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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 private foundations)

▶ Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

▶ Information about Form 990 and its instructions is at www.IRS.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 01-01-2013 , 2013, and ending 12-31-2013

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

C Name of organization
Elkhart General Hospital Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
600 EAST BLVD
Suite

City or town, state or province, country, and ZIP or foreign postal code
ELKHART, IN 46514

D Employer identification number
35-0877574

E Telephone number
(574) 523-3208

G Gross receipts $ 350,550,965

F Name and address of principal officer
GREGORY LOSASSO PRESIDENT
600 EAST BLVD
ELKHART, IN 46514

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

H(b) Are all subordinates 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 EGH ORG

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

L Year of formation 1909

M State of legal domicile IN

Part I Summary

1 Briefly describe the organization's mission or most significant activities
SEE SCHEDULE O HOSPITAL GOVERNED BY A BOARD OF DIRECTORS COMPRISED OF COMMUNITY VOLUNTEERS EMPHASES IS PLACED ON ENSURING EVERYONE IN THE COMMUNITY R

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**	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	13
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	2,326
6	Total number of volunteers (estimate if necessary)	**6**	256
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	1,269,883
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-113,043

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	117,931	149,782
	9 Program service revenue (Part VIII, line 2g)	298,557,557	287,755,451
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	22,193,215	13,598,189
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	5,991,713	10,164,725
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	326,860,416	311,668,147
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	336,347	351,361
	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)	121,905,595	125,018,755
	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)	163,554,402	168,491,596
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	285,796,344	293,861,712
	19 Revenue less expenses Subtract line 18 from line 12	41,064,072	17,806,435

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	441,322,004	470,365,287
	21 Total liabilities (Part X, line 26)	184,515,719	158,809,555
	22 Net assets or fund balances Subtract line 21 from line 20	256,806,285	311,555,732

Part II Signature Block

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

Sign Here

▶ Signature of officer — 2014-11-13 Date

▶ JEFFERY COSTELLO CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
ANGELA MOORE				P00244342
Firm's name ▶ ERNST & YOUNG US LLP			Firm's EIN ▶	
Firm's address ▶ 111 MONUMENT CIRCLE SUITE 2600 INDIANAPOLIS, IN 46204			Phone no	

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 or note to any line in this Part III . . . . . ☑

1 Briefly describe the organization's mission

TO CREATE A HEALTHIER COMMUNITY BY BEING A PREMIER PROVIDER OF HEALTHCARE, PROMOTING THE HEALTH AND WELL-BEING OF INDIVIDUALS AND FAMILIES BY PROVIDING EDUCATION THAT MAY AID IN DETECTION AND PREVENTION OF DISEASE, CONDUCTING OUR ACTIVITIES WITH COMPASSION AND RESPECT, ACTING WITH RECOGNITION THAT HEALTH IS HOLISTIC AND EMBRACES THE BODY, MIND, AND SPIRIT, SEEKING AND PARTNERING WITH THOSE WHO SHARE OUR MISSION, CONTINUOUSLY IMPROVING THE QUALITY AND COST-EFFECTIVENESS OF OUR SERVICES, MAINTAINING THE FINANCIAL VIABILITY OF THE HOSPITAL WHILE CONTINUING OUR CHARITABLE ROLE IN THE COMMUNITY

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 $ 251,203,523 including grants of $ 351,361) (Revenue $ 295,180,715)

Elkhart General Hospital, Inc, has been providing comprehensive, advanced medical care primarily to Elkhart County and other contiguous counties in north central Indiana and south central Michigan for over 100 years Elkhart General Hospital, Inc consists of a 365-bed licensed hospital and 20 primary and specialty care physician clinics that provide services without regard to patient race, religion, national origin, economic status, or ability to pay During 2013, the Hospital admitted 11,566 patients for a total of 49,250 inpatient days Inpatient units consisted of medical, post-surgical, oncology, pediatric, critical care, cardiac care, behavioral health, rehabilitation, obstetric, and nursery intensive care The Hospital also provided services for 194,530 of outpatient visits including 3,093 outpatient surgeries, 64,426 emergency room visits, and 127,011 visits for diagnostic services The primary and specialty care physician practices provided service in 188,266 encounters During 2013, the unreimbursed cost of free or discounted medical care provided to patients that were deemed indigent under state, county, or internal guidelines was $23,679,353 which included $4,219,306 of traditional charity care and $19,460,047 in unpaid costs for Medicaid or other public programs for the poor Elkhart General Hospital also provided $42,139,747 in unreimbursed care to the elderly covered by Medicare Part of the mission of Elkhart General Hospital is to provide for a healthier community through health fairs, health screenings, and free clinics, the hospital incurred $501,200 in unbilled services to the poor and broader community

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** ▶ 251,203,523

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *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 other assistance to or for foreign individuals? *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 or other assistance to any domestic organization or government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants or 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 25a*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *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	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		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**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	192		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	2,326		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

Check if Schedule O contains a response or note to any line 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**	15		
	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**	13		
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**		Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		Yes	
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**		No
b	Other officers or key employees of the organization	**15b**		No
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	**16a**	Yes	
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	**16b**	Yes	

Section C. Disclosure

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

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

☐ 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

▶ JEFFREY COSTELLO 615 N MICHIGAN STREET
SOUTH BEND, IN 46601 (574) 647-3549

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

Check if Schedule O contains a response or note to any line 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) Pam Hluchota Treasurer	2 0 0 0	X		X				150		
(2) Wilbur Bontrager VOLUNTEER BOARD MEMBER	1 0 0 0	X						150		
(3) Mark Klaaseen MD Secretary	2 0 0 0	X		X				344		
(4) Todd Martin VOLUNTEER BOARD MEMBER	1 0 0 0	X						150		
(5) Linda Rothrock-Jurus VOLUNTEER BOARD MEMBER	1 0 0 0	X						247		
(6) Frank Smole VOLUNTEER BOARD MEMBER	1 0 0 0	X						247		
(7) Bruce Newswanger DO VOLUNTEER BOARD MEMBER	1 0 0 0	X						344		
(8) John K Martin Chairman	2 0 2 0	X		X				150		
(9) Matthew Pletcher VICE CHAIR	2 0 0 0	X		X				344		
(10) Gregory Losasso President	50 0 0 0	X		X				489,879	0	92,457
(11) Laura Munkel Physician	50 0 0 0	X						279,479		25,526
(12) Leonard Kibiloski MD Volunteer Board Member	1 0 0 0	X						150		
(13) Kelly Puster MD Volunteer Board Member	1 0 0 0	X						247		
(14) Alex Strati Jr Volunteer Board Member	1 0 0 0	X						344		
(15) Tim Shelly VOLUNTEER BOARD MEMBER	1 0 0 0	X						150		
(16) Walter Halloran MD Physician	50 0 1 0					X		1,194,089		41,238
(17) Jeffrey P Costello CFO/Asst Treasurer	1 0 46 0			X					638,830	105,422

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) Phillip A Newbold CEO	1 0 46 0			X					2,465,079	198,050
(19) Jeff Howe Physician	50 0 0 0					X		627,470		38,993
(20) Majid Malik Physician	50 0 0 0					X		365,573		40,880
(21) Burton Boron Physician	50 0 0 0					X		575,654		26,880
(22) Edwin Annan Physician	50 0 0 0					X		410,493		18,229
(23) Gregory Lintjer FORMER OFFICER	0 0 0 0						X	360,776	0	0
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								4,306,430	3,103,909	587,675

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 ▶ 97

			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**	Yes	
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *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
South Bend Medical Foundation, 530 North Lafayette Blvd SOUTH BEND IN 46601	Lab Services	11,928,789
Elkhart Clinic, PO Box 201 ELKHART IN 46515	Physician Services	5,259,390
Northern Indiana Anesthesia Service, 600 East Bvld ELKHART IN 46514	Anesthesia Services	4,175,773
Accretive Health Inc, 401 N Michigan Ave Suite 2700 CHICAGO IL 60611	CONTRACT SERVICES	8,320,269
PEPPER CONSTRUCTION, 1850 WEST 15TH STREET INDIANAPOLIS IN 46202	CONSTRUCTION SERVICE	3,607,643

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 ▶ 86

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII . . . . . ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations . . .	1d	50,000			
	e	Government grants (contributions)	1e	41,270			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	58,512			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		149,782			
Program Service Revenue			Business Code				
	2a	PATIENT SERVICE REVENUE	621110	283,920,863	283,920,863		
	b	OUTPATIENT PHARMACY	446110	3,547,350		194,529	3,352,821
	c	RENT FROM RELATED PARTIES	621110	287,238	72,228	215,010	
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		287,755,451			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		5,453,933		16,787	5,437,146
	4	Income from investment of tax-exempt bond proceeds . . ▶		0			
	5	Royalties . . . . . ▶		0			

		(i) Real	(ii) Personal				
6a	Gross rents	1,445,318					
b	Less rental expenses	512,144					
c	Rental income or (loss)	933,174	0				
d	Net rental income or (loss) . . . . . ▶			933,174			933,174

		(i) Securities	(ii) Other				
7a	Gross amount from sales of assets other than inventory	46,499,841	15,089				
b	Less cost or other basis and sales expenses	38,370,674					
c	Gain or (loss)	8,129,167	15,089				
d	Net gain or (loss) . . . . . ▶			8,144,256			8,144,256
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	ELECTRONIC HEALTH RECORD IMPLEMENTATION	621110	3,264,528	3,264,528		
	b	CAFETERIA	722514	962,730			962,730
	c	CHARGEBACKS TO MICHIANA LINEN	812300	2,099,743	1,747,917	351,826	
	d	All other revenue		2,904,550	2,412,819	491,731	
	e	**Total.** Add lines 11a–11d . . . . . ▶		9,231,551			
	12	**Total revenue.** See Instructions . . . . . ▶		311,668,147	291,418,355	1,269,883	18,830,127

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 or note to any line 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	351,361	351,361		
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	890,358		890,358	
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	94,322,599	80,051,872	14,270,727	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	5,081,276	4,346,327	734,949	
9 Other employee benefits	18,450,328	15,554,961	2,895,367	
10 Payroll taxes	6,274,194	5,282,871	991,323	
11 Fees for services (non-employees)				
a Management	11,559,798	9,733,350	1,826,448	
b Legal	347,245		347,245	
c Accounting	120,154		120,154	
d Lobbying	1,852		1,852	
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	886,572		886,572	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	31,803,777	26,769,961	5,033,816	
12 Advertising and promotion	11,648	9,808	1,840	
13 Office expenses	7,698,090	6,479,197	1,218,893	
14 Information technology	1,144	963	181	
15 Royalties . .	0			
16 Occupancy	4,569,201	3,817,880	751,321	
17 Travel	1,006,811	847,735	159,076	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	94,673	79,715	14,958	
20 Interest	1,790,449	1,507,558	282,891	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	13,006,025	10,940,715	2,065,310	
23 Insurance	1,749,486	1,473,067	276,419	
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 PATIENT SUPPLIES, DRUGS	42,595,855	35,865,710	6,730,145	
b BAD DEBT EXPENSE	23,753,756	23,753,756		
c HOSPITAL ASSESSMENT FEE	7,139,474	7,139,474		
d CORPORATE ALLOCATION FEES	17,963,899	15,125,603	2,838,296	
e All other expenses	2,391,687	2,071,639	320,048	
25 **Total functional expenses.** Add lines 1 through 24e	293,861,712	251,203,523	42,658,189	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 or note to any line in this Part X . . . . . ☐

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		12,767	1	13,467
	2	Savings and temporary cash investments		30,078,730	2	28,884,387
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		47,499,396	4	42,491,354
	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		898,927	7	834,374
	8	Inventories for sale or use		7,208,103	8	6,549,354
	9	Prepaid expenses and deferred charges		5,149,176	9	1,964,431
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 258,876,855			
	b	Less accumulated depreciation	10b 119,491,848	128,364,707	10c	139,385,007
	11	Investments—publicly traded securities		208,709,794	11	243,617,201
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		1,200,461	13	1,324,980
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		12,199,943	15	5,300,732
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		441,322,004	16	470,365,287
Liabilities	17	Accounts payable and accrued expenses		38,749,393	17	44,403,859
	18	Grants payable		0	18	0
	19	Deferred revenue		41,788	19	0
	20	Tax-exempt bond liabilities		81,816,203	20	85,675,704
	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		63,908,335	25	28,729,992
	26	**Total liabilities.** Add lines 17 through 25		184,515,719	26	158,809,555
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		251,571,517	27	305,277,388
	28	Temporarily restricted net assets		4,834,768	28	5,878,344
	29	Permanently restricted net assets		400,000	29	400,000
		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		256,806,285	33	311,555,732
	34	Total liabilities and net assets/fund balances		441,322,004	34	470,365,287

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12)	1	311,668,147
2	Total expenses (must equal Part IX, column (A), line 25)	2	293,861,712
3	Revenue less expenses Subtract line 2 from line 1	3	17,806,435
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	256,806,285
5	Net unrealized gains (losses) on investments	5	8,616,973
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	28,326,039
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	311,555,732

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII . . . . . ☐

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Elkhart General Hospital Inc

Employer identification number
35-0877574

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2012 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2013.** 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—2012.** 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—2013.** 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—2012.** 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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2013** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2012** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2013.** 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—2012.** 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.** 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		
Return Reference	Explanation	

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.
▶ See separate instructions. ▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

If the organization answered "Yes" to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes" to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes" to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization	Employer identification number
Elkhart General Hospital Inc	35-0877574

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

Part I-B Complete if the organization is exempt under section 501(c)(3).

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

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

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

A Check ▶ ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ▶ ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

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

Lobbying Expenditures During 4-Year Averaging Period — Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		1,852
j	Total Add lines 1c through 1i			1,852
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Return Reference	Explanation
Part II-B, Line 1i	Indiana Hospital Association (IHA) annual dues x 5 44% IHA determined to be attributable to lobbying as defined by federal law IHA deemed as lobbying and not Elhart General Hospital directly

Part IV Supplemental Information *(continued)*

Return Reference	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. ▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Elkhart General Hospital Inc

Employer identification number
35-0877574

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	29,895,939	26,862,451	5,017,421	4,520,109	3,604,156
b	Contributions	2,180,336	1,501,904			
c	Net investment earnings, gains, and losses	2,985,268	2,551,948	-201,313	567,312	915,953
d	Grants or scholarships	984,717	923,860			
e	Other expenditures for facilities and programs	125,000	69,000	125,000	70,000	
f	Administrative expenses	30,727	27,504	27,479		
g	End of year balance	33,921,099	29,895,939	4,663,629	5,017,421	4,520,109

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

- a Board designated or quasi-endowment ▶ 79 140 %
- b Permanent endowment ▶ 19 120 %
- c Temporarily restricted endowment ▶ 1 740 %

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

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

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. 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		3,507,036		3,507,036
b Buildings		172,279,548	77,507,636	94,771,912
c Leasehold improvements				
d Equipment		75,758,748	41,984,212	33,774,536
e Other		7,331,523		7,331,523
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				139,385,007

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. 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.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(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.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

(a) Description	(b) Book value
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

Part X **Other Liabilities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	0
ACCRUED PENSION LIABILITY	26,550,984
OTHER LIABILITIES	2,179,008
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	28,729,992

2. Liability for uncertain tax positions 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 Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return. Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XIII Supplemental Information

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

Return Reference	Explanation
Supplemental Information	Schedule D, Part V, line 4 Permanently restricted net assets have been restricted by donors to be maintained by the Hospital and/or it's related entities, in perpetuity In accordance with the restrictions, a majority of the investment income and investment gains or losses from permanently restricted net assets are to be reinvested with the principal and are therefore temporarily restricted A specified portion of income earned by the temporarily restricted net assests is released from restriction and used for operations each year The Hospital has one endowment fund established for patient care purposes with a value of $6,278,344 The Hospital has established investment and spending policies related to the appreciation of this endowment Should the underlying assets fall below this targeted amount the Hospital pursues action consistent with established policies to return the endowment to the targeted amount Based on these policies, endowment amounts are temporarily restricted until Board authorized release of funds for patient care purposes are approved As a member organization of Beacon Health System, the Hospital also can benefit from endowment funds held by related entities, the value of which was $27,642,755 at 12/31/2013 In 2013, the Hospital received $0 from the related party endowment funds
PART X, LINE 2	ELKHART GENERAL HOSPITAL DID NOT HAVE A FOOTNOTE ADDRESSING FIN 48 (ASC 740) LIABILITIES FOR UNCERTAIN TAX POSITIONS IN ITS CONSOLIDATED FINANCIAL STATEMENTS ELKHART GENERAL HOSPITAL DID NOT HAVE ANY UNCERTAIN TAX POSITIONS RECORDED DURING THE CURRENT TAX YEAR

