020 The assumed discount rate used in determining the accumulated postretirement benefit obligation at September 30, 2013 and 2012, was 5 1% and 4 2%, respectively A one-percentage point increase in the assumed healthcare cost trend rates would increase the total of service cost and interest cost components and the postretirement benefit obligation by approximately $820,000 and $4,144,000, respectively A one-percentage point decrease in the assumed healthcare cost trend rates would decrease the total of service cost and interest cost components and the postretirement benefit obligation by approximately $676,000 and $3,512,000, respectively

11 RETIREMENT PLAN

BHSF sponsors a defined contribution retirement plan (the "Plan") in which participation is available to substantially all full-time employees Under the terms of the Plan, BHSF provides a basic contribution of 3% of the employee's gross salary In addition, BHSF matches 50% of the amount the participating employee has contributed through a voluntary salary reduction agreement with BHSF The maximum matching contribution is limited to 2% of the employee's gross salary Provisions of the Plan include 100% vesting of BHSF contributions after three years of continuous service Upon a participant's retirement, death or disability, or as required by law, the participant's vested interest in his or her account can be distributed in either a lump-sum amount equal to the value of the participant's vested interest in his or her account or annual installments over the life expectancy of the participant The funding levels for the Plan are subject to periodic determination by the Board of Trustees of BHSF Costs incurred in connection with the Plan, for the years ended September 30, 2013 and 2012, were approximately $38,444,000 and $36,723,000, respectively, and are included in wages, salaries and benefits expense in the accompanying consolidated statements of operations

12 INCOME TAXES

The components of the income tax provision for the years ended September 30, 2013 and 2012, are as follows

	2013	2012
Current income tax provision		
Federal	$3,827,460	$3,487,891
State	492,910	281,998
Total current income tax provision	4,320,370	3,769,889
Deferred income taxes		
Federal	(1,314,652)	2,312,532
State	(116,733)	155,906
Total deferred income taxes	(1,431,385)	2,468,438
Income tax provision	$2,888,985	$6,238,327

Deferred income taxes, at September 30, 2013 and 2012, are provided for the temporary differences between the tax bases of the assets and liabilities of BHE and Insurance Companies and their bases for financial reporting purposes

The tax effects of temporary differences are as follows

	2013	2012
Current deferred tax (liabilities) assets		
Unrealized gains	($173,899)	($196,828)
Realized losses	729,467	87,560
Other current assets		79,584
Accrued liabilities and other	(5,465)	(4,926)
Total current deferred tax assets (liabilities)	550,103	(34,610)
Non-current deferred tax assets (liabilities)		
Depreciation	1,323,370	582,675
Net unearned premiums	377,189	327,359
Loss and loss adjustment	146,466	76,189
Investment in unconsolidated subsidiaries	(3,376,927)	(3,252,297)
Interest on surplus note	193,148	82,648
Installment gain	(667,631)	(667,631)
Total non-current deferred tax liabilities	(2,004,385)	(2,851,057)
Total net deferred tax liabilities	($1,454,282)	($2,885,667)

The current accounting standards require that deferred income taxes reflect the tax consequences on future years of differences between the tax bases of assets and liabilities and their bases for financial reporting purposes In addition, future tax benefits, such as minimum tax credit carryforwards, are required to be recognized to the extent that realization of such benefits is more likely than not As of September 30, 2013 and 2012, BHSF had no material unrecognized tax positions

BHSF is periodically audited by federal and state taxing authorities The outcome of these audits may result in BHSF being assessed taxes in addition to amounts previously paid In September 2013, the IRS initiated an examination of Baptist Sleep Center at Galloway, LLC Federal returns for fiscal years 2010 through 2012, remain open and subject to examination by the IRS

13 LEASE AGREEMENTS

BHSF and its affiliates have lease agreements that provide for terms of five to twenty years and for renewals at rents to be negotiated Rents are adjusted annually for changes in the Consumer Price Index ("CPI")

The following is a schedule of the approximate minimum future rental revenue for the next five years and thereafter on noncancelable leases in effect at September 30, 2013