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990.*

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Elkhart General Hospital Inc

Employer identification number
35-0877574

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			3,988,097		3,988,097	1 480 %
b Medicaid (from Worksheet 3, column a)			36,023,389	5,950,856	30,072,533	11 130 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			40,011,486	5,950,856	34,060,630	12 610 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			863,220	275,114	588,106	0 220 %
f Health professions education (from Worksheet 5)			369,775	192,375	177,400	0 070 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			351,361		351,361	0 130 %
j **Total.** Other Benefits			1,584,356	467,489	1,116,867	0 420 %
k **Total.** Add lines 7d and 7j			41,595,842	6,418,345	35,177,497	13 030 %

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	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount 2 7,665,337			
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 3,882,669			
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	58,002,865	
6	Enter Medicare allowable costs of care relating to payments on line 5	6	82,683,184	
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-24,680,319	
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 Riverpointe Surg Ctr	Surgeries	40 000 %		60 000 %
2 Wakarusa Med Clin	Medical Clinic Building	42 000 %		58 000 %
3 Comm Occupational Md	Occupational Medicine	25 000 %	1 000 %	74 000 %
4 WaNee Walk-in Clinic	Medical Clinic	50 000 %		50 000 %
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, primary website address, and state license number	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
	See Additional Data Table										

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 Elkhart General Hospital Inc

If reporting on Part V, Section B for a single hospital facility 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 persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) www egh org			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☑ 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 as of the end of the tax year)			
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 200 % 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 350 % 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 ☐ Residency			
i ☐ 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 individual'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 Section C)			
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 individual'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 Section C)			

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 individuals regarding the individuals' bills
- **d** ☑ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

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 individual 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 individual 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. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
PART V, SECTION B, LINE 3	ELKHART GENERAL HOSPITAL INCLUDED INPUT FROM HEART CITY HEALTH CENTER, MAPLE CITY HEALTH CENTER, AND THE CENTER FOR HEALING AND HOPE IN ADDITION, ELKHART GENERAL HOSPITAL REACHED OUT TO THE ELKHART COUNTY MINORITY HEALTH COALITION, THE HISPANIC LATINO HEALTH COALITION OF NORTHERN INDIANA, AND THE INDIANA MINORITY HEALTH COALITION
PART V, SECTION B, LINE 4	OTHER HOSPITAL FACILITIES INCLUDED INDIANA UNIVERSITY HEALTH GOSHEN
PART V, SECTION B, LINE 5D	ELKHART GENERAL HOSPITAL PROVIDED ELECTRONIC COPIES TO INDIVIDUAL EMAIL ADDRESSES UPON REQUEST ELKHART GENERAL HOSPITAL STAFF ALSO PRESENTED THE RESULTS OF THE CHNA TO COMMUNITY GROUPS UPON REQUEST
PART V, SECTION B, LINE 14G	BROCHURES ARE PROVIDED TO PATIENTS EXPLAINING THE FINANCIAL ASSISTANCE PROGRAM ADDITIONALLY, THERE IS A MESSAGE INCLUDED IN EACH STATEMENT A PATIENT RECEIVED TELLING THEM IF THIS IS A HARDSHIP TO PLEASE CONTACT THE HOSPITAL BILLING DEPARTMENT FOR ASSISTANCE
PART V, LINE 20D	MAXIMUM AMOUNT TO BE CHARGED TO FAP-ELIGIBLE INDIVIDUALS TO DETERMINE THE MAXIMUM AMOUNTS THAT CAN BE CHARGED TO FAP-ELIGIBLE INDIVIDUALS FOR EMERGENCY AND OTHER MEDICALLY NECESSARY CARE, ELKHART GENERAL HOSPITAL USED THE AVERAGED DISCOUNT FOR THE THREE CONTRACTS THAT HAD THE HIGHEST PERCENT DISCOUNT TO CHARGES (EXCLUDING ALL PER DIEM AND CASE RATE CONTRACT)

Part V Facility Information *(continued)*

Section D. 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? **25**

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

Part VI Supplemental Information

Provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs 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

Form and Line Reference	Explanation
Part I, Line 3c	NOT APPLICABLE Part I, Line 6a COMMUNITY COLLABORATION INTRODUCTION CREATING COMMUNITY HEALTH IS AT THE CORE OF ELKHART GENERAL HOSPITAL'S MISSION PROMOTION OF COMMUNITY HEALTH IS OUR SOCIAL RESPONSIBILITY AND A KEY TO LONG-TERM COST EFFECTIVENESS IN ADDITION, IMPROVING THE HEALTH STATUS OF A COMMUNITY IS AS MUCH A SOCIAL, ECONOMIC AND ENVIRONMENTAL ISSUE, AS IT IS A MEDICAL ONE CONSEQUENTLY, THE ORGANIZATION TAKES A BROAD APPROACH TO CREATING COMMUNITY HEALTH THIS APPROACH HAS INCLUDED ONGOING EDUCATION OF BOARD MEMBERS, STAFF AND LOCAL LEADERS THROUGH COMMUNITY PLUNGES (EXPERIENTIAL ACTIVITIES TO INVOLVE THE COMMUNITY RESIDENTS WITH A NEIGHBORHOOD-BASED AGENCY), COMMUNITY FOUNDATION SUPPORT, STRATEGIC ALLOCATION OF TITHING RESOURCES, A CLEAR STATEMENT OF VISION AND GOALS, A COMMITMENT TO CONTINUOUS QUALITY IMPROVEMENT AND PROMOTION OF VOLUNTEER INVOLVEMENT AND COMMUNITY PARTNERSHIPS ELKHART GENERAL HOSPITAL TITHES 10% OF THE PREVIOUS YEAR'S BOTTOM LINE AND TRANSFERS IT TO THE COMMUNITY BENEFIT FUND FOR INVESTMENT IN THE COMMUNITY THIS INVESTMENT IS IN ADDITION TO THE HOSPITAL'S CHARITY CARE AND PREVENTION, AND EDUCATION ACTIVITIES SUPPORTED THROUGH ITS OPERATING BUDGET THE COMMUNITY HEALTH ENHANCEMENT COMMITTEE OF THE BOARD MAKES ONGOING POLICY AND OVERSEES THE ADMINISTRATION OF THE FUND AND DETERMINES SPECIFIC INVESTMENT ALLOCATIONS BASED UPON THE ASSETS AND NEEDS OF THE COMMUNITY VOLUNTEERS AND STAFF ARE COMMITTED TO PRUDENTLY INVESTING THESE RESOURCES IN AN ACCOUNTABLE MANNER AS A COMMUNITY NOT-FOR-PROFIT ORGANIZATION, WE TAKE SERIOUSLY OUR RESPONSIBILITY TO INVEST OUR RESOURCES AND ENERGIES INTO UNDERSTANDING AND MEETING THE DIVERGENT HEALTH CARE NEEDS OF ALL, AND ENSURE THAT EVERYONE, REGARDLESS OF THEIR ABILITY TO PAY, RECEIVES THE CARE THEY NEED ELKHART GENERAL HOSPITAL HAS LONG BEEN RECOGNIZED FOR THE COLLABORATION EFFORTS WHICH ENGAGE INDIVIDUALS AND ORGANIZATIONS WITH DIVERSE SOCIO-ECONOMIC RELIGIOUS, ETHNIC, RACE, AGE, AND GENDER IDENTITY CHARACTERISTICS OUR TEAM OF PASSIONATE AND DEDICATED HEALTH CARE PROFESSIONALS, ALONG WITH MANY PARTNERS THROUGHOUT THE NORTHERN INDIANA AND SOUTHERN MICHIGAN (MICHIANA) REGION, HELPED US CONTRIBUTE SIGNIFICANTLY TO THE HEALTH AND WELL-BEING OF OUR COMMUNITY FURTHER, ELKHART GENERAL HOSPITAL PLAYS A KEY ROLE IN SERVING THE COMMUNITY AS A WHOLE Part I, Line 7 The costing methodology used to calculate Financial Assistance and Other Community Benefits was the cost-to-charge ratio Part I, Line 7 Column (f) Bad debt expense removed from total expenses $23,753,756 Part II COMMUNITY SUPPORT In 2013 Elkhart General Hospital provided community building activities that focused on child care, mentoring opportunities and support groups to the community's vulnerable populations, including low-income families, minorities, young teens, and at-risk youth Elkhart General Hospital, in collaboration with the YMCA of Elkhart County, hosted an interactive health education series for at-risk female youth including topics of sexual abstinence and risk avoidance, healthy body image, and self-esteem EGH continued its 16-year history of partnership with Elkhart and Baugo Schools Systems to provide the Peers Educating and Encouraging Relationship Skills (PEERS) Project, where EGH staff interviewed, recruited, and trained approximately 175 teen high-school mentors who in turn facilitated a five-session risk avoidance curriculum to 1,100 seventh and eight graders in Elkhart and Baugo Community Schools systems The PEERS program curriculum focused on identifying consequences of risk behavior, and provided asertiveness training in abstaining from health risk behaviors of early sexual activity, alcohol, smoking, and drug use The goals of the program are to optimize the opportunities for the community's youth to create a healthy and successful future, and to mitigate the mental health effects of the consequences of these behaviors The high-schoolers completed a significant leadership peer mentor training prior to facilitating the classroom lessons to the underclassmen In recognition of the importance of modeling the lifestyle being promoted, teen mentors signed a leadership agreement pledging to practice risk avoidance behaviors in their lifestyles Elkhart General Hospital sponsored and helped facilitate three American Cancer Society "Look Good Feel Better" support groups for cancer patients In these groups, cosmetologists trained in enhancing the appearance of persons undergoing chemotherapy or radiation treatment worked with cancer patients to improve their self-esteem and confidence regarding their physical appearance Elkhart General Hospital continued to be actively engaged in community coalitions to improve the quality of life for Elkhart County residents both in leadership and committee level representation Elkhart General Hospital representatives served as President of the Elkhart County Board of Health, the Treasurer of the Center for Healing and Hope, the Assistant Treasurer of the Elkhart General Hospital Foundation, Vice-Chair of the Associated for the Disabled of Elkhart county, and the Co-Chair of the Elkhart County Child Fatality Review Committee Elkhart General Hospital provided leadership and representation on the National College Advisory Board, March of Dimes and American Heart Association Marketing Committees, Elkhart Area Career Center Advisory Board, Elkhart County United Way, the Midwest Cardiovascular Research and Education Foundation, the National College Medical Assistant Advisory Board, the Southwestern Michigan College School of Nursing Advisory Board, the Indiana Medical Group Management Association Education Committee, Elkhart County 4-H Fair Board, the Ivy Tech South Bend Respiratory Care Program Advisory Board, the Elkhart County Council on Aging Board, and the Catherine Kasper Life Center Board, the Elkhart County Homeless Coalition, the Downtown Churches Coalition, Ekhart County Covering Kids and Families Indiana Coalition, Tobacco Control of Elkhart County Advisory Board, the Elkhart Back2School Steering Committee, and the Elkhart County Safe Kids Coalition Board Elkhart General Hospital provided staffing of the Elkhart County Healthy Schools Workgroup which provided support to school personnel and administration in addressing youth health Specific focus of Workgroup activities has been in the prevention and reduction of childhood obesity, as well as nutrition education and physical activity opportunities The Workgroup also served as an informal networking opportunity for school health staff to share ideas and proactively strategize for improving childhood health Elkhart General Hospital actively participated in the Coordinated School Health Committees of the Baugo, Middlebury and Goshen Community Schools systems Throughout 2013, Elkhart General Hospital's Dame Tu Mano Hispanic Latino health outreach program partnered with the Purdue University Extension to provide Spanish language diabetes support services for diabetic adult Hispanic Latino community members Care for the children of the participants was provided through a series of age-appropriate health education sessions concurrently provided during the adult support group education Elkhart General Hospital's Dame Tu Mano Hispanic Latino health outreach program has established a robust communication and advocacy network of over 30 Hispanic Latino-focused centric businesses, media, and social service organizations, and is regularly sought out to lead community health initiatives in the Hispanic Latino communities of Elkhart County Elkhart General Hospital has continued to seek input from its minority health partners, including the Indiana Minority Health Coalition, the Northern Indiana Hispanic Health Coalition, Indiana Black Expo Elkhart, and the Minority Health Coalition of Elkhart County on potential ventures to reduce health disparities between cultures and races within the county In 2013 Elkhart General Hospital continued its exploratory work with the process for the establishment of a multidisciplinary coalition to address sexual assault This effort, spearheaded by the YWCA of North Central Indiana and supported by Elkhart General Hospital, continues to plan preliminary data review for establishing a 24/7/365 treatment center for Elkhart County victims of sexual assalt Planned services include forensic examinations, investigative support, victim and family support, and hygiene amenities for adult and child victims of sexual assault Elkhart General Hospital continued to participate in a public health-based coalition to identify trends in perinatal outcomes to ultimately reduce perinatal race disparity in the region The partners in this effort with Elkhart General Hospital included Beacon Health System partner Memorial Hospital of South Bend, Indiana University Health Goshen Hospital, St Joseph Regional Medical Center, the health departments of Elkhart and St Joseph Counties, the Univ
Part III, Line 2,3	THE CORPORATION EVALUATES THE COLLECTABILITY OF ITS ACCOUNTS RECEIVABLE BASED ON THE LENGTH OF TIME THE RECEIVABLE IS OUTSTANDING, PAYOR CLASS, AND THE ANTICIPATED FUTURE UNCOLLECTIBLE AMOUNTS BASED ON HISTORICAL EXPERIENCE ACCOUNTS RECEIVABLE ARE CHARGED TO THE ALLOWANCE FOR DOUBTFUL ACCOUNTS WHEN THEY ARE DEEMED UNCOLLECTIBLE COSTING METHODOLOGY IS THE SAME AS TAX FORM 990, SCHEDULE H, WORKSHEET 2 METHODOLOGY PATIENT CARE IS COST ADJUSTED BY NON-PATIENT ACTIVITY, EXPENSES, AND PATIENT CARE CHARGES PART III, LINE 4 THE PROVISION FOR BAD DEBTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS TAKING INTO CONSIDERATION THE TRENDS IN HEALTH CARE COVERAGE, HISTORICAL ECONOMIC TRENDS, AND OTHER COLLECTION INDICATORS MANAGEMENT ASSESSES THE ADEQUACY OF THE ALLOWANCES PERIODICALLY THROUGHOUT THE YEAR BASED UPON HISTORICAL WRITE-OFF EXPERIENCE BY MAJOR PAYOR CATEGORY THE RESULTS OF THE REVIEW ARE THEN UTILIZED TO MAKE MODIFICATIONS, AS NECESSARY, TO THE PROVISION FOR BAD DEBTS TO PROVIDE FOR AN APPROPRIATE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS A SIGNIFICANT PORTION OF THE CORPORATION'S UNINSURED PATIENTS WILL BE UNABLE OR UNWILLING TO PAY FOR THE SERVICES PROVIDED THUS, THE CORPORATION RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS RELATED TO UNINSURED PATIENTS IN THE PERIOD THE SERVICES ARE PROVIDED PART III, LINE 8 RATIONALE FOR INCLUSION OF THE MEDICARE SHORTFALL AS A COMMUNITY BENEFIT PARTICIPATION IN THE GOVERNMENTAL MEDICARE PROGRAM DOES NOT PROVIDE THE OPPORTUNITY FOR A HOSPITAL TO NEGOTIATE A REIMBURSEMENT RATE OR STRUCTURE THAT WOULD ALLOW THE HOSPITAL TO COVER THE COST OF THE MEDICAL SERVICE RENDERED TO THE PROGRAM PARTICIPANT, AS WOULD BE THE CASE IN CONTRACTUAL NEGOTIATIONS WITH COMMERCIAL INSURANCE COMPANIES NOR IS THE HOSPITAL ALLOWED TO PROVIDE ONLY THE SERVICES FOR WHICH REIMBURSEMENT COVERS THE DIRECT COST OF CARE THIS PRODUCES THE SAME SHORTFALL OUTCOME AS DOES THE PARTICIPATION IN THE MEDICAID PROGRAM THE MEDICAID PROGRAM IS RECOGNIZED AS A COMMUNITY BENEFIT ON SCHEDULE H AND ON COMMUNITY BENEFIT REPORTS FOR MOST STATES THE QUALITY AND COST OF THE PATIENT CARE IS THE SAME REGARDLESS OF PAYOR SOURCE HENCE THE ACCEPTANCE OF MEDICARE REIMBURSEMENT REPRESENTS A REDUCTION OR RELIEF OF THE GOVERNMENT BURDEN TO PAY THE FULL COST OF CARE PROVIDED PART III, LINE 9B COLLECTION POLICY THE COLLECTION POLICY AND ROCEDURES RELATED TO PATIENTS WHO ARE KNOWN TO QUALIFY FOR CHARITY CARE OR FINANCIAL ASSISTANCE ARE AS FOLLOWS TO ENSURE THE HOSPITAL FULFILLS ITS MISSION AND COMMITMENT TO THE POOR, THE HOSPITAL SHALL ANNUALLY PLAN FOR AND PROVIDE FREE HEALTH CARE AND HEALTH-RELATED SERVICES TO THE POOR AND QUALIFIED UNINSURED/UNDERINSURED A PATIENT IS CONSIDERED FOR FINANCIAL ASSISTANCE IF ALL OTHER STATE AND FEDERAL ASSISTANCE OPPORTUNITIES HAVE BEEN EXHAUSTED THE FEDERAL INCOME AND POVERTY GUIDELINES WILL SERVE AS A GUIDE IN DETERMINING THOSE PATIENTS THAT MAY QUALIFY FOR FINANCIAL ASSISTANCE ALL PATIENTS SHALL BE TREATED CONSISTENTLY IN THE APPROVAL PROCESS INCLUDING MEDICARE AND NON MEDICARE PATIENTS PURPOSE TO PROVIDE FINANCIAL ASSISTANCE TO THOSE PATIENTS WHO CANNOT AFFORD TO PAY AND TO PROVIDE DISCOUNTED CARE TO UNINSURED PATIENTS RECEIVING HEALTHCARE SERVICES FROM ELKHART GENERAL HOSPITAL OF ELKHART PROCEDURE 1 ELKHART GENERAL HOSPITAL WILL ASSIST PATIENTS IN MAKING A DETERMINATION REGARDING WHETHER OR NOT THE PATIENT MAY BE ABLE TO QUALIFY FOR SOME FORM OF ENTITLEMENT THROUGH A FEDERAL OR STATE GOVERNMENT PROGRAM AND COMPLETE THE APPROPRIATE APPLICATIONS FOR ASSISTANCE IT IS REQUIRED THAT THE PATIENT WILL ASSIST IN THE DETERMINATION AND APPLICATION PROCESS IF THE PATIENT DOES NOT QUALIFY FOR ANY FEDERAL OR STATE ASSISTANCE, WE WILL START THE FINANCIAL ASSISTANCE APPROVAL PROCESS 2 IDENTIFY PATIENTS POTENTIALLY ELIGIBLE FOR FINANCIAL ASSISTANCE THROUGH THE PRE-REGISTRATION, ADMISSION, ELIGIBILITY PROCESS, OR THROUGH SELF PAY ACCOUNT REVIEW AND COLLECTION ACTIVITIES 3 PROVIDE TO THE PATIENT A FINANCIAL EVALUATION FORM 4 OBTAIN OR RECEIVE A SIGNED, COMPLETED FINANCIAL EVALUATION FORM FROM THE PATIENT 5 DETERMINE ELIGIBILITY BY OBTAINING THE FOLLOWING INFORMATION FROM THE PATIENT A)GROSS INCOME AND MOST RECENT W-2 B)PRIOR YEARS TAX RETURN (INCLUDING ALL SCHEDULES) C)LAST 3 PAY STUBS (IF UNEMPLOYED, WORK ONE STATEMENT OF EARNINGS) D)EMPLOYMENT STATUS AND FUTURE EARNINGS CAPACITY E)FAMILY SIZE F)MEDICAL EXPENSES INCLUDING DRUGS AND MEDICAL SUPPLIES G)LAST THREE BANK STATEMENTS IF THE PATIENT DOES NOT HAVE A PRIOR YEAR TAX RETURN, WE WILL MAKE OUR DETERMINATION BASED ON CURRENT INCOME A CREDIT REPORT MAY BE RUN TO SUBSTANTIATE DOCUMENTATION THERE MAY BE CIRCUMSTANCES WHERE A PATIENT MAY NOT BE ABLE TO PROVIDE ALL THE ABOVE DOCUMENTATION NEEDED TO APPROVE FINANCIAL ASSISTANCE IT WILL BE UP TO THE DISCRETION OF THE DEPARTMENT DIRECTOR AND/OR THE CFO TO GRANT APPROVAL IN THIS CIRCUMSTANCE 6 DETERMINE THE AMOUNT OF FINANCIAL ASSISTANCE BY UTILIZING THE FEDERAL POVERTY GUIDELINES AS A BASIS FOR QUALIFICATION LEVELS GROSS ANNUAL INCOME PLUS CASH ASSETS ARE USED AS THE BASIS FOR INCOME CALCULATIONS FINANCIAL ASSISTANCE WILL BE GRANTED FOR THOSE PATIENTS WHO ARE HOMELESS IF A PATIENT IS DECEASED AND HAS NO ESTATE, WE WILL GRANT CHARITY ON ANY OUTSTANDING SELF PAY ACCOUNT BALANCES DOCUMENTATION THAT AN ESTATE HAS NOT BEEN FILED WILL BE ATTACHED TO THE FINANCIAL ASSISTANCE APPROVAL FORM NOTE APPROVAL MAY BE MADE BASED ON MEDICAL INDIGENCE IE PATIENTS WHO HAVE EXCESSIVE PHARMACY, OXYGEN, OR ONGOING MEDICAL EXPENSE THIS AMOUNT WOULD BE DEDUCTED FROM THEIR GROSS INCOME FINANCIAL ASSISTANCE WILL NOT BE GRANTED FOR NON-MEDICALLY NECESSARY SERVICES 7 COMPLETE THE FINANCIAL ASSISTANCE APPROVAL FORM AND FORWARD TO THE COLLECTION COORDINATOR 8 THE COLLECTION COORDINATOR WILL REVIEW THE FINANCIAL ASSISTANCE APPLICATION TO ENSURE THAT IT IS COMPLETE THE COORDINATOR WILL APPROVE OR DENY THE APPLICATION BEFORE SENDING IT TO THE PATIENT ACCOUNT MANAGER FOR APPROVAL DEPENDING ON THE DOLLAR AMOUNT OF THE FINANCIAL ASSISTANCE WRITE OFF, APPROVAL SIGNATURES ARE REQUIRED THE APPROVAL GUIDELINES ARE AS FOLLOWS $1 00 TO $2,500 00 COLLECTION COORDINATOR $2,501 00 TO $10,000 00 PATIENT ACCOUNT SERVICE MANAGER $10,001 00 TO $25,000 00 DIRECTOR, PATIENT ACCOUNT SERVICES $25,001 00 AND ABOVE VICE PRESIDENT, CFO 9 AFTER ALL THE APPROPRIATE SIGNATURES HAVE BEEN OBTAINED, THE FINANCIAL ASSISTANCE WRITE OFF ALONG WITH THE CORRESPONDING DOCUMENTATION WILL BE FORWARDED TO CASH APPLICATION FOR WRITE OFF 10 SEND DETERMINATION LETTER TO NOTIFY PATIENT OF THE APPROVAL FOR FINANCIAL ASSISTANCE 11 FINANCIAL ASSISTANCE APPROVALS WILL APPLY RETROACTIVELY TO ALL OPEN ACCOUNTS WITH EXISTING BALANCES (INCLUDING ACCOUNTS IN COLLECTIONS) AND WILL BE ACTIVE FOR 6 MONTHS FOLLOWING THE DATE OF APPROVAL 12 THE DOCUMENT WILL BE PLACED IN THE FINANCIAL ASSISTANCE FILE DRAWER UNDER THE DATE THE WRITE OFF WAS POSTED UNINSURED SELF PAY DISCOUNTS FOR THOSE PATIENTS WHO HAVE NO INSURANCE AND DO NOT MEET THE ABOVE FINANCIAL ASSISTANCE GUIDELINES, ELKHART GENERAL HOSPITAL WILL PROVIDE AN UNINSURED DISCOUNT BASED ON THE FOLLOWING TIERED STRUCTURE 30% DISCOUNT IF ACCOUNT IS PAID WITHIN 30 DAYS FROM DATE OF SERVICE, 20% DISCOUNT IF ACCOUNT IS PAID WITHIN 90 DAYS FROM DATE OF SERVICE, 10% DISCOUNT IF PATIENT CHOOSES TO PARTICIPATE IN THE CAREPAYMENT FINANCING ANY EXCEPTIONS MUST BE APPROVED BY THE DEPARTMENT MANAGER OR DIRECTOR

Form and Line Reference	Explanation
2 Needs Assessment	Beginning in August 2011, Elkhart General Hospital and Indiana University Health Goshen jointly initiated an Elkhart County community health needs assessment (CHNA) as per federal law under the 2010 Patient Protection and Affordable Care Act Elkhart County was defined as the community served, and staff from both hospitals consulted with numerous individuals representing the broad interests of the community to provide input during the course of the assessment From these efforts, a Steering Committee was formed, comprised of community representatives from the public health, religious, education, minority advocacy, healthcare, social service, and private sectors The hospitals contracted with Purdue University Healthcare Technical Assistance Program to facilitate the assessment process and to assist with data collection The goal of the assessment was to identify and prioritize community health needs through data collected from myriad sources and from input from those representing the broad interests of the community, with the purpose of developing implementation strategies and a plan framework for the respective hospitals in their address of the community's priority health needs Specific efforts were made to include local public health advocates, including Elkhart County Health Department, as well as other community entities that provide safety net health coverage for the community's most vulnerable populations These entities included the two Federally Qualified Health Centers in Elkhart County, namely Heart City Health Center and Maple City Health Center, and the Center for Healing and Hope, an ecumenically-based volunteer health clinic In addition, Elkhart General Hospital reached out to health advocacy entities conversant with local trends in racial health disparities and outcomes, including the Elkhart County Minority Health Coalition, the Hispanic Latino Health Coalition of Northern Indiana, and the Indiana Minority Health Coalition Also invited to be part of the assessment process were those entities that represent marginalized populations within the county, including local relief agencies, and agencies representing child abuse prevention, elderly, homeless/transient, and the disabled populations within the county The CHNA process included the analysis of priority health needs survey results submitted from 283 healthcare providers in the area Data analyses and subsequent group discussion were solicited on multiple Elkhart County health indicators, including public health data, behavioral risk factor data, socioeconomic and crime statistics, and healthcare utilization indicators culled from local, regional, state, and national data sources Both individual and group input were facilitated on community health needs, resulting in individual and collective weighted rankings of the needs Through nominal rating, the community process identified Elkhart County's overall health needs of teen pregnancy, lack of social messaging for health promotion, diabetes, access to prescription medications, access to dental care, obesity, smoking, access to primary health care, and access to mental health services Using a subsequent weighted ranking process to rate each health need based on the size of population impacted by the health need, the seriousness of the health need in the community and the effectiveness of known interventions in addressing the health need, the Steering Committee dialogue identified the community health needs as obesity/diabetes, smoking, access to primary health care, and access to mental health services Elkhart General Hospital initiated dialogue with Indiana University Health Goshen Hospital beginning in 2011 to assess interest in partnering on a joint CHNA process Both hospitals entered into an agreement to jointly complete the CHNA process In JUNE 2012 the CHNA report and the implementation strategies for addressing the community health needs were submitted to the Elkhart General Hospital Board of Directors for review and approval Subsequent to the Board's June 2012 approval of the community health needs assessment and RELATED implementation strategies, THE CHNA WAS made widely available to the community through posting on the Elkhart General Hospital website WWW EGH ORG UNDER THE ICON "ABOUT US, COMMUNITY HEALTH NEEDS ASSESSMENT " ALSO, hard copies ARE made available by request, through email transmission upon request, and through ongoing communication to the Elkhart County community by hospital representatives Elkhart General Hospital staff also presented the results of the CHNA to community groups upon request Additionally, Elkhart General Hospital conducts annual market projections by diseases for our primary and secondary service area Indiana hospital use rates are applied to the local population to achieve these projections Unemployment and uninsured statistics are obtained from the Elkhart County Department of Economic Development To ensure there are enough providers to care for the population and the projected disease rates, a medical staff development plan is conducted every two years The Medical Staff Development Plan is used to determine the number of physicians by specialty needed to serve the community New physician recruits and retirements are taken into account Unemployment and uninsured statistics are obtained from the Elkhart County Department of Economic Development
3 Patient Education of Eligibility for Assistance	WHEN UNINSURED PATIENTS PRESENT TO OUR HOSPITAL, THEY ARE OFFERED THE OPPORTUNITY TO MEET WITH OUR ELIGIBILITY SPECIALISTS OUR ELIGIBILITY SPECIALISTS DISCUSS THE POTENTIAL ELIGIBILITY OF THE PATIENT FOR MULTIPLE ASSISTANCE PROGRAMS, INCLUDING OUR OWN INTERNAL FINANCIAL ASSISTANCE PROGRAM OUR STATEMENTS ALSO INCLUDE A NOTICE THAT FINANCIAL ASSISTANCE IS AVAILABLE TO PATIENTS, AND THEY CAN CONTACT OUR CUSTOMER SERVICE GROUP FOR GUIDELINES Patients are also made aware of our financial assistance program via telephone conversation with our Patient Accounts staff Staff is particularly sensitive to address this program with anyone who indicates there might be a financial need

Form and Line Reference	Explanation
4 Community Information	Elkhart County, Indiana, was established in 1830, with the original county seat in Dunlap, which was later moved to Goshen Today Elkhart County has three growing cities, four towns, and 16 townships Elkhart County is located in northern Indiana and borders the state of Michigan The County is approximately 463 91 square miles in size Elkhart County lies halfway between Chicago and Cleveland and is conveniently located near Interstate 80/90 and the Indiana Toll Road Elkhart County's service providers have a history of actively forming partnerships in an effort to meet the health needs of its residents Elkhart County takes pride in offering its residents a great place to live and continually striving to establish new businesses and provide an entrepreneurial atmosphere Elkhart County is considered to be Elkhart General Hospital's primary service area According to the 2013 US Census estimates, Elkhart County has a population of 200,563, up slightly from the 2012 Census data report of 199,258 with a median household income of $46,712 and a per capita income of $21,866 Of the Elkhart County population, 16 5% lived below the base poverty level The percentage of persons 65 years and older is estimated at 12 7% Census data showed that 76 7% of Elkhart County residents are white persons not of Hispanic descent, 14 5% are Hispanic/Latino, and 6 0% are black Elkhart County's labor force was 94,513, of which 87,354 were employed and 7,159 persons, or 7 6% of the total labor force, were unemployed In 2013, the County Health Rankings, sponsored by the Robert Wood Johnson Foundation, ranked Elkhart County as the 14th healthiest county in Indiana of all 92 counties for health outcomes (a gauge of the health status of a county) and 65th healthiest for health factors (those factors that influence the health of a county) The top five leading causes for Elkhart County are as follows (1) Major Cardiovascular Disease, (2) Cancer, (3) Chronic Lower Respiratory Disease, (4) Motor Vehicle Accidents, and (5) Diabetes This order is comparable to the state of Indiana as a whole with one exception the category Motor Vehicle Accidents does not occur in the top five causes of death for the State
5 Promotion of Community Health	The mission of Elkhart General Hospital, as a Beacon Health System partner, is to enhance the physical, mental, emotional and spiritual well-being of the communities we serve Beacon Health System is committed to clinical excellence, compassionate care, and the ongoing improvement of quality of life Our commitment will lead the Health System to be the community's provider of outstanding quality, superior value and comprehensive health care services Both Beacon Health System and Elkhart General Hospital have community Boards of Directors, and consistently invest funds to improve the quality of life for our communities Beacon Health System values reflect an unwavering commitment to the communities we serve Elkhart General Hospital, as a Beacon Health System partner, has as its values Patients are at the center - Patient needs, care and safety are our top priority Trust - Our actions will firmly demonstrate reliability on our integrity, abilities and our character Respect - We will treat our patients, community members and each other with the highest level of regard, demonstrating an understanding of different perspectives, cultures, interests and needs of others Integrity - We will continually do the right thing for our patients, associates and communities we serve Compassion - We will demonstrate the emotional capacities of empathy and sympathy, and express the desire to help Elkhart General seeks to promote the health and well being of Elkhart County residents, with specific focus on the most vulnerable populations, by providing education to aid in early detection and prevention of disease and to improve the health status of the community as a whole A key mechanism by which this goal is carried out is Elkhart General Hospital's serious, consistent, and partnership with partnerships with like-minded organizations Elkhart General Hospital continues to seek out partnerships with multiple community entities to address the needs of the medically underserved and to improve the health status of our community These collaborative alliances included local public health, schools, churches, social service agencies, minority advocacy groups, victim assistance, and community health providers