Year ending September 30	
2014	$11,001,000
2015	7,244,000
2016	5,159,000
2017	3,887,000
2018	3,182,000
Thereafter	4,353,000
Total	$34,826,000

14 COMMITMENTS AND CONTINGENCIES

Construction - BHSF has made certain commitments associated with its continuous construction programs BHSF's future construction expenditures related to these commitments in years subsequent to 2013 are currently estimated at $142,462,000 Actual construction expenditures may vary from these estimates

Operating Leases - BHSF's operating leases are primarily related to its copy machines, miscellaneous medical equipment, and parking and office space Copy machine and miscellaneous medical equipment leases are subject to automatic renewal at the end of their respective lease terms for successive one-year periods under renegotiated terms and conditions BHSF leases parking and office space under agreements that provide for terms of three to thirty years and renewals at rates to be negotiated Office space rents are adjusted annually for changes in the CPI Total lease expenses charged to operations for the years ended September 30, 2013 and 2012, amounted to approximately $18,450,000 and $19,370,000, respectively

The following is a schedule of the approximate minimum future rental payments for the next five years and thereafter on noncancelable leases in effect at September 30, 2013

Year ending September 30	
2014	$10,209,000
2015	9,762,000
2016	8,043,000
2017	7,157,000
2018	6,326,000
Thereafter	12,974,000
Total	$54,471,000

Physician Income Guarantees - Baptist Hospital, South Miami Hospital, West Kendall Baptist Hospital, Mariners Hospital and Homestead Hospital provide income and revenue guarantee agreements to certain non-employee physicians and physician groups who agree to fill a community need in the hospitals' service areas and commit to remain in practice there for a specified period of time Under such agreements, the hospitals are required to make payments to the physicians and physician groups in excess of the amounts earned or revenue collected in their practices up to the amount of the guarantees The income and revenue collection guarantee agreements in effect at September 30, 2013, expire at various times through June 30, 2015

At September 30, 2013, the maximum potential amount of future payments under the income and revenue collection guarantees was $38,187,000 At September 30, 2013, a liability for future payments under the income and revenue collection guarantees in the amount of $25,092,000 is included in accrued expenses and other current liabilities and other liabilities in the accompanying consolidated balance sheet

Litigation - BHSF is subject to claims and suits, including malpractice allegations, arising in the ordinary course of business It is management's opinion, based on consultation with legal counsel and prior experience with similar cases, that the ultimate resolution of such suits now pending will not have a material adverse effect on BHSF's future financial position, results from consolidated operations or its cash flows

Other Industry Risks - The healthcare industry is subject to numerous laws and regulations of federal, state and local governments, which are complex and subject to interpretation Compliance with these laws and regulations, including those relating to the Medicare and Medicaid programs, can be subject to governmental review and interpretation Federal government activity has increased with respect to investigations and allegations concerning possible violations of laws and regulations by healthcare providers Unfavorable outcomes related to these regulatory investigations could result in the imposition of significant monetary fines, and civil and criminal penalties, as well as significant repayments of previously billed and collected revenue from patient services, and exclusion from participation in the Medicare and Medicaid programs

In March 2010, the Patient Protection and Affordability Care Act (the "Act"), a comprehensive healthcare reform bill, was signed into law The legislation is complex and will be phased in over several years, with the most significant parts taking effect in 2014 BHSF continues to assess the potential impact of this reform on its operations but does not have enough information or data to predict the effects with certainty However, it is possible that the Act will have an adverse impact on the operations or financial results of BHSF

15 FUNCTIONAL EXPENSES

BHSF provides general healthcare services to residents within its geographic location Expenses related to providing these services during the years ended September 30, 2013 and 2012, are as follows

	2013	2012
Healthcare services	$1,278,946,136	$1,264,382,868
Other operating expenses	722,036,795	690,668,005
Total	$2,000,982,931	$1,955,050,873