Form and Line Reference	Explanation
6 Affiliated Health Care System	Elkhart General Hospital's governing body is comprised of persons who reside in Elkhart County The 15 member Board of Directors, who serve without pay, guides the system in its mission to provide high quality, affordable health care to the communities it serves The Board's roles include guaranteeing fair and equal access, approving new medical staff members and approving long-term strategies for the continued success of the hospital Additionally, Elkhart General Hospital extends medical staff privileges to all qualified physicians in our community In 2011 Elkhart General Hospital affiliated with Memorial Hospital of South Bend, Indiana, under the name of Beacon Health System, Inc Both organizations continue as full-care providers for their respective counties, and both organizations are committed to promoting the health of the communities they serve The Beacon Health System Board of Directors consists of 14 voting Board members
7 State Filing of Community Benefit Report	Elkhart General Hospital, Inc , prepares a Community Benefit Report both for the State of Indiana and for the Annual Report, which is posted at www egh org

Additional Data

Software ID:
Software Version:
EIN: 35-0877574
Name: Elkhart General Hospital Inc

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

Section D. 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	FAMILY PRACTICE ASSOCIATES 3301 County Road 6 East Elkhart,IN 46514	Owned Physician Practice
2	FOR WOMEN ONLY OB-GYN 1215 Lawn Avenue Suite 100 Elkhart,IN 46514	Owned Physician Practice
3	ELKHART CARDIOLOGY 303 Napannee Street Elkhart,IN 46514	Owned Physician Practice
4	FAMILY MEDICINE CENTER 2120 Reith Blvd Suite A Goshen,IN 46526	Owned Physician Practice
5	WAKARUSA MEDICAL CLINIC 207 North Elkhart Street Wakarusa,IN 46573	Owned Physician Practice
6	PHYSCHIATRIC PHYSICIANS 1506 Osolo Road Suite A Elkhart,IN 46514	Owned Physician Practice
7	BRISTOL FAMILY PRACTICE 306 Vistula Bristol,IN 46507	Owned Physician Practice
8	THE OSCEOLA CLINIC 5314 Lincolnway East Mishawaka,IN 46544	Owned Physician Practice
9	PSYCH SOCIAL WORKERS 1506 Osolo Road Suite A Elkhart,IN 46514	Owned Physician Practice
10	ELKHART GASTROENTEROLOGY 225 East Jackson Blvd Elkhart,IN 46516	Owned Physician Practice
11	NAPPANEE CLINIC 357 Nappanee Street Nappanee,IN 46550	Owned Physician Practice
12	CENTER FOR FAMILY PRACTICE 2120 Reith Blvd Suite C Goshen,IN 46526	Owned Physician Practice
13	BITTERSWEET MEDICAL ASSOCIATES 12340 Bittersweet Commons Blvd Granger,IN 46530	Owned Physician Practice
14	EDWARDSBURG FAMILY MEDICINE 27082 West Main Street Edwardsburg,IN 46514	Owned Physician Practice
15	RIVERPOINTE ASC 500 Arcade Ave Elkhart,IN 46514	Owned Physician Practice
16	NORTH CENTRAL CARDIOVASCULAR SPECIALISTS 500 Arcade Ave Suite 400 Elkhart,IN 46514	Owned Physician Practice
17	SLEEP CONSULTANTS OF MICHIANA 3301 County Road 6 East Elkhart,IN 46514	Owned Physician Practice
18	CARDIOTHORACIC SURGERY OF NRTHRN INDIANA 500 Arcade Ave Suite 200 Elkhart,IN 46514	Owned Physician Practice
19	SPECIALTY CLINIC SVS-WANEE 1208 A East Waterford Street Wakarusa,IN 46573	Owned Physician Practice
20	COMMUNITY TRAINING CENTER 2220 Reith Blvd Goshen,IN 46526	Owned Physician Practice
21	CENTER FOR OCCUPATIONAL MEDICINE 22818 Old US 20 Elkhart,IN 46516	Owned Physician Practice
22	Fulton Street Specialists 1753 Fulton Street Elkhart,IN 46514	Owned Physician Practice
23	Pain Management Consultants 600 East Boulevard Elkhart,IN 46514	Owned Physician Practice
24	Steven Hanberg MD 724 W Bristol Street Elkhart,IN 46514	Owned Physician Practice
25	MIDDLEBURY FAMILY PHYSICIANS 206 W WARREN STREET MIDDLEBURY,IN 46540	Owned Physician Practice

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

▶ **Information about Schedule I (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Elkhart General Hospital Inc

Employer identification number
35-0877574

Part I General Information on Grants and Assistance

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

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

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) RIBBON OF HOPE 600 EAST BOULEVARD ELKHART,IN 46514	35-2118856	501(c)(3)	35,000		CASH		CANCER SUPPORT
(2) HEART REACH MICHIANA 500 ARCADE STREET SUITE 230 ELKHART,IN 46514	20-2527524	501(c)(3)	10,000		CASH		SPONSORSHIP
(3) DOWNTOWN ELKHART INC 418 SOUTH MAIN STREET ELKHART,IN 46516	31-1173964	501(c)(3)	10,000		CASH		Jazz Festival
(4) ECONOMIC DEVELOPMENT CORP 300 NIBCO PARKWAY ELKHART,IN 46516	35-1973845	501(C)(3)	10,000		CASH		INVESTMENT
(5) UNITED WAY OF ELKHART COUNTY 601 CR 17 ELKHART,IN 46515	35-0953433	501(C)(3)	71,924		CASH		CORPORATE MATCH
(6) COUNCIL ON AGING OF ELKHART COUNTY 230 EAST JACKSON BLVD ELKHART,IN 46516	51-0178910	501(C)(3)	10,000		CASH		PEARLS PROGRAM
(7) AMERICAN HEART ASSOCIATION PO BOX 681550 INDIANAPOLIS,IN 46268	13-5613797	501(C)(3)	7,500		CASH		SPONSORSHIP
(8) HORIZON HEALTH ALLIANCE 124 EAST WASHINGTON ST GOSHEN,IN 46528	46-0803293	501(C)(3)	25,000		CASH		SPONSORSHIP
(9) ELKHART GENERAL HOSPITAL FOUNDATION PO BOX 447 ELKHART,IN 46515	35-6061200	501(C)(3)	10,000		CASH		SPONSORSHIP

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 9

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

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

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

Part IV **Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
CHARITABLE DONATIONS	PART OF THE ORGANIZATION'S MISSION IS TO IMPROVE THE HEALTH OF OUR COMMUNYTY IN ORDER TO FULFILL THIS GOAL, OUR ADMINISTRATORS HAVE THE ABILITY TO MAKE DONATIONS TO ORGANIZATIONS THAT IMPROVE THE HEALTH AND WELL BEING OF OUR COMMUNITY SINCE ALL PAYMENTS ARE MADE TO 501(C)(3) ENTITIES, THERE ARE NO PROCEDURES FOR MONITORING THE USE OF THE FUNDS

Additional Data

Software ID:
Software Version:
EIN: 35-0877574
Name: Elkhart General Hospital Inc

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
RIBBON OF HOPE 600 EAST BOULEVARD ELKHART,IN 46514	35-2118856	501(c)(3)	35,000		CASH		CANCER SUPPORT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
HEART REACH MICHIANA 500 ARCADE STREET SUITE 230 ELKHART,IN 46514	20-2527524	501(c)(3)	10,000		CASH		SPONSORSHIP

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
DOWNTOWN ELKHART INC 418 SOUTH MAIN STREET ELKHART,IN 46516	31-1173964	501(c)(3)	10,000		CASH		Jazz Festival

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
ECONOMIC DEVELOPMENT CORP 300 NIBCO PARKWAY ELKHART,IN 46516	35-1973845	501(C)(3)	10,000		CASH		INVESTMENT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
UNITED WAY OF ELKHART COUNTY 601 CR 17 ELKHART,IN 46515	35-0953433	501(C)(3)	71,924		CASH		CORPORATE MATCH

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
COUNCIL ON AGING OF ELKHART COUNTY 230 EAST JACKSON BLVD ELKHART,IN 46516	51-0178910	501(C)(3)	10,000		CASH		PEARLS PROGRAM

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
AMERICAN HEART ASSOCIATION PO BOX 681550 INDIANAPOLIS,IN 46268	13-5613797	501(C)(3)	7,500		CASH		SPONSORSHIP

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
HORIZON HEALTH ALLIANCE 124 EAST WASHINGTON ST GOSHEN,IN 46528	46-0803293	501(C)(3)	25,000		CASH		SPONSORSHIP

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
ELKHART GENERAL HOSPITAL FOUNDATION PO BOX 447 ELKHART,IN 46515	35-6061200	501(C)(3)	10,000		CASH		SPONSORSHIP

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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, line 23.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**
▶ **Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Elkhart General Hospital Inc

Employer identification number
35-0877574

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**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	☐ Compensation committee	☐ Written employment contract		
	☐ Independent compensation consultant	☐ Compensation survey or study		
	☐ Form 990 of other organizations	☐ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	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				
See Additional Data Table							

Part III Supplemental Information

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

Return Reference	Explanation
Supplemental Compensation Information	PART I, LINE 1A BEACON HEALTH SYSTEM, INC REIMBURSES DIRECTORS FOR THE TAX EFFECT OF THE 1099 REPORTABLE BENEFITS FOR SPOUSAL TRAVEL BEACON HEALTH SYSTEM ALSO REIMBURSES FOR DIRECT EXPENSES RELATED TO ANY TRAVEL ON THE ORGANIZATION'S BEHALF PART I, LINE 3 BEACON HEALTH SYSTEM DETERMINES METHODS FOR ESTABLISHING CEO COMPENSATION PART I, LINE 4A OTHER REPORTABLE COMPENSATION FOR MR LINTJER INCLUDED $246,997 IN SEVERANCE PAYMENTS, AND $113,779 IN MEDICAL CLAIMS PART I, LINE 4B MR LINTJER PARTICIPATES IN A SUPPLEMENTAL RETIREMENT PLAN, HOWEVER THERE WERE NO PAYMENTS MADE TO HIM IN 2013 OUT OF THIS PLAN BEACON HEALTH SYSTEM IMPLEMENTED AN EXECUTIVE RETENTION PLAN TO ATTRACT AND RETAIN KEY EMPLOYEES BY PROVIDING ADDITIONAL DEFERRED COMPENSATION THE CHIEF EXECUTIVE OFFICER WILL PARTICIPATE IN THE PLAN AND WILL SELECT OTHER PARTICIPANTS PURSUANT TO THE GUIDELINES SET BY THE EMPLOYER'S BOARD OF DIRECTORS THE EMPLOYER MAY MAKE CONTRIBUTIONS UNDER THE PLAN AND HAS SOLE DISCRETION OVER WHETHER TO MAKE A CONTRIBUTION VESTING OCCURS ON JANUARY 1 OF THE FIFTH YEAR FOR WHICH SUCH CONTRIBUTIONS ARE MADE FOR PARTICIPANTS WHO HAVE BEEN CONTINUOUSLY EMPLOYED THE PLAN ALSO ALLOWS VESTING TO OCCUR IF THE PARTICIPANT ATTAINS THE AGE OF 62 PHIL NEWBOLD IS VESTED BECAUSE HE IS OVER THE AGE OF 62 PHIL WAS PAID $134,645 IN MARCH 2013 PART I, LINE 7 THE RELATED ORGANIZATION, BEACON HEALTH SYSTEM, HAS THREE INCENTIVE PLANS (EMPLOYEE, MANAGEMENT AND EXECUTIVE) WHICH HAVE A NET OPERATING INCOME TO BUDGET MEASUREMENT FOR THE PAYOUT THRESHOLD THE EMPLOYEE PLAN SHARES THE EXCESS OVER BUDGET NET OPERATING INCOME WITH THE NON-MANAGEMENT EMPLOYEES FOR BEACON HEALTH SYSTEM, INC AND THE AFFILIATED ENTITIES THE EMPLOYEE INCENTIVE HAS A MAXIMUM CAP OF $4,500,000 THE PAYOUT AND AMOUNT OF THE PAYOUT FOR THE EMPLOYEE INCENTIVE PLAN IS MADE AT THE DISCRETION OF THE BOARD THE MANAGEMENT INCENTIVE PLAN PAYS A SLIDING PERCENTAGE OF BASE COMPENSATION IF THE NET OPERATING INCOME IS EQUAL TO OR GREATER THAN 80% OF THE BUDGETED NET OPERATING INCOME THE SLIDING SCALE CAPS WHEN OPERATING INCOME REACHES 120% OF THE BUDGETED OPERATING INCOME THE PAYOUT OF THE MANAGEMENT INCENTIVE PLAN IS MADE AT THE DISCRETION OF THE BOARD EXECUTIVES ARE COVERED UNDER THE BEACON HEALTH SYSTEM EXECUTIVE SHORT-TERM INCENTIVE PLAN (ESTIP) THE ESTIP PLAN PAYS A SLIDING PERCENTAGE OF BASE COMPENSATION IF THE NET OPERATING INCOME IS EQUAL TO OR GREATER THAN 80% OF THE BUDGETED NET INCOME THE SLIDING SCALE CAPS WHEN OPERATING INCOME REACHES 120% OF THE BUDGETED OPERATING INCOME THE PAYOUT OF THE ESTIP IS MADE AT THE DISCRETION OF THE BOARD The physicians employed as part of Elkhart General's Medical Group participate in a compensation program that is based on individual physician productivity The physicians participate in an incentive compensation program related to the financial improvement performance of the their practice site and quality of care criteria Elkhart General's Medical Group physicians may also earn additional compensation by actively serving as medical directors in various specialty areas throughout the hospital or by serving as practice site clinical oversight directors

Additional Data

Software ID:
Software Version:
EIN: 35-0877574
Name: Elkhart General 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				
Walter Halloran MD Physician	(I) (II)	621,199	570,258	2,632	10,200 0	31,038 0	1,235,327 0	0 0
Gregory Lintjer FORMER OFFICER	(I) (II)	0 0	0 0	360,776 0	0 0	0 0	360,776 0	246,997 0
Gregory Losasso President	(I) (II)	347,707 0	132,227 0	9,945 0	70,415 0	22,042 0	582,336 0	0 0
Jeff Howe Physician	(I) (II)	480,510	146,042	918	10,200 0	28,793 0	666,463 0	0 0
Majid Malik Physician	(I) (II)	255,242	92,392	17,939	10,200 0	30,680 0	406,453 0	0 0
Burton Boron Physician	(I) (II)	389,697	183,325	2,632	10,200 0	16,680 0	602,534 0	0 0
Laura Munkel Physician	(I) (II)	221,708	56,733	1,038	10,218 0	15,308 0	305,005 0	0 0
Jeffrey P Costello CFO/Asst Treasurer	(I) (II)	329,330	214,200	95,300	0 89,178	0 16,244	0 744,252	0 0
Phillip A Newbold CEO	(I) (II)	647,623	644,645	1,172,811	0 173,788	0 24,262	0 2,663,129	0 134,645
Edwin Annan Physician	(I) (II)	338,566	43,780	28,147	3,215 0	15,014 0	428,722 0	0 0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Elkhart General Hospital Inc

Employer identification number
35-0877574

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	HOSPITAL AUTHORITY OF ELKHART COUNTY	35-1657690	287468EM0	12-09-2008	47,800,000	REFUND BONDS ISSUED 04/02/2003		X		X		X
B	INDIANA FINANCE AUTHORITY	35-1602316	45471ALS9	05-21-2013	38,582,380	REFUND BONDS ISSUED 12/15/1998		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	4,010,000	1,845,276		
2	Amount of bonds legally defeased	0	0		
3	Total proceeds of issue	47,800,000	38,582,380		
4	Gross proceeds in reserve funds	0	0		
5	Capitalized interest from proceeds	0	0		
6	Proceeds in refunding escrows	0	0		
7	Issuance costs from proceeds	566,012	307,145		
8	Credit enhancement from proceeds	33,988	0		
9	Working capital expenditures from proceeds	0	0		
10	Capital expenditures from proceeds	0	0		
11	Other spent proceeds	47,200,000	38,275,235		
12	Other unspent proceeds	0	0		
13	Year of substantial completion	2004	2013		

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X					
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X			X				
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?	X							
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X							
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		1 900 %		0 %				
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		0 %						
6	Total of lines 4 and 5		1 900 %						
7	Does the bond issue meet the private security or payment test?		X						
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X						
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of		0 %						
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?		X						
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X							

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X				
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?	X		X					
b	Exception to rebate?	X		X					
c	No rebate due?		X		X				
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?	X			X				
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X				
b	Name of provider	0		0					
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was the hedge terminated?								