16 FAIR VALUE MEASUREMENTS

Assets Whose Use is Limited and Other Investments - BHSF has elected the fair value option for all investments in debt and equity securities BHSF classifies investments according to a hierarchy of techniques used to determine fair value based on the types of inputs

Level 1 inputs are unadjusted quoted market prices in active markets for identical assets or liabilities that are available as of the measuring date Securities in this category are primarily cash and short-term investments, U S Treasury obligations, corporate equity instruments and foreign exchange contracts

Level 2 inputs are quoted prices in markets that are not active or inputs that are observable either directly or indirectly Level 2 inputs include quoted prices for similar assets other than quoted prices in Level 1 or other inputs that are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities Investments classified as Level 2 primarily include debt securities such as U S Agency obligations, municipal bonds, domestic and foreign corporate bonds, and foreign government bonds BHSF's bank custodians use independent pricing services to provide fair values for these securities These pricing services use the market and income approaches and utilize pricing models that vary by asset class and incorporate available trade, bid and other market information For securities that do not trade on a daily basis, these pricing services utilize available information through processes such as benchmark curves, benchmarking of like securities, sector groupings and matrix pricing As of the September 30, 2013 and 2012, BHSF has recorded the valuations, without adjustment, which were provided by the pricing service The Level 2 classification also includes BHSF's investment in the global properties securities fund This fund is valued using the net asset value provided by the investment manager

Level 3 inputs are unobservable inputs that are supported by little or no market activity and are significant to the fair value of the asset or liability Unobservable inputs reflect BHSF's own judgment about the assumptions that market participants would use in pricing the asset or liability Level 3 assets and liabilities include financial instruments for which fair values are 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 For the years ended September 30, 2013 and 2012, BHSF had alternative investments which are Level 3 on the fair value hierarchy, including the commodity and infrastructure funds BHSF's Level 3 investments are valued using the net asset value provided by the investment manager

Transfers between levels occur when there are changes in the determination of whether inputs are observable or not, as well as due to changes in market activity At September 30, 2013, there were no changes to level classifications for securities held at September 30, 2012

The disclosure of fair value measurements as of September 30, 2013, is as follows

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Financial assets				
Cash and short-term investments	$183,447,649			$183,447,649
U S Treasury obligations	86,934,727			86,934,727
U S Agency obligations		$65,297,873		65,297,873
Municipal bonds		6,628,089		6,628,089
Corporate equity instruments	1,065,694,092	275,994		1,065,970,086
Corporate bonds		536,004,062		536,004,062
Foreign government bonds		336,705,627		336,705,627
Foreign corporate bonds		63,665,894		63,665,894
Foreign exchange contracts	3,112,595			3,112,595
Global properties securities fund		65,329,647		65,329,647
Infrastructure fund			$50,630,031	50,630,031
Commodity funds			65,056,881	65,056,881
Total	$1,339,189,063	$1,073,907,186	$115,686,912	$2,528,783,161
Financial liabilities				
Derivative liabilities	$9,964,000			$9,964,000

The disclosure of fair value measurements as of September 30, 2012, is as follows

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Financial assets				
Cash and short-term investments	$241,205,868			$241,205,868
U S Treasury obligations	110,640,376			110,640,376
U S Agency obligations		$60,241,425		60,241,425
Municipal bonds		9,748,020		9,748,020
Corporate equity instruments	896,516,178	237,536		896,753,714
Corporate bonds		501,116,872		501,116,872
Foreign government bonds		375,290,787		375,290,787
Foreign corporate bonds		53,414,326		53,414,326
Foreign exchange contracts	2,868,125			2,868,125
Global properties securities fund		63,952,594		63,952,594
Infrastructure fund			$34,730,000	34,730,000
Commodity fund			55,271,097	55,271,097
Total	$1,251,230,547	$1,064,001,560	$90,001,097	$2,405,233,204
Financial liabilities				
Derivative liabilities	$3,495,000			$3,495,000

A summary of the change in the fair value of BHSF's Level 3 alternative investments for the years ended September 30, 2013 and 2012, is as follows