Part IV Arbitrage *(Continued)*

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

Part V Procedures To Undertake Corrective Action

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

Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation
PART II, LINE 11,COLUMN A	PRINCIPAL OF AND INTEREST ON REFUNDED BONDS
PART III, COLUMN B	

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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.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Elkhart General Hospital Inc

Employer identification number
35-0877574

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part I, Question 1	

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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" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule R (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Elkhart General Hospital Inc

Employer identification number
35-0877574

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on 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" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1) Beacon Medical Group 615 N MICHIGAN STREET SOUTH BEND, IN 46601 35-1536132	PHYS PRACTICE	IN	501(C)(3)	9	BHS	Yes	
(2) MEMORIAL HEALTH FOUNDATION INC 615 N MICHIGAN STREET SOUTH BEND, IN 46601 35-1536129	FIN SUPPORT	IN	501(C)(3)	9	MHS	Yes	
(3) MEMORIAL ENDOWMENT FUND FOR MEMORIAL HOS PO BOX 1602 SOUTH BEND, IN 46634 35-6068581	ENDOWMENT	IN	501(C)(3)	11D III-O	MHSB	Yes	
(4) BEACON HEALTH SYSTEM INC 615 N MICHIGAN STREET SOUTH BEND, IN 46601 45-3864076	PARENT ORG	IN	501(C)(3)	11c III-FI	NA		No
(5) Memorial Hospital of South Bend Inc 615 N Michigan Street South Bend, IN 46601 35-0868132	Hospital	IN	501(C)(3)	3	BHS	Yes	
(6) ELKHART GENERAL HOSPITAL FOUNDATION 600 EAST BLVD ELKHART, IN 46514 35-6061200	CHAR SUPPORT	IN	501(C)(3)	11,TYPE II	NA		No
(7) ELKHART GENERAL HOSPITAL AUXILIARY 600 EAST BLVD ELKHART, IN 46514 35-0938148	VOL SUPPORT	IN	501(C)(3)	11,TYPE II	NA		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) Wakarusa Med Clinic PO Box 501 Nappanee, IN 46550 20-0273243	Bldng Lessor	IN	EGH	RELATED	52,281	407,273		No	0	Yes		41 780 %
(2) WaNee Walk-In Cl 1028-A East Waterford St PO Box 3 Wakarusa, IN 46573 27-2192375	Medical Clini	IN	EGH	RELATED	2,880	55,610		No	0	Yes		50 000 %

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity? Yes	(i) No
(1) Beacon Health Ventures Inc 615 N Michigan St South Bend, IN 46601 35-1901068	Home Medical	IN		C					
(2) Beacon Health Ventures Michigan Inc 615 N Michigan St South Bend, IN 46601 20-8259773	Home Medical	IN		C					

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

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule			
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity	1a	Yes	
b Gift, grant, or capital contribution to related organization(s)	1b		No
c Gift, grant, or capital contribution from related organization(s)	1c	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		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j	Yes	
k Lease of facilities, equipment, or other assets from related organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations for related organization(s)	1l		No
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n		No
o Sharing of paid employees with related organization(s)	1o		No
p Reimbursement paid to related organization(s) for expenses	1p	Yes	
q Reimbursement paid by related organization(s) for expenses	1q	Yes	
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	Yes	

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

Part VI **Unrelated Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on 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 sections 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	

Part VII Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 35-0877574
Name: Elkhart General Hospital Inc

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

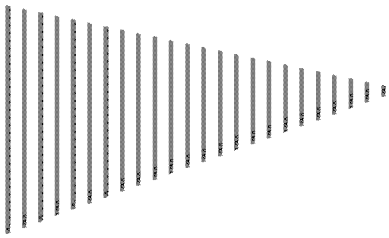
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) Beacon Medical Group 615 N MICHIGAN STREET SOUTH BEND, IN 46601 35-1536132	PHYS PRACTICE	IN	501(C)(3)	9	BHS	Yes	
(1) MEMORIAL HEALTH FOUNDATION INC 615 N MICHIGAN STREET SOUTH BEND, IN 46601 35-1536129	FIN SUPPORT	IN	501(C)(3)	9	MHS	Yes	
(2) MEMORIAL ENDOWMENT FUND FOR MEMORIAL HOS PO BOX 1602 SOUTH BEND, IN 46634 35-6068581	ENDOWMENT	IN	501(C)(3)	11D III-O	MHSB	Yes	
(3) BEACON HEALTH SYSTEM INC 615 N MICHIGAN STREET SOUTH BEND, IN 46601 45-3864076	PARENT ORG	IN	501(C)(3)	11c III-FI	NA		No
(4) Memorial Hospital of South Bend Inc 615 N Michigan Street South Bend, IN 46601 35-0868132	Hospital	IN	501(C)(3)	3	BHS	Yes	
(5) ELKHART GENERAL HOSPITAL FOUNDATION 600 EAST BLVD ELKHART, IN 46514 35-6061200	CHAR SUPPORT	IN	501(C)(3)	11,TYPE II	NA		No
(6) ELKHART GENERAL HOSPITAL AUXILIARY 600 EAST BLVD ELKHART, IN 46514 35-0938148	VOL SUPPORT	IN	501(C)(3)	11,TYPE II	NA		No

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
Wakarusa Medical Clinic LLC	j	137,811	FMV
Memorial Hospital of South Bend	c	2,587,174	Acct Activity
Memorial Hospital of South Bend	p	11,366,226	INVOICE REVIEW
Memorial Hospital of South Bend	s	12,710,854	Cash Transfer
Beacon Health Ventures	j	215,010	FMV
Memorial Hospital of South Bend	r	5,613,504	Cash Transfer
Memorial Hospital of South Bend	q	1,729,224	ACCT ACTIVITY
Beacon Medical Group	k	54,086	Acct Charges
Beacon Medical Group	p	8,817,276	Acct Charges
Beacon Medical Group	s	8,817,276	Acct Charges
Beacon Medical Group	c	8,633,802	Acct Charges
Beacon Health Ventures	a	17,230	FMV

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Beacon Health System, Inc and Affiliated Corporations
Years Ended December 31, 2013 and 2012
With Reports of Independent Auditors



Building a better working world

Beacon Health System, Inc. and Affiliated Corporations

Consolidated Financial Statements
and Supplementary Information

Years Ended December 31, 2013 and 2012

Contents

Ernst & Young LLP
100 North Tryon Street
Charlotte, NC 28202-4144
Tel: +1 704 331 2000
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www.ey.com

Building a better working world

Report of Independent Auditors

The Board of Directors
Beacon Health System, Inc and Affiliated Corporations

We have audited the accompanying consolidated financial statements of Beacon Health System, Inc and Affiliated Corporations (the Corporation), which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Building a better working world

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Beacon Health System, Inc and Affiliated Corporations at December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended, in conformity with U S generally accepted accounting principles

Ernst & Young LLP

March 6, 2014

Beacon Health System, Inc. and Affiliated Corporations

Consolidated Balance Sheets

(In Thousands)

	December 31	
	2013	**2012**
Assets		
Current assets		
Cash and cash equivalents	**$ 91,057**	$ 78,316
Short-term investments	**43,072**	7,305
Patient accounts receivable, less allowances for doubtful accounts (2013 – $23,123, 2012 – $19,393)	**138,950**	137,442
Due from third-party payors	**7,230**	18,573
Other receivables	**10,299**	8,844
Inventories	**21,641**	21,316
Prepaid expenses	**11,146**	9,345
Total current assets	**323,395**	281,141
Assets limited as to use		
Internally designated investments	**558,918**	531,354
Externally designated investments under debt agreements	**28,812**	–
Externally designated investments – insurance trust	**2,582**	2,584
Board-designated endowment	**20,968**	19,332
Endowment and temporarily restricted investments	**6,278**	5,235
	617,558	558,505
Property and equipment		
Land	**45,955**	38,347
Buildings and improvements	**595,141**	573,562
Furniture and equipment	**375,603**	338,814
Construction in progress	**32,060**	24,751
	1,048,759	975,474
Less allowances for depreciation and amortization	**505,566**	478,597
	543,193	496,877
Unamortized bond issuance costs, net	**2,474**	1,995
Deferred charges and other assets	**26,411**	30,243
	$ 1,513,031	$ 1,368,761

	December 31	
	2013	**2012**
Liabilities and net assets		
Current liabilities		
Accounts payable	**$ 53,531**	$ 45,915
Accrued salaries and benefits	**43,942**	46,161
Accrued expenses	**4,971**	5,314
Due to third-party payors	**10,753**	6,063
Current maturities of long-term debt	**6,899**	6,920
Total current liabilities	**120,096**	110,373
Noncurrent liabilities		
Long-term debt, less current maturities	**256,237**	208,140
Pension and other liabilities	**65,484**	122,563
Interest rate and basis swaps	**36,761**	30,017
	358,482	360,720
Total liabilities	**478,578**	471,093
Net assets		
Unrestricted:		
Undesignated	**1,000,532**	867,771
Board-designated endowment	**20,968**	19,332
Total unrestricted	**1,021,500**	887,103
Temporarily restricted	**12,362**	9,974
Permanently restricted	**591**	591
Total net assets	**1,034,453**	897,668
	$ 1,513,031	$ 1,368,761

See accompanying notes.

Beacon Health System, Inc. and Affiliated Corporations

Consolidated Statements of Operations and Changes in Net Assets

(In Thousands)

	Year Ended December 31	
	2013	**2012**
Unrestricted revenue, gains, and other support		
Net patient service revenue	**$ 840,408**	$ 897,737
Provision for bad debts	**(62,724)**	(51,950)
Net patient service revenue less provision for bad debts	**777,684**	845,787
Other revenue	**42,726**	39,670
Net assets released from restrictions used for operations	**458**	620
	820,868	886,077
Expenses		
Salaries and wages	**329,320**	302,454
Employee benefits	**90,072**	94,783
Supplies and other	**192,834**	208,416
Professional fees and purchased services	**107,094**	107,310
Depreciation and amortization	**44,169**	46,858
Interest	**6,594**	6,228
	770,083	766,049
Income from operations	**50,785**	120,028
Nonoperating		
Investment income, net	**49,466**	50,178
Unrealized (losses) gains on swap transactions, net	**(6,744)**	12,333
Loss on bond refunding	**(3,734)**	–
Realized loss on swap termination	**–**	(290)
Revenue and gains in excess of expenses	**89,773**	182,249

Beacon Health System, Inc. and Affiliated Corporations

Consolidated Statements of Operations and Changes in Net Assets (continued)

(In Thousands)

	Year Ended December 31	
	2013	**2012**
Unrestricted net assets		
Revenue and gains in excess of expenses	**$ 89,773**	$ 182,249
Net assets released from restrictions used for capital purposes	**529**	304
Net assets released from board designated endowment	**(690)**	–
Other	**(53)**	122
Capital contributions	**–**	257
Postretirement benefit adjustments other than periodic costs	**44,838**	(10,239)
Increase in unrestricted net assets	**134,397**	172,693
Temporarily restricted net assets		
Contributions temporarily restricted for use	**2,182**	1,502
Investment income	**1,193**	649
Net assets released from restrictions used for operating and capital purposes	**(987)**	(924)
Increase in temporarily restricted net assets	**2,388**	1,227
Permanently restricted net assets		
Contributions permanently restricted for use	**–**	–
Increase in permanently restricted net assets	**–**	–
Increase in net assets	**136,785**	173,920
Net assets at beginning of year	**897,668**	723,748
Net assets at end of year	**$ 1,034,453**	$ 897,668

See accompanying notes.

Beacon Health System, Inc. and Affiliated Corporations

Consolidated Statements of Cash Flows

(In Thousands)

	Year Ended December 31	
	2013	**2012**
Operating activities		
Change in net assets	**$ 136,785**	$ 173,920
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	**44,169**	46,858
Provision for bad debts	**62,724**	51,950
Unrealized gains on swap transactions, net	**6,743**	(12,333)
Realized loss on swap termination	**–**	290
Loss on early extinguishment of debt	**3,735**	–
Loss on disposal of assets	**–**	105
Postretirement benefit adjustments other than periodic costs	**(44,838)**	10,239
Realized gains on investments	**(8,670)**	(1,498)
Restricted contributions and investment income	**(3,375)**	(2,151)
Changes in operating assets and liabilities		
Patient accounts receivable	**(64,232)**	(71,901)
Other receivables, inventories, and prepaid expenses	**(3,581)**	535
Other assets	**3,452**	(3,694)
Investments – trading	**(86,151)**	(118,226)
Accounts payable, accrued salaries and benefits, and accrued expenses	**5,054**	12,786
Due to/from third-party payors, net	**16,033**	(11,023)
Other long-term liabilities	**(12,071)**	(9,704)
Net cash provided by operating activities	**55,777**	66,153
Investing activities		
Net additions to property and equipment	**(86,423)**	(47,938)
Net cash used in investing activities	**(86,423)**	(47,938)
Financing activities		
Principal payments on long-term debt and other debt obligations	**(149,505)**	(6,806)
Net proceeds from issuance of long-term debt and other debt obligations	**191,337**	55
Payment of bond issue costs	**(1,820)**	–
Restricted contributions and investment income	**3,375**	2,151
Net cash provided by (used in) financing activities	**43,387**	(4,600)
Increase in cash and cash equivalents	**12,741**	13,615
Cash and cash equivalents at beginning of year	**78,316**	64,701
Cash and cash equivalents at end of year	**$ 91,057**	$ 78,316
Supplemental disclosure of cash flow information		
Interest paid	**$ 5,748**	$ 6,312

See accompanying notes

Beacon Health System, Inc. and Affiliated Corporations

Notes to Consolidated Financial Statements

December 31, 2013

1. Organization and Basis of Consolidation

The accompanying consolidated financial statements represent the accounts of Beacon Health System, Inc. (the Corporation or BHS) and its various affiliated corporations under the control of the Corporation The Corporation is an Indiana not-for-profit corporation exempt from federal income tax under Internal Revenue Code (the Code) Section 501(a) as an organization described in Section 501(c)(3) and a public charity as described in Section 509(a)(3) In December 2011, the Corporation became the sole corporate member of the following entities

Elkhart General Hospital, Inc (EGH), Memorial Hospital of South Bend, Inc (MHSB), Memorial Health Foundation, Inc. (MHF), Beacon Medical Group, Inc. (BMG), formerly Memorial Health System, Inc , and Beacon Health Ventures, Inc (BHV) EGH, MHSB, BMG, and MHF are also exempt from federal income tax under Section 501(a) as organizations described in Section 501(c)(3) and as public charities described in Sections of 509(a)(1) and 509(a)(2), respectively BHV is an Indiana for-profit corporation All significant intercompany accounts and transactions have been eliminated in the consolidation EGH is a 365 licensed bed (270 available) acute care community hospital located in Elkhart, Indiana MHSB is a 657 licensed bed (409 available) acute care trauma center located in South Bend, Indiana. EGH and MHSB (collectively, the Hospitals) provide inpatient, outpatient, and 24-hour emergency care services for residents of Elkhart and South Bend, Indiana, and the surrounding communities MHF is organized primarily to promote and encourage philanthropic activities for the support of the Corporation and its affiliates BHV manages the taxable operations of the Corporation, including home care and other non-acute health care services BMG operates the physician enterprise of the Corporation

The Corporation owns a less than majority ownership or controlling interest in the following

- 50% interest in Community Health Alliance LLC, an Indiana physician hospital organization
- 40% interest in Skyway Limited Partnership, a professional medical building venture
- 50% interest in Memorial Spine and Neuroscience Center, LLC, an outpatient surgery center specializing in neurologic, spine, and pain control procedures
- 45% interest in LaPorte Medical Group Surgery Center, LLP, an outpatient surgery center
- 35% interest in Physicians Hospital LLC, a long-term acute care facility

1. Organization and Basis of Consolidation (continued)

- 50% interest in Valparaiso Medical Development, LLC, a professional medical building venture
- 25% interest in Magnetic Resonance Imaging, LLC, an imaging and radiology center
- 33% interest in Michiana Information Health Network, Inc, a health information exchange
- 40% interest in Northern Indiana Ambulatory Surgery Center, LLC, an ambulatory surgery center
- 26% interest Community Occupational Medicine, LLC, an occupational health care facility
- 42% interest in Wakarusa Medical Clinic, LLC, a medical clinic
- 50% interest in Wanee Walk in Clinic, LLC, a medical clinic

Aggregate financial information relating to these investments is as follows (in thousands)

	2013	2012
Assets	**$ 42,419**	$ 40,292
Liabilities	**20,746**	24,096
Net income	**8,236**	8,149

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements Estimates also affect the reported amounts of revenues and expenses during the reporting period Although estimates are considered to be fairly stated at the time the estimates are made, actual results could differ from those estimates

2. Summary of Significant Accounting Policies (continued)

Cash Equivalents

All investments that are not limited as to use with a maturity of three months or less at the time of acquisition are reflected as cash equivalents Cash equivalents include checking accounts, money market accounts, corporate credit card accounts, and petty cash The carrying value of cash equivalents approximates fair value

Short-Term Investments

Short-term investments include cash reinvested on a daily basis, accrued interest on investments, and money expected to be used in less than a year as part of the Corporation's community benefit Also included in short-term investments are restricted and unrestricted investment donations that are in the process of being liquidated

Accounts Receivable

The Corporation evaluates the collectibility of its accounts receivable based on the length of time the receivable is outstanding, payor class, and the anticipated future uncollectible amounts based on historical experience Accounts receivable are charged to the allowance for doubtful accounts when they are deemed uncollectible

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Directors (the Board) for future capital improvements and community health enhancement initiatives that the Board, at its discretion, may subsequently use for other purposes In addition, assets limited as to use also include assets held by trustees under self-funded insurance agreements, and investments externally designated under indenture or donor restriction

Investments

The Corporation classifies substantially all of its investments as trading Under a trading classification, all unrestricted realized and unrealized gains and losses are included in revenues, and gains in excess of expenses

2. Summary of Significant Accounting Policies (continued)

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value based on quoted market prices for those or similar investments Dividend and interest income, realized gains and losses, and changes to fair values of investments are reported as nonoperating investment income in the consolidated statements of operations and changes in net assets

Investments in alternative investments, primarily hedge fund of funds, that invest in marketable securities and derivative products are reported using the equity method The estimated fair values are provided by the respective fund managers and are based on historical costs, appraisals, and other estimates that require varying degrees of judgment Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and may differ from the value that would have been used had a ready market for such investments existed Resulting differences could be material The financial statements of the hedge funds are audited annually Equity earnings related to these alternative investments are included in nonoperating investment income The Corporation's holding reflects net contributions to the hedge fund and an allocated share of realized and unrealized investment income and expense.

Inventories

Inventories are stated at the lower of cost (average cost method) or market

Unamortized Bond Issuance Costs

Costs incurred in connection with the issuance of long-term debt are deferred and amortized over the term of the related financing, which approximates the effective interest method

Fair Value of Financial Instruments

The Corporation's carrying amount for its financial instruments, which include cash and cash equivalents, investments and assets limited as to use, and accounts receivable, at December 31, 2013 and 2012, approximates fair value The estimated fair value amounts have been determined by the Corporation using available market information and appropriate valuation methodologies

Property and Equipment

Property and equipment are carried at cost, except donated assets, which are recorded at fair value at the date of donation. Allowances for depreciation and amortization are computed primarily utilizing the straight-line method over the estimated useful lives of the assets, which range from 3 to 40 years

Asset Impairment

The Corporation considers whether indicators of impairment are present and performs the necessary tests to determine if the carrying value of an asset is appropriate. Impairment write-downs are recognized in operating expenses at the time the impairment is identified There was no impairment of long-lived assets in 2013 or 2012

The carrying value of goodwill amounted to approximately $7,853,000 and $6,507,000 at December 31, 2013 and 2012, respectively, and is included in deferred charges and other assets in the consolidated balance sheets Goodwill is assessed for impairment on an annual basis at the reporting unit level. If the fair value of the reporting unit is less than the carrying value, an impairment loss equal to the difference between the implied fair value of the reporting unit goodwill and the carrying value of the reporting unit goodwill is recognized There was no impairment of goodwill in 2013 or 2012

Deferred Charges and Other Assets

Included in deferred charges and other assets are intangible assets and investments in unconsolidated affiliates

The acquisition of a business entity can result in the recording of intangible assets Acquired definite-lived intangible assets (excluding goodwill) are amortized over the useful life of the assets Goodwill is carried at acquisition value, less any impairment reductions

The Corporation accounts for its investments in less than majority owned and controlled affiliates using either the cost basis or the equity method of accounting Income from these investments is reflected in other revenue in the consolidated statements of operations and changes in net assets

2. Summary of Significant Accounting Policies (continued)

Endowment Investments

Income is received directly by MHF from MHF board-designated endowment investments and is included in investment income within temporarily restricted net assets EGH receives a portion of the income from investments in endowments directly as they are released from restriction These endowment investments have perpetual existence

Contributions

Unconditional pledges to give cash and other assets are reported at fair value at the date the pledge is received to the extent estimated to be collectible by the Corporation Pledges received with donor restrictions that limit the use of the donated assets are reported as either temporarily or permanently restricted support When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions

Temporarily Restricted Net Assets

Temporarily restricted net assets are used to differentiate resources, the use of which is restricted by donors or grantors to a specific time period or purpose, from resources on which no restrictions have been placed or that arise from the general operations of the Corporation Temporarily restricted gifts and bequests are recorded as an addition to temporarily restricted net assets in the period received Assets released from restrictions that are used for the purchase of property and equipment or capital purposes are reported in the consolidated statements of operations and changes in net assets as additions to unrestricted net assets Resources restricted by donors for specific operating purposes are reported in unrestricted revenue, gains, and other support to the extent expended within the period

Permanently Restricted Net Assets

Permanently restricted net assets have been restricted by donors to be maintained by the Corporation in perpetuity In accordance with the restriction, a majority of the investment income and investment gains or losses from permanently restricted net assets are restricted by the donor for a specific purpose and are therefore temporarily restricted A specified portion of income earned by the temporarily restricted net assets is released from restriction and used for operations each year and, therefore, is included in the consolidated statements of operations and changes in net assets as other revenue.

2. Summary of Significant Accounting Policies (continued)

Net Patient Service Revenue

The Corporation has agreements with various third-party payors that provide for payments to the Corporation at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments Net patient service revenue is reported at the estimated net realizable amounts received or due from patients, third-party payors, and others for services rendered These amounts include estimated adjustments under certain reimbursement agreements with third-party payors, which are subject to audit by the applicable administering agency. These adjustments are accrued on an estimated basis and are adjusted in future periods as final settlements are determined (see Note 3)

Community Commitment

The Hospitals provide care to all patients regardless of their ability to pay Charity care provided is excluded from net patient service revenue (see Note 4).

Revenue and Gains in Excess of Expenses

The consolidated statements of operations and changes in net assets includes revenue and gains in excess of expenses Changes in unrestricted net assets, which are excluded from revenue and gains in excess of expenses, consistent with industry practice, include contributions of long-lived assets, including assets acquired using contributions, which, by donor restrictions, were to be used for the purpose of acquiring such assets, and pension-related changes other than net periodic costs

Allocation of Costs

The Corporation's ability to exercise control over consolidated entities could result in the entities having a financial position or operating results that are significantly different from those that would have been obtained if the entities were autonomous The manner of allocating certain shared and centralized costs, such as accounts payable processing, information technology support, and other Corporation-managed administration costs, is determined by the Corporation utilizing Internal Revenue Service transfer pricing guidance Alternate methods of accounting for these cost allocations may produce significantly different operating results for each of the consolidated entities

2. Summary of Significant Accounting Policies (continued)

Interest Rate and Basis Swaps

All interest rate and basis swaps are measured at fair value based on quoted market interest rates None of the swaps are designated as hedging instruments, therefore, the unrealized gains or losses on the fair value of the swaps are included in revenue and gains in excess of expenses in the consolidated statements of operations and changes in net assets

Asset Retirement Obligations

The Corporation accounts for the fair value of legal obligations associated with long-lived asset retirements by recognizing an expense and accreting a liability over the life of the asset to cover potential legal obligations at the end of the asset's useful life The asset retirement obligation primarily relates to future asbestos remediation related to buildings on MHSB's campus, as well as ground/soil remediation associated with the removal of underground fuel tanks. The carrying value of the obligation amounted to approximately $4,343,000 and $4,512,000 at December 31, 2013 and 2012, respectively, and is reflected in pension and other liabilities on the consolidated balance sheets

New Accounting Pronouncement

In December 2011, the FASB issued guidance that enhances disclosures about financial and derivative instruments that are either offset on the consolidated balance sheet or subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset on the consolidated balance sheet Adoption of this new guidance on January 1, 2013 did not have a material impact on the Corporation's consolidated financial statements

Reclassifications

Certain reclassifications were made to the 2012 consolidated financial statements to conform with classifications made in 2013 The reclassifications had no effect on the changes in net assets or on net assets previously reported

3. Contractual Arrangements With Third-Party Payors and Uncollectible Accounts

The Medicare and Medicaid programs reimburse the Corporation for inpatient and outpatient services at predetermined rates based on diagnosis and treatment. Changes in the Medicare and Medicaid programs or reduction in funding of the programs could have an adverse effect on future amounts recognized as net patient service revenue

The laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term

Managed care reimbursement agreements provide for payment of patient services at a fixed percentage of covered charges The Corporation has also entered into contractual arrangements with various health maintenance and preferred provider organizations, the terms of which call for the Corporation to be paid for covered services at predetermined rates, including percent of charges, per diem, and case rate

Net patient service revenue is recorded in the period in which services are rendered, based upon estimated amounts due from patients and third-party payors. Third parties include Medicare, Medicaid, managed health care plans, and other commercial plans Estimated amounts due are calculated from contractually obligated terms of payment for each payor, as well as uninsured discounts applied for patients with no insurance coverage Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the year ended December 31 from these major payor sources is as follows (in thousands)

Payor	Net Revenue 2013	Net Revenue 2012
Anthem	**$ 180,080**	$ 174,833
Commercial	**249,960**	239,119
Medicare	**237,436**	230,485
Medicaid	**77,446**	169,295
Self Pay	**95,486**	84,005
Revenues before provision for bad debt	**840,408**	897,737
Provision for bad debts	**(62,724)**	(51,950)
Net patient service revenue	**$ 777,684**	$ 845,787

3. Contractual Arrangements With Third-Party Payors and Uncollectible Accounts (continued)

Net patient service revenue related to the Medicare program are 28% and 26% for the year ended December 31, 2013 and 2012, respectively Net patient service revenue related to the Medicaid program are 9% and 19% for the years ended December 31, 2013 and 2012, respectively Amounts reported under the Anthem Payor Contract account for 21% and 19%, of net patient service revenue for the year ended December 31, 2013 and 2012, respectively Credit is granted without collateral to patients, most of whom are local residents and are insured under third-party arrangements Major components of net patient accounts receivable include 30% from Medicare and 20% from Blue Cross at December 31, 2013, and 24% from Medicare and 19% from Blue Cross at December 31, 2012

The provision for bad debts is based upon management's assessment of historical and expected net collections taking into consideration the trends in health care coverage, historical economic trends, and other collection indicators Management assesses the adequacy of the allowances periodically throughout the year based upon historical write-off experience by major payor category. The results of the review are then utilized to make modifications, as necessary, to the provision for bad debts to provide for an appropriate allowance for uncollectible accounts A significant portion of the Corporation's uninsured patients will be unable or unwilling to pay for the services provided Thus, the Corporation records a significant provision for bad debts related to uninsured patients in the period the services are provided The allowance for doubtful accounts recognized at December 31 by major payor source is as follows (in thousands)

Payor	Allowance for Doubtful Accounts 2013	Allowance for Doubtful Accounts 2012
Third Party	**$ 13,550**	$ 10,203
Self Pay	**9,573**	9,190
	$ 23,123	$ 19,393

3. Contractual Arrangements With Third-Party Payors and Uncollectible Accounts (continued)

Adjustments arising from reimbursement arrangements with third-party payors are accrued for on an estimated basis in the period in which the services are rendered, with the exception of Indiana Medicaid Disproportionate Share (DSH) reimbursement DSH payments by the state of Indiana, if eligible, are paid according to the fiscal year of the state, which ends on June 30 of each year, and are based on the cost of uncompensated care provided by the DSH providers during their respective fiscal year ended during the state fiscal year DSH payments are recorded after eligibility is determined, and payments are probable and reasonably estimable Estimates for DSH, cost report settlements, and contractual allowances can differ from actual reimbursement based on the results of subsequent reviews, government regulatory changes, and cost report audits In 2012, MHSB qualified for another two (2) years of State DSH payments for State Fiscal Year (SFY) 2012 and 2013 The amounts related to SFY 2013 and 2012 DSH were not determinable at December 31, 2012 As a result, MHSB recorded net patient service revenue of $23,071,000 in the year ended December 31, 2013 related to SFY 2013 and 2012 DSH payments As the result of notification of successful appeal of the prior State DSH ruling related to SFY 2011 and 2010, MHSB recorded net patient service revenue of $52,953,000 for the year ended December 31, 2012

In May 2012, the Indiana Hospital Assessment Fee program (HAF) was approved by the Federal Centers for Medicare and Medicaid Services for the period July 1, 2011 through June 30, 2013 The State of Indiana has approved HAF effective July 2013 through June 2017 The Federal Centers for Medicare and Medicaid Services (CMS) as of the date of this report has not ratified the HAF program HAF was therefore suspended effective July 1, 2013 Under HAF, Indiana hospitals receive additional federal Medicaid funds for the State's health care system, administered by the Indiana Family and Social Services Administration HAF includes both a payment to the Hospitals from the State (included in net patient service revenue) and an assessment (included in supplies and other expenses) against the Hospitals, which is paid to the State the same year

Payments recognized for the six months ended June 30, 2013 totaled $28,954,000 and assessments for the same period were $14,486,000 No payments have been received or assessments paid after June 30, 2013 until approval of the HAF program by CMS Because the program was approved mid-year 2012, payments recognized for the year ended December 31, 2012 included payments totaling $28,283,000 and assessments of $10,942,000 related to the

3. Contractual Arrangements With Third-Party Payors and Uncollectible Accounts (continued)

period July 1, 2011 through December 31, 2011. Payments recognized for the 12-month period covering January 1, 2012 through December 31, 2012 totaled $57,535,000 and assessments of $21,884,000. HAF payments are included in net patient service revenue and HAF assessments are included in supplies and other expenses in the consolidated statements of operations and changes in net assets

During 2012, the Corporation recognized $5,400,000 as part of net patient service revenue for the Medicare Rural Floor Budget Neutrality Act settlement. This settlement with the Centers for Medicare & Medicaid Services involved approximately 2,200 hospitals nationwide and was made to resolve a challenge made by the plaintiff for underpayment of Medicare services dating back to 1999

Estimates for cost report settlements and contractual allowances can differ from actual reimbursement based on the results of subsequent reviews and cost report audits For the years ended December 31, 2013 and 2012, net patient service revenue has been decreased by approximately $259,000 and $42,000, respectively, for third-party payor settlements related to prior years

4. Community Commitment

Community commitment represents charity care and/or unreimbursed costs for services rendered at a reduced fee, or no fee, due to the inability of the patient to pay for services. The amount of the community commitment provided was approximately $12,092,000 and $8,862,000 for the years ended December 31, 2013 and 2012, respectively, at estimated cost The Corporation utilized a cost to charge ratio methodology for the cost analysis The only reimbursement for financial assistance care received by the Corporation is determined through a settlement process in the Hospitals' annual Medicare cost report filing Financial assistance care reimbursement was approximately $340,000 and $169,000 for the years ended December 31, 2013 and 2012, respectively.