	Infrastructure Funds		Commodity Funds	
	2013	2012	2013	2012
Balance, beginning of year	$34,730,000	$33,720,000	$55,271,097	$39,152,209
Purchases	15,000,000		70,000,000	20,000,000
Sales and distributions	(2,900,456)	(2,274,920)	(54,881,334)	
Realized and unrealized gains (losses) - net	3,800,487	3,284,920	(5,332,882)	(3,881,112)
Balance, end of year	$50,630,031	$34,730,000	$65,056,881	$55,271,097

BHSF's investment policy provides for a diversified investment portfolio which considers return, risk, social values and BHSF's short-term and long-term liquidity needs, and supports its self-liquidity program This policy allows participation in alternative investment funds BHSF's investments in the global properties securities, infrastructure, and commodity funds are considered alternative investments and do not have readily determinable fair values All of BHSF's alternative investments contain restrictions on an investor's ability to liquidate the investment All funds may restrict redemptions if, in their respective determinations, it would be in the best interest of the fund to do so Absent the fund manager's election to restrict, redemptions differ from each fund BHSF is not aware of any redemption restrictions in place as of September 30, 2013 In addition, BHSF has no unfunded commitments to any fund as of September 30, 2013

The global properties securities fund, with a fair value of $65,329,647 at September 30, 2013, allows redemptions on a monthly basis with 15 days notice The infrastructure fund, with a fair value of $50,630,031 at September 30, 2013, has two redemption dates per year with 90 days notice required The commodity fund, with a fair value of $65,056,881 as of September 30, 2013, allows redemptions on a quarterly basis with 90 days notice

Debt - The carrying amounts reported for BHSF's mortgage note payable and commercial paper notes approximate fair value because of the short maturity of these instruments (see Note 6) The combined carrying value and estimated fair value of BHSF's 2007 Bonds and 2011 Taxable Notes at September 30, 2013, were $1,003,231,414 and $1,028,175,000, respectively, and the combined carrying value and estimated fair value at September 30, 2012, were $1,015,720,221 and $1,101,643,000, respectively The fair values of the 2007 Bonds and 2011 Taxable Notes are determined by an independent pricing service using observable inputs and are considered Level 2 on the fair value hierarchy This pricing service primarily utilizes a market pricing approach that utilizes trade data, bid/ask data, institutional bids, comparable trades, dealer quotes and other information

Other Assets and Liabilities - The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable, other assets, estimated third-party payor settlements and accrued expenses and other liabilities approximate fair value because of the short maturity of these instruments

17 SUBSEQUENT EVENTS

BHSF evaluated events and transactions for potential recognition or disclosure through December 16, 2013, the date the consolidated financial statements were issued

BAPTIST HEALTH SOUTH FLORIDA, INC. AND AFFILIATES

SUPPLEMENTAL CONSOLIDATING BALANCE SHEET INFORMATION
SEPTEMBER 30, 2013

	Baptist Health South Florida, Inc.	BHSF Hospitals	Baptist Outpatient Services, Inc.	Baptist Health Enterprises, Inc. & Subsidiaries	Baptist Health Medical Group	Insurance Companies	Baptist Health South Florida Foundation, Inc.	Consolidating Entries		Consolidated
ASSETS										
CURRENT ASSETS										
Cash and cash equivalents	$53,236,902	$50,725	$1,100	$11,848,242	$3,495	$13,459,493	$688,864			$79,288,821
Assets whose use is limited	221,965	335,043								557,008
Accounts receivable - net	60,596	210,410,912	7,556,892	5,268,437	4,003,925	4,229,038	11,635,203			243,165,003
Due from affiliates	16,360,292							($16,360,292)	(2)	0
Other current assets	38,970,470	59,784,447	916,851	1,340,653	371,583	54,951	1,434,913	(3,130,604)	(2)	99,743,264
Total current assets	108,850,225	270,581,127	8,474,843	18,457,332	4,379,003	17,743,482	13,758,980	(19,490,896)		422,754,096
ASSETS WHOSE USE IS LIMITED	2,504,493,583					12,866,477				2,517,360,060
OTHER INVESTMENTS							65,747,427			65,747,427
PROPERTY AND EQUIPMENT - NET	272,938,091	907,553,126	47,554,874	67,688,569	2,351,415		15,579			1,298,101,654
BENEFICIAL INTEREST IN NET ASSETS OF BAPTIST HEALTH SOUTH FLORIDA FOUNDATION, INC.	12,166,943	65,472,485	1,324,581					(78,964,009)	(3)	0
GOODWILL		22,547,681		20,414,200						42,961,881
OTHER ASSETS	5,635,632	14,199,710	29,248	404,153	10,011	3,953,981	8,027,974	(3,130,604)	(2)	29,130,105
DUE FROM AFFILIATES	510,376,378			635,394				(511,011,772)	(2)	0
NOTE RECEIVABLE - AFFILIATE	5,000,000			3,109,381				(8,109,381)	(2)	0
INVESTMENT IN AFFILIATES	242,822,617							(242,822,617)	(5)	0
TOTAL ASSETS	$3,662,283,469	$1,280,354,129	$57,383,546	$110,709,029	$6,740,429	$34,563,940	$87,549,960	($863,529,279)		$4,376,055,223
LIABILITIES AND NET ASSETS (DEFICIT)										
CURRENT LIABILITIES										
Accounts payable	$15,225,274									$15,225,274
Estimated third-party payor settlements		$13,341,153								13,341,153
Current maturities of long-term debt	528,437 (1)	11,837,292 (1)	$102,708 (1)							12,468,437
Accrued wages, salaries and benefits	61,066,835	91,225,275	4,282,951	$2,459,413	$6,705,383		$462,299			166,202,156
Accrued expenses and other liabilities	48,787,809	178,636,712	9,256,057	8,805,936	3,283,087	$15,403,774	3,694,758	($3,130,604)	(2)	264,737,529
Due to affiliates		11,679,591				304,768	4,375,933	(16,360,292)	(2)	0
Total current liabilities	125,608,355	306,720,023	13,641,716	11,265,349	9,988,470	15,708,542	8,532,990	(19,490,896)		471,974,549
LONG-TERM DEBT	269,839,599 (1)	734,914,816 (1)	6,376,598 (1)							1,011,131,013
OTHER LIABILITIES	9,911,742	154,388,399	3,364,354	3,791,959	4,070,989	3,130,603	52,961	(3,130,604)	(2)	175,580,403
NOTE PAYABLE - AFFILIATE		3,109,381				5,000,000		(8,109,381)	(2)	0
DUE TO AFFILIATES	544,945,833	337,163,160		23,323,428	149,957,102	568,082		(1,055,957,605)	(2)	0
Total liabilities	950,305,529	1,536,295,779	23,382,668	38,380,736	164,016,561	24,407,227	8,585,951	(1,086,688,486)		1,658,685,965
NET ASSETS (DEFICIT)										
Unrestricted										
Baptist Health South Florida, Inc. and Affiliates	2,654,242,436	(321,749,178)	32,676,297		(157,276,132)		26,563,548	419,785,465	(5)	2,654,242,436
Noncontrolling interests								5,391,318	(4)	5,391,318
Total unrestricted net assets (deficit)	2,654,242,436	(321,749,178)	32,676,297		(157,276,132)		26,563,548	425,176,783		2,659,633,754
Temporarily restricted	45,532,138	54,254,162	1,324,581				40,197,095	(95,778,838)	(3,5)	45,532,138
Permanently restricted	12,203,366	11,553,366					12,203,366	(23,756,732)	(3,5)	12,203,366
Total net assets (deficit)	2,711,977,940	(255,941,650)	34,000,878		(157,276,132)		78,964,009	305,644,213		2,717,369,258
STOCKHOLDER'S EQUITY										
Capital stock				3,000		1,200		(4,200)	(5)	0
Additional paid-in-capital				19,852,061		221,105		(20,073,166)	(5)	0
Retained earnings				47,081,914		9,934,408		(57,016,322)	(5)	0
Total stockholder's equity				66,936,975		10,156,713		(77,093,688)		0
Noncontrolling interests				5,391,318				(5,391,318)	(4)	0
Total equity				72,328,293		10,156,713		(82,485,006)		0
Total net assets (deficit) and stockholder's equity	2,711,977,940	(255,941,650)	34,000,878	72,328,293	(157,276,132)	10,156,713	78,964,009	223,159,207		2,717,369,258
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	$3,662,283,469	$1,280,354,129	$57,383,546	$110,709,029	$6,740,429	$34,563,940	$87,549,960	($863,529,279)		$4,376,055,223