4. Community Commitment (continued)

In addition, the Corporation reinvests funds into the community to improve the health status of community members, in particular underserved populations. Each year, the Corporation tithes based on the Corporation's income from operations plus certain investment earnings in a separate unrestricted current asset account The estimated amount of tithing funds expended was approximately $2,556,000 and $2,176,000 for the years ended December 31, 2013 and 2012, respectively

5. Pension Plans

The Corporation maintained a defined-contribution employee retirement and savings plan for MHSB, BMG, MHF, and BHV for all employees who have attained 21 years of age and have completed 12 months of continuous service The Corporation's contributions are based on 100% of the employee's contributions, up to 4% of the employee's salary, both employee and the Corporation contributions were subject to certain limitations Contributions were approximately $5,498,000 for the year ended December 31, 2012

The Corporation maintained a defined-contribution employee retirement and savings plan for all employees of EGH The Corporation's contributions are based on 100% of the employee's contributions, up to 4% of the employee's salary Both employee and the Corporation contributions were subject to certain limitations Contributions were approximately $2,162,000 for the year ended December 31, 2012

Effective January 1, 2013, the defined-contribution plans were rolled into one plan under the Corporation There were no changes to the contribution formula from the previous defined-contribution plans Contributions were approximately $8,972,000 for the year ended December 31, 2013

The Corporation also has a noncontributory, defined-benefit pension plan (the MEM Plan), which includes MHSB, BMG, MHF, and BHV with a final average pay plan and a cash balance plan. The cash balance plan was frozen for new participants and accrual of benefits as of December 31, 2007, and the much smaller grandfathered final average pay plan, with fewer participants, remains frozen and has not been altered The assets in the cash balance plan will continue to earn interest, but service credits are frozen

5. Pension Plans (continued)

The Corporation also has a noncontributory, defined-benefit pension plan (the EGH Plan) for EGH. As of December 31, 2007, the EGH Plan was frozen for all participants who had not attained the age of 50 and accumulated 15 years of vesting service as of December 31, 2007. No new participants are allowed into the plan as of December 31, 2007 Participants who were at least 50 years old and had accumulated 15 years of service at December 31, 2007, continued to accrue benefits under the terms of the EGH Plan until it was frozen effective January 1, 2013 Additionally, a lump-sum payout option was effective for all participants on July 1, 2012

The Corporation's defined-benefit plan expense was as follows (in thousands).

	EGH	MEM	Total
December 31, 2013	**$ 2,659**	**$ 2,201**	**$ 4,860**
December 31, 2012	4,034	2,518	6,552

The Corporation's expected plan expense for the year ended December 31, 2014, is as follows (in thousands)

	EGH	MEM	Total
Plan expense	$ 879	$ 1,446	$ 2,325

5. Pension Plans (continued)

The measurement date of December 31 is utilized for both plans The summary of the changes in the benefit obligation and plan assets and the resulting funded status of the plans are as follows (in thousands)

	December 31, 2013		
	EGH	MEM	Total
Accumulated benefit obligation	$ 140,205	$ 129,976	$ 270,181
Change in projected benefit obligation			
Projected benefit obligation at beginning of year	$ 162,292	$ 143,213	$ 305,505
Service cost	–	1,386	1,386
Interest cost	5,506	4,892	10,398
Actuarial gain	(18,490)	(12,847)	(31,337)
Benefits and administrative expenses paid	(4,985)	(6,668)	(11,653)
Lump-sum benefits paid	(4,118)	–	(4,118)
Projected benefit obligation at end of year	$ 140,205	$ 129,976	$ 270,181
Change in plan assets			
Fair value of plan assets at beginning of year	$ 106,512	$ 96,953	$ 203,465
Actual return on plan assets	11,245	9,181	20,426
Employer contributions	5,000	2,750	7,750
Benefits and administrative fees paid	(4,985)	(6,668)	(11,653)
Lump-sum benefits paid	(4,118)	–	(4,118)
Fair value of plan assets at end of year	$ 113,654	$ 102,216	$ 215,870
Funded status.			
Funded status of the plan and amounts recognized as pension and other liabilities in the consolidated balance sheet	$ (26,551)	$ (27,760)	$ (54,311)

5. Pension Plans (continued)

	December 31, 2012		
	EGH	**MEM**	**Total**
Accumulated benefit obligation	$ 162,292	$ 140,640	$ 302,932
Change in projected benefit obligation.			
Projected benefit obligation at beginning of year	$ 149,018	$ 131,413	$ 280,431
Service cost	806	1,332	2,138
Interest cost	6,237	5,444	11,681
Actuarial loss	14,768	11,764	26,532
Benefits and administrative expenses paid	(4,605)	(6,740)	(11,345)
Lump-sum benefits paid	(849)	–	(849)
Curtailment	(3,083)	–	(3,083)
Projected benefit obligation at end of year	$ 162,292	$ 143,213	$ 305,505
Change in plan assets.			
Fair value of plan assets at beginning of year	$ 88,598	$ 90,581	$ 179,179
Actual gain on plan assets	11,868	8,602	20,470
Employer contributions	11,500	4,510	16,010
Benefits and administrative fees paid	(4,605)	(6,740)	(11,345)
Lump-sum benefits paid	(849)	–	(849)
Fair value of plan assets at end of year	$ 106,512	$ 96,953	$ 203,465
Funded status			
Funded status of the plan and amounts recognized as other long-term liabilities in the consolidated balance sheet	$ (55,780)	$ (46,260)	$ (102,040)

5. Pension Plans (continued)

Included in unrestricted net assets are the following amounts that have not been recognized in net periodic pension cost (in thousands).

	At December 31, 2013		
	EGH	**MEM**	**Total**
Prior service cost	**$ –**	**$ (5)**	**$ (5)**
Actuarial net gain	**40,766**	**29,463**	**70,229**
	$ 40,776	**$ 29,458**	**$ 70,224**

	At December 31, 2012		
	EGH	**MEM**	**Total**
Prior service cost	$ –	$ (1)	$ (1)
Actuarial net loss	67,654	47,420	115,074
	$ 67,654	$ 47,419	$ 115,073

The estimated prior service cost and actuarial net losses that will be amortized into expense over the next fiscal year (in thousands).

	At December 31, 2013		
	EGH	**MEM**	**Total**
Prior service cost	**$ –**	**$ (4)**	**$ (4)**
Actuarial net loss	**2,674**	**1,553**	**4,227**
Estimated benefit cost amortizations in the next fiscal year	**$ 2,674**	**$ 1,549**	**$ 4,223**

5. Pension Plans (continued)

Changes in the plan's assets and benefit obligations recognized in unrestricted net assets include the following (in thousands).

	Year ended December 31, 2013		
	EGH	**MEM**	**Total**
Current year actuarial gain	**$ (26,888)**	**$ (17,957)**	**$ (44,845)**
Current year amortization prior service cost	**–**	**7**	**7**
	$ (26,888)	**$ (17,950)**	**$ (44,838)**

	Year ended December 31, 2012		
	EGH	**MEM**	**Total**
Current year actuarial loss	$ 2,828	$ 7,414	$ 10,242
Current year amortization prior service cost	(9)	6	(3)
	$ 2,819	$ 7,420	$ 10,239

The components of net periodic benefit cost for the defined-benefit pension plans was as follows (in thousands).

	Year ended December 31, 2013		
	EGH	**MEM**	**Total**
Service cost	**$ –**	**$ 1,386**	**$ 1,386**
Interest cost	**5,506**	**4,892**	**10,398**
Expected return on plan assets	**(7,990)**	**(7,144)**	**(15,134)**
Prior service credit recognized	**–**	**(6)**	**(6)**
Amortization of recognized losses	**5,143**	**3,073**	**8,216**
Benefit cost	**$ 2,659**	**$ 2,201**	**$ 4,860**

5. Pension Plans (continued)

	Year ended December 31, 2012		
	EGH	**MEM**	**Total**
Service cost	$ 806	$ 1,332	$ 2,138
Interest cost	6,237	5,444	11,681
Expected return on plan assets	(8,003)	(6,699)	(14,702)
Prior service credit recognized	–	(6)	(6)
Amortization of recognized losses	4,994	2,447	7,441
Benefit cost	$ 4,034	$ 2,518	$ 6,552

Assumptions used to determine benefit obligations at the measurement date are as follows

	December 31, 2013	
	EGH	**MEM**
Discount rates	**4.40%**	**4.40%**
Expected return on plan assets	**7.00**	**7.00**
Rate of compensation increase	**N/A**	**3.00**

	December 31, 2012	
	EGH	**MEM**
Discount rates	3 50%	3 50%
Expected return on plan assets	7 50	7 50
Rate of compensation increase	N/A	3 00

5. Pension Plans (continued)

Assumptions used to determine net pension expense for the fiscal year are as follows

	December 31, 2013	
	EGH	**MEM**
Discount rates	**3.50%**	**3.50%**
Expected return on plan assets	**7.50**	**7.50**
Rate of compensation increase	**N/A**	**3.00**

	December 31, 2012	
	EGH	**MEM**
Discount rates	4 25%	4 25%
Expected return on plan assets	8 50	7 50
Rate of compensation increase	N/A	3 00

The following is a summary of the pension plan asset actual allocations at December 31, 2013 and December 31, 2012.

	EGH/MEM	December 31, 2013		December 31, 2012	
Asset Category	**Target**	**EGH**	**MEM**	**EGH**	**MEM**
Equity securities	58%	51%	31%	63%	38%
Debt securities	32	27	11	36	9
Other	10	22	58	1	53
Total	100%	100%	100%	100%	100%

5. Pension Plans (continued)

The following table sets forth by level, within the fair value hierarchy (see Note 11), the combined MEM and EGH plan assets carried at fair value as of December 31, 2013 (in thousands)

	Level 1	Level 2	Level 3	Fair Value
Short-term investment funds[a]	$ 34,082	$ –	$ –	$ 34,082
Mutual funds [a]				
Large cap equity	31,010	–	–	31,010
International equity	50,378	–	–	50,378
Small cap equity	4,481	–	–	4,481
Blended fund	41,850	–	–	41,850
Total mutual funds	127,719	–	–	127,719
Common stocks[a]	4,061	–	–	4,061
Common/collective trust funds[b]	–	334	–	334
Long/short funds.[b,c]				
Long/short	–	18,326	–	18,326
Leveraged capital	–	6,386	–	6,386
Hedge funds [c]				
Multi-strategy	–	16,425	–	16,425
Long/short hedge	–	880	–	880
Fixed and convertible arbitrage	–	1,979	–	1,979
Long commodities	–	4,761	–	4,761
Other	–	917	–	917
	$ 165,862	$ 50,008	$ –	$ 215,870

5. Pension Plans (continued)

The following table sets forth by level, within the fair value hierarchy (see Note 11), the combined MEM and EGH plan assets carried at fair value as of December 31, 2012 (in thousands)

	Level 1	Level 2	Level 3	Fair Value
Short-term investment funds[a]	$ 7,172	$ –	$ –	$ 7,172
Mutual funds [a]				
Large cap equity	61,790	–	–	61,790
International equity	22,952	–	–	22,952
Small cap equity	3,361	–	–	3,361
Total return fund	9,639	–	–	9,639
Blended fund	49,959	–	–	49,959
Total mutual funds	147,701	–	–	147,701
Common stocks[a]	2,993	–	–	2,993
Common/collective trust funds[b]	–	314	–	314
Long/short funds [b,c]				
Long/short	–	15,985	–	15,985
Leveraged capital	–	6,067	–	6,067
Hedge funds [c]				
Multi-strategy	–	10,608	–	10,608
Long/short hedge	–	813	–	813
Fixed and convertible arbitrage	–	1,830	–	1,830
Long commodities	–	5,317	–	5,317
Other	–	849	–	849
Fund of funds[c]	–	–	3,816	3,816
	$ 157,866	$ 41,783	$ 3,816	$ 203,465

5. Pension Plans (continued)

(a) Pricing for common stocks, mutual funds, and short-term investments is based on the open market and is valued on a daily basis.

(b) Pricing is based on the market value of the securities and is valued on a monthly basis. In the event that a security is not actively traded in the open market, the characteristics are matched to a comparable issue to appropriately value the holding

(c) Investments in other funds, long/short funds, and hedge funds are valued using the net asset value (NAV) provided by the administrator of the fund. These investments are not otherwise traded on a securities exchange The NAV is based on the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding

The table below sets forth a summary of changes in the fair value of Level 3 assets for the years ended December 31, 2013 and 2012 (in thousands)

Balance as of January 1, 2012	$ 3,027
Sales	(863)
Realized gains	483
Unrealized gains	1,169
Balance as of December 31, 2012	3,816
Sales	**(4,075)**
Realized gains	**590**
Unrealized gains	**(331)**
Balance as of December 31, 2013	**$ –**

5. Pension Plans (continued)

In addition to understanding fair value methodologies, the long/short, hedge, and other funds may be subject to redemption and/or liquidity restrictions. Restrictions of such funds by category are as follows (dollars in thousands)

Type of Fund	Fair Value at December 31, 2013	Fair Value at December 31, 2012	Redemption Restrictions	Liquidity Time Frame
Long/short funds				
Long/short	**$ 9,589**	$ 8,189	None	Under 95 days
Long/short	**8,737**	7,797	None	Annual
Long/short leveraged capital	**6,386**	6,067	None	Under 95 days
Hedge funds				
Multi-strategy hedge funds	**16,425**	10,608	None	Under 95 days
Long/short hedge funds	**880**	813	None	Under 95 days
Fixed and convertible arbitrage hedge funds	**1,979**	1,830	None	Under 95 days
Long commodities	**4,761**	5,317	None	Under 95 days
Other hedge funds	**917**	849	None	Under 95 days
Fund of funds	–	3,816	None	Under 95 days

The Corporation employs a total return investment approach, whereby a mix of equities and fixed-income investments are used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and corporate financial condition The investment portfolio contains a diversified blend of equity, fixed-income, and alternative investments Equity investments are diversified across U S and non-U S corporate stocks, as well as growth, value, and small and large capitalizations.