Notes

(1) The members of the BHSF Obligated Group are jointly and severally liable for the entire amount of the long-term debt issued under the Master Trust Indenture. Long-term debt has been allocated to members of the BHSF Obligated Group based on the use of the proceeds.
(2) To eliminate intercompany receivables and payables.
(3) To eliminate beneficial interest in net assets of Baptist Health South Florida Foundation, Inc.
(4) To reclassify noncontrolling interests.
(5) To eliminate equity in income, the investment balance in affiliates and the related retained earnings.

BAPTIST HEALTH SOUTH FLORIDA INC AND AFFILIATES

SUPPLEMENTAL CONSOLIDATING STATEMENT OF OPERATIONS INFORMATION
YEAR ENDED SEPTEMBER 30 2013

	Baptist Health South Florida Inc	BHSF Hospitals	Baptist Outpatient Services Inc	Baptist Health Enterprises Inc & Subsidiaries	Baptist Health Medical Group	Insurance Companies	Baptist Health South Florida Foundation Inc	Consolidating Entries		Consolidated
UNRESTRICTED REVENUES GAINS AND OTHER SUPPORT										
Net patient service revenue before provision for doubtful accounts		$2 164 855 368	$114 271 403	$60 695 385	$48 505 775					$2 388 327 931
Provision for doubtful accounts		267 942 477	1 550 682	1 512 456	9 020 392					280 026 007
Net patient service revenue		1 896 912 891	112 720 721	59 182 929	39 485 383					2 108 301 924
Rental revenue	$1 303 076			14 439 346				($3 897 604)	(6 7)	11 844 818
Equity in affiliates	154 535 629							(154 535 629)	(5)	0
Other operating revenue	547 662 685	31 424 498	5 985 239	8 914 506	185 949	$8 116 322	$7 125 762	(559 492 832)	(6)	49 922 129
Total unrestricted revenues gains and other support	703 501 390	1 928 337 389	118 705 960	82 536 781	39 671 332	8 116 322	7 125 762	(717 926 065)		2 170 068 871
EXPENSES										
Wages salaries and benefits	251 427 263	755 143 655	30 155 889	22 448 106	66 083 616		3 005 575	40 124	(7)	1 128 304 228
Supplies	2 208 129	237 540 538	2 693 405	8 030 599	795 980		125 431	5 087 600	(6 7)	256 481 682
Malpractice and other insurance	64 781 629	61 458 383	1 918 101	46 560	3 545 259			(64 703 075)	(6)	67 046 857
Administrative and general	159 060 744	599 593 120	51 405 518	24 596 731	15 007 857	6 384 262	3 440 202	(473 808 580)	(6 7)	385 679 854
Depreciation and amortization	25 249 622	73 407 377	9 805 761	6 438 572	500 689		2 783	1 826 704	(7)	117 231 508
Interest	46 238 374	38 639 964	311 783	987 904		325 000		(40 264 223)	(6)	46 238 802
Total expenses	548 965 761	1 765 783 037	96 290 457	62 548 472	85 933 401	6 709 262	6 573 991	(571 821 450)		2 000 982 931
INCOME (LOSS) FROM OPERATIONS	154 535 629	162 554 352	22 415 503	19 988 309	(46 262 069)	1 407 060	551 771	(146 104 615)		169 085 940
OTHER INCOME										
Investment income										
Interest on affiliate advances	6 034 802			186 857				(6 221 659)	(6)	0
Other investment income	200 491 793					509 330	5 291 377			206 292 500
Other income	41 364	1 898 797	270 374	905				(2 209 355)	(6 7)	2 085
Total other income	206 567 959	1 898 797	270 374	187 762		509 330	5 291 377	(8 431 014)		206 294 585
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) BEFORE INCOME TAX PROVISION AND NONCONTROLLING INTERESTS	361 103 588	164 453 149	22 685 877	20 176 071	(46 262 069)	1 916 390	5 843 148	(154 535 629)		375 380 525
INCOME TAX PROVISION				2 199 120		689 865				2 888 985
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) FROM CONSOLIDATED OPERATIONS	361 103 588	164 453 149	22 685 877	17 976 951	(46 262 069)	1 226 525	5 843 148	(154 535 629)		372 491 540
INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS				(11 387 952)						(11 387 952)
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) ATTRIBUTABLE TO BAPTIST HEALTH SOUTH FLORIDA INC AND AFFILIATES	$361 103 588	$164 453 149	$22 685 877	$6 588 999	($46 262 069)	$1 226 525	$5 843 148	($154 535 629)		$361 103 588

Notes

(5) To eliminate equity in income the investment balance in affiliates and the related retained earnings
(6) To eliminate intercompany revenue and expense transactions
(7) To reclassify rental income and expense of Baptist Health South Florida Inc Affiliate Hospitals from other income to income from operations

BAPTIST HEALTH SOUTH FLORIDA INC HOSPITALS

SUPPLEMENTAL COMBINING BALANCE SHEET INFORMATION
SEPTEMBER 30 2013

	Baptist Hospital of Miami Inc	Doctors Hospital Inc	Homestead Hospital Inc	Mariners Hospital Inc	South Miami Hospital Inc	West Kendall Baptist Hospital Inc	Combined
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	$16 650	$7 815	$4 310	$2 250	$14 300	$5 400	$50 725
Assets whose use is limited					335 043		335 043
Accounts receivable - net	95 739 124	21 610 462	16 819 167	4 485 277	53 990 848	17 766 034	210 410 912
Other current assets	15 546 981	4 786 558	12 960 018	3 128 316	15 187 636	8 174 938	59 784 447
Total current assets	111 302 755	26 404 835	29 783 495	7 615 843	69 527 827	25 946 372	270 581 127
PROPERTY AND EQUIPMENT - NET	340 849 085	125 746 410	36 882 971	26 194 579	205 030 075	172 850 006	907 553 126
BENEFICIAL INTEREST IN NET ASSETS OF BAPTIST HEALTH SOUTH FLORIDA FOUNDATION INC	36 934 293	2 348 684	4 112 706	6 571 070	15 259 632	246 100	65 472 485
GOODWILL		22 547 681					22 547 681
OTHER ASSETS	5 451 567	550 138	2 897 325	55 057	4 617 303	628 320	14 199 710
TOTAL ASSETS	$494 537 700	$177 597 748	$73 676 497	$40 436 549	$294 434 837	$199 670 798	$1 280 354 129
LIABILITIES AND NET ASSETS (DEFICIT)							
CURRENT LIABILITIES							
Estimated third-party payor settlements	$9 017 532		$2 127 739		$2 195 882		$13 341 153
Current maturities of long-term debt	3 421 560 (1)	$1 939 617 (1)	2 002 427 (1)	$188 039 (1)	2 449 458 (1)	$1 836 191 (1)	11 837 292
Accrued wages salaries and benefits	40 721 989	8 092 059	10 017 756	2 738 400	22 376 997	7 278 074	91 225 275
Accrued expenses and other liabilities	77 097 296	16 312 417	23 637 224	4 438 109	44 226 091	12 925 575	178 636 712
Due to affiliates	11 549 359				130 232		11 679 591
Total current liabilities	141 807 736	26 344 093	37 785 146	7 364 548	71 378 660	22 039 840	306 720 023
LONG-TERM DEBT	212 427 196 (1)	120 421 645 (1)	124 319 921 (1)	11 674 323 (1)	152 073 803 (1)	113 997 928 (1)	734 914 816
OTHER LIABILITIES	82 279 382	10 691 978	17 695 210	2 379 160	32 691 484	8 651 185	154 388 399
NOTE PAYABLE - AFFILIATE	3 109 381						3 109 381
DUE TO AFFILIATES	635 394		185 242 700			151 285 066	337 163 160
Total liabilities	440 259 089	157 457 716	365 042 977	21 418 031	256 143 947	295 974 019	1 536 295 779
NET ASSETS (DEFICIT)							
Unrestricted	17 344 318	17 791 348	(295 479 186)	12 447 448	22 696 215	(96 549 321)	(321 749 178)
Temporarily restricted	34 640 688	2 348 684	4 112 706	5 148 481	7 757 503	246 100	54 254 162
Permanently restricted	2 293 605			1 422 589	7 837 172		11 553 366
Total net assets (deficit)	54 278 611	20 140 032	(291 366 480)	19 018 518	38 290 890	(96 303 221)	(255 941 650)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	$494 537 700	$177 597 748	$73 676 497	$40 436 549	$294 434 837	$199 670 798	$1 280 354 129

Note

(1) The members of the BHSF Obligated Group are jointly and severally liable for the entire amount of the long-term debt issued under the Master Trust Indenture Long-term debt has been allocated to members of the BHSF Obligated Group based on the use of the proceeds

BAPTIST HEALTH SOUTH FLORIDA, INC. HOSPITALS

SUPPLEMENTAL COMBINING STATEMENT OF OPERATIONS INFORMATION
YEAR ENDED SEPTEMBER 30, 2013

	Baptist Hospital of Miami, Inc	Doctors Hospital, Inc	Homestead Hospital, Inc	Mariners Hospital, Inc	South Miami Hospital, Inc	West Kendall Baptist Hospital, Inc	Combined
UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT							
Net patient service revenue before provision for doubtful accounts	$940,756,552	$210,579,648	$223,056,266	$60,521,969	$532,539,103	$197,401,830	$2,164,855,368
Provision for doubtful accounts	94,547,503	12,975,672	58,381,590	7,875,246	47,846,423	46,316,043	267,942,477
Net patient service revenue	846,209,049	197,603,976	164,674,676	52,646,723	484,692,680	151,085,787	1,896,912,891
Other operating revenue	14,112,227	2,847,278	3,606,547	832,243	6,060,197	3,966,006	31,424,498
Total unrestricted revenues, gains and other support	860,321,276	200,451,254	168,281,223	53,478,966	490,752,877	155,051,793	1,928,337,389
EXPENSES							
Wages, salaries and benefits	328,834,221	69,217,094	87,516,375	18,066,598	185,998,401	65,510,966	755,143,655
Supplies	109,489,787	28,935,915	16,957,000	3,979,495	62,497,837	15,680,504	237,540,538
Malpractice and other insurance	36,987,116	2,354,668	5,892,830	1,053,803	14,562,341	607,625	61,458,383
Administrative and general	248,770,653	56,308,609	73,509,082	20,093,963	144,359,230	56,551,583	599,593,120
Depreciation and amortization	28,584,067	9,418,483	4,022,194	2,032,097	17,835,291	11,515,245	73,407,377
Interest	9,964,870	5,154,640	7,941,070	570,823	6,574,465	8,434,096	38,639,964
Total expenses	762,630,714	171,389,409	195,838,551	45,796,779	431,827,565	158,300,019	1,765,783,037
INCOME (LOSS) FROM OPERATIONS	97,690,562	29,061,845	(27,557,328)	7,682,187	58,925,312	(3,248,226)	162,554,352
OTHER INCOME (EXPENSE)	1,626,882	(220,460)	302,102	351,359	848,560	(1,009,646)	1,898,797
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	$99,317,444	$28,841,385	($27,255,226)	$8,033,546	$59,773,872	($4,257,872)	$164,453,149