5. Pension Plans (continued)

Other assets, such as hedge funds, are used to enhance long-term returns while improving portfolio diversification. The Corporation's external investment managers may use derivatives to gain market exposure in an efficient and timely manner Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements, and periodic asset/liability studies

The following pension benefit payments, which reflect expected future service, as appropriate, are expected to be paid in the years ended December 31 (in thousands)

	EGH	MEM	Total
2014	$ 10,085	$ 7,285	$ 17,370
2015	9,311	7,704	17,015
2016	9,811	7,981	17,792
2017	9,955	8,516	18,471
2018	10,177	8,536	18,713
2019 – 2022	47,343	46,471	93,814

The Corporation contributed the following to plan assets for the years ended December 31, 2013 and 2012 from employer assets (in thousands)

	EGH	MEM	Total
2013 contributions	**$ 5,000**	**$ 2,750**	**$ 7,750**
2012 contributions	$ 11,500	$ 4,510	$ 16,010

The Corporation anticipates contributing the following to the plan assets from employer assets in 2014 (in thousands)

	EGH	MEM	Total
Anticipated 2014 total contributions	$ 4,000	$ 4,200	$ 8,200

6. Lease Obligations

The Corporation leases certain office space and equipment under noncancelable operating leases At December 31, 2013, the minimum future rental payments under these leases are as follows.

2014	$ 4,262,000
2015	3,413,000
2016	1,804,000
2017	1,398,000
2018	1,273,000
Thereafter	6,721,000
	$ 18,871,000

Rental expense for the years ended December 31, 2013 and 2012, was approximately $5,671,000 and $5,084,000, respectively, which is included in supplies and other expense

7. Long-Term Debt

Long-term debt consists of the following at December 31 (in thousands)

	2013	2012
Tax-exempt bonds issued on behalf of BHS by the Indiana Finance Authority		
BHS Revenue Bonds, Series 2013A, bearing interest at fixed rates between 2 00% and 5 00%, due in varying annual installments on August 15 of each year through 2034	**$ 110,265**	$ –
BHS Revenue Note, Series 2013B, bearing interest at a fixed rate of 1 17%, at December 31, 2013, due in monthly installments through 2020	**6,805**	–
Tax-exempt bonds issued on behalf of BHS by the Hospital Authority of St Joseph County		
BHS Revenue Bonds, Series 2013C, bearing interest at fixed rates between 3 75% and 5 00% , due in varying annual installments on August 15 of each year through 2044	**46,130**	–
Tax-exempt bonds issued on behalf of MHSB by the Hospital Authority of St Joseph County		
MHSB Revenue Bonds, Series 2008A, bearing interest at variable rates retaining the hedge from Series 2006 with a floating fixed interest rate swap of 3 52% at December 31, 2013 and 2012, due in varying annual installments on August 15 of each year through 2033	**38,065**	38,230
MHSB Revenue Bonds, Series 2008B, bore interest at a variable rate of 0 14% at December 31, 2012	–	36,370
MHSB Revenue Bonds, Series 2007, bore interest at a variable rate of 1 08% at December 31, 2012	–	1,000
MHSB Revenue Bonds, Series 1998A, bore interest of 4 75%, at December 31 2012	–	58,000

7. Long-Term Debt (continued)

	2013	2012
Tax-exempt bonds issued on behalf of EGH by the Hospital Authority of Elkhart County		
EGH Revenue Bonds, Series 2008, bearing interest at a variable rates of 0 05% and 0 14% at December 31, 2013 and 2012, due annually on May 1 of each year through 2033	**43,790**	44,685
EGH Revenue Bonds, Series 1998, bore interest at a fixed rate of 5 25%	–	37,590
Mortgage – bearing interest at a variable rates of 2 42% and 2 46% at December 31, 2013 and 2012, LIBOR plus 2 25%, due in varying annual installments on the last day of every month through 2015	**1,217**	1,419
Capital leases	**11**	275
	246,283	217,569
Unamortized premium (discount)	**16,853**	(2,509)
	263,136	215,060
Less current portion	**6,899**	6,920
	$ 256,237	$ 208,140

In May 2013, the Indiana Finance Authority, on behalf of BHS, issued revenue refunding bonds Series 2013A (2013A) in the principal amount of $116,705,000 The interest rate for 2013A is a fixed rate varying between 2 00% and 5 00% The proceeds from 2013A were utilized to refund the MHSB Revenue Bonds, Series 2008B, MHSB Revenue Bonds, Series 1998A, and the EGH Revenue Bonds, Series 1998

In May 2013, the Indiana Finance Authority, on behalf of BHS, issued a revenue note Series 2013B (2013B) in the principal amount of $7,492,188 The interest rate for 2013B is a fixed rate of 1 17% Proceeds from the bond were utilized for the purchase of a Helicoptor

In May 2013, the Hospital Authority of St Joseph County, on behalf of BHS, issued revenue bonds Series 2013C (2013C) in the principal amount of $46,130,000 The interest rate for 2013C is afixed rate varying between 3 75% and 5 00% The proceeds from 2013C were utilized to refund the MHSB Revenue Bonds, Series 2007 The remaining proceeds are set aside in externally designated investments for future projects

7. Long-Term Debt (continued)

In August 2008, the Hospital Authority of St Joseph County, on behalf of MHSB, issued revenue refunding bonds in the principal amount of $78,495,000. The interest rate for the Series 2008A is a weekly interest rate determined by the remarketing agent The 2008 bond issue is secured by an irrevocable direct-pay letter of credit issued by JPMorgan Chase Bank (JPMorgan) The JPMorgan letters of credit expire on October 12, 2015 As long as no default has occurred, draws on the direct-pay letter of credit made for failed remarketing will be required to be repaid in 12 equal quarterly installments commencing 12 months after the date of draw

The Series 2008A Bonds are subject to mandatory redemption through the operation of a sinking fund on each August 15 commencing with the year 2011 to, and including the year, 2033 in amounts sufficient to redeem the principal amounts

In May 2007, the Hospital Authority of St Joseph County, on behalf of MHSB, issued revenue bonds in the principal amount of $80,000,000 (the Series 2007 Bonds) MHSB purchased $27,000,000 par value of the Series 2007 Bonds for $13,230,000 in March 2009 In October 2008, MHSB purchased $52,000,000 par value of the Series 2007 Bonds for $29,640,000. The par value of the Series 2007 Bonds remains outstanding, with MHSB as owner of record The consolidated balance sheets reflect these purchases as a reduction of long-term debt for the Series 2007 Bonds of $79,000,000 at par value These bonds were refunded and reissued in May 2013 under the Series 2013C bonds

The Hospital Authority of Elkhart County issued $47,800,000 of Series 2008 Hospital Revenue Bonds (the Series 2008 Bonds). EGH borrowed the proceeds of the sale of the Series 2008 Bonds and evidenced this loan with a loan agreement, issued under a Trust Indenture dated December 1, 2008

The proceeds of the Series 2008 Bonds were issued to retire interest and principal payments of previously outstanding bonds The Series 2008 Bonds require EGH to hold a letter of credit with JPMorgan The letter of credit expires on January 15, 2015, and decreases by the principal payments made by EGH on the Series 2008 Bonds. The Series 2008 Bonds mature in May 2033.

As long as no default has occurred, draws on the direct-pay letter of credit made for failed remarketing will be required to be repaid in eight equal quarterly installments commencing on the last business day of the fourth calendar quarter after the stated expiration date of the letter of credit (January 15, 2015)

7. Long-Term Debt (continued)

As of the date of the issuance of the Series 2007 Bonds, under the terms of a Master Trust Indenture, BMG and MHSB formed the Obligated Group (the Obligated Group). MHF and BHV constitute designated affiliates under the terms of the Master Trust Indenture

The MHSB Series 2008A 2008B, 2007, and 1998A Bonds were issued pursuant to the Master Trust Indenture, and the bonds are secured by pledged revenues of the Obligated Group and contain various covenants, including achievement of specified financial ratios and limitations on additional debt

In December 2012, the Corporation was admitted into the Obligated Group and became the Obligated Group Agent On December 31, 2012, EGH was admitted into the Obligated Group The Series 2008 and 1998 EGH Bonds were substituted into the existing MHSB Master Trust Indentures and the EGH Trust Indentures were cancelled and released

The loan agreements require maintenance of certain debt service coverage ratios, limit additional borrowings, and require compliance with various other restrictive covenants. The Corporation was in compliance with all covenants during 2013 and 2012

Interest capitalized for the years ended December 31, 2013 and 2012, was approximately $645,000 and $199,000

Maturities of long-term debt and capital lease obligations for each of the next five years are as follows (in thousands).

2014	$	6,899
2015		7,953
2016		7,196
2017		7,563
2018		7,926

8. Lines of Credit

MHSB has a $2,000,000 revolving line of credit with 1st Source Bank The line of credit was renewed and extended through May 31, 2014. Of the $2,000,000 revolving line of credit, $50,000 and $300,000 for the years ended December 31, 2013 and 2012 respectively, was segregated for the beneficiary of a self-insurance trust Conversely, $1,950,000 and $1,700,000 was available to be drawn upon at December 31, 2013 and 2012, respectively No draws were taken by MHSB in either 2013 or 2012 The interest rate on the line of credit is prime rate minus one-half percent No amounts were outstanding on the line of credit as of December 31, 2013 or 2012

MHSB has a $7,000,000 revolving line of credit with Merrill Lynch The line of credit is due on demand and can be terminated by either party with notice Advances on the line can be made with a variable rate of LIBOR plus 1 25%, at a fixed rate as agreed upon by the parties for a 12-month period or at an agreed-upon term rate for periods greater than 12 months At any time MHSB may request that variable rate advances be converted into fixed or term rates No draws were taken by MHSB in either 2013 or 2012 No amounts were outstanding on the line of credit as of December 31, 2013 or 2013.

9. Interest Rate and Basis Swaps

MHSB has various derivative instruments to manage the exposure on interest rates and MHSB's interest expense Through the use of derivative financial instruments, MHSB is exposed to credit risk and market risk Credit risk is the failure of the counterparty to perform under the terms of the derivative contracts. When the fair value of the derivative contract is positive, the counterparty owes MHSB, which creates credit risk to MHSB When the fair value of the derivative contract is negative, MHSB owes the counterparty, and there is no credit risk to MHSB at that point in time MHSB minimizes the credit risk in derivative instruments by entering into transactions that require the counterparty to post collateral for the benefit of the fair value of the derivative contract Market risk is the adverse effect on the value of the financial instrument that results from a change in interest rates The management of market risk associated with interest rate changes is defined in MHSB's Swap Management Policy (the Policy). The Policy includes continuous monitoring of market conditions, emergent opportunities, and risks Swap management is meant to be long term in nature, and any modifications to the program are reviewed for the long-term costs and benefits Management also mitigates risk through periodic reviews of its derivative position in the context of its total blended cost of capital

9. Interest Rate and Basis Swaps (continued)

In November 2012, MHSB terminated four PNC bank swaps with notional amounts of $30,000,000, $30,000,000, $77,150,000, and $56,000,000. MHSB realized a net loss of $290,000, which is included in nonoperating income on the consolidated statements of operations and changes in net assets

The derivative instruments require adherence to collateral posting thresholds For the years ended December 31, 2013 and 2012, the mark to market valuation on the swap portfolio was below the required collateral posting threshold of $30,000,000 with PNC Bank, $25,000,000 with Morgan Stanley, $25,000,000 with Wells Fargo, and $25,000,000 with Deutsche Bank.

The following is a summary of the outstanding fixed payer rate swaps as of December 31, 2013.

Origination Date	Notional Amounts	Corporation Receives	Corporation Pays	Maturity Date
March 2006	$ 38,065,000	61 9% of 30-day LIBOR plus 0 31%	3 5150%	August 2033
March 2003	$ 8,600,000	65% of 30-day LIBOR plus 0 45%	3 8100%	August 2034

The following is a summary of the outstanding fixed payer rate swaps as of December 31, 2012.

Origination Date	Notional Amounts	Corporation Receives	Corporation Pays	Maturity Date
March 2006	$ 38,230,000	61 9% of 30-day LIBOR plus 0 31%	3 5150%	August 2033
March 2003	$ 8,800,000	65% of 30-day LIBOR plus 0 45%	3 8100%	August 2034

9. Interest Rate and Basis Swaps (continued)

The following is a summary of the outstanding basis rate swaps as of December 31, 2013 and 2012.

Origination Date	Notional Amounts	Corporation Receives	Corporation Pays	Maturity Date
January 2007	$ 42,000,000	74 6% of 1M LIBOR	SIFMA tax-exempt index +.0715%	January 2041
August 2007	$ 54,000,000	61 7% of 1M LIBOR + 0 76%	SIFMA tax-exempt index +.0715%	August 2041
March 2001	$ 140,000,000	75 125% of 3M LIBOR	SIFMA tax-exempt index	March 2031
July 2009	$ 63,000,000	74.6% of 1M LIBOR	SIFMA tax-exempt index + 0 17%	January 2041
August 2009	$ 81,000,000	61 7% of 1M LIBOR + 0 76%	SIFMA tax-exempt index + 0 17%	August 2041

Net interest paid or received under the above swap agreements is included in interest expense The net differential for the Corporation as a result of the swap agreements amounted to payments of approximately $589 and $368 for the years ended December 31, 2013 and 2012, respectively, and is reflected as an increase to interest expense The swap agreements do not qualify for hedge accounting, therefore, the change in the fair value of the swap agreements is recorded as an unrealized nonoperating loss of approximately $6,743,000 and gain of approximately $12,333,000 for the years ended December 31, 2013 and 2012, respectively, and a realized nonoperating loss of $290,000 for the year ended December 31, 2012

The fair value of derivative instruments at December 31 is as follows (in thousands)

	Balance Sheet Location	2013	2012
Derivatives not designated as hedging instruments			
Interest rate contracts	Interest rate and basis swaps	**$ 36,761**	$ 30,017

10. Investments

Total investment return for the years ended December 31, 2013 and 2012, is summarized as follows (in thousands).

	2013	2012
Investment return		
Net unrealized gains on investments	**$ 17,455**	$ 26,981
Net realized gains on investments	**20,493**	16,859
Net equity earnings on alternative investments	**12,711**	6,987
	50,659	50,827
Reported as		
Investment income, net (nonoperating)	**49,466**	50,178
Investment income (temporarily restricted net assets)	**1,193**	649
	$ 50,659	$ 50,827

The Corporation's investments are exposed to various kinds and levels of risk Equity mutual funds expose the Corporation to market risk, performance risk, and liquidity risk Market risk is the risk associated with major movements of the equity markets Performance risk is the risk associated with a company's operating performance Fixed-income securities expose the Corporation to interest rate risk, credit risk, and liquidity risk As interest rates change, the value of many fixed-income securities is affected, including those with fixed interest rates Credit risk is the risk that the obligor of the security will not fulfill its obligations Liquidity risk is affected by the willingness of market participants to buy and sell given securities Liquidity risk tends to be higher for equities related to small capitalization companies Due to the volatility of the capital markets, there is a reasonable possibility of changes in fair value, resulting in additional gains and losses in the near term

11. Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses are reasonable estimates of their fair values due to the short-term nature of these financial instruments

11. Fair Value of Financial Instruments (continued)

The fair value of the Corporation's long-term debt, excluding capital leases and the mortgage, is approximately $246,103,000 and $216,824,000 at December 31, 2013 and 2012, respectively. The valuation for the estimated fair value of long-term debt is completed by a third-party service and takes into account a number of factors, including, but not limited to, any one or more of the following (i) general interest rate and market conditions, (ii) macroeconomic and/or deal-specific credit fundamentals, (iii) valuations of other financial instruments that may be comparable in terms of rating, structure, maturity, and/or covenant protection, (iv) investor opinions about the respective deal parties, (v) size of the transaction, (vi) cash flow projections, which, in turn, are based on assumptions about certain parameters that include, but are not limited to, default, recovery, prepayment, and reinvestment rates, (vii) administrator reports, asset manager estimates, broker quotations, and/or trustee reports, and (viii) comparable trades, where observable Based on the inputs in determining the estimated fair value of debt, this fair value measurement would be considered Level 2

Accounting Standards Codification (ASC) Topic 820-10-50-2 establishes a three-level valuation hierarchy. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date The three levels are defined as follows

- Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets

- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active market and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instruments

- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement

11. Fair Value of Financial Instruments (continued)

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The following tables present the financial instruments carried as of December 31, 2013 and 2012, by caption, on the consolidated balance sheets by the valuation hierarchy defined above for those instruments carried at fair value, as well as the alternative investments that are reported on the equity method of accounting Deferred compensation investments are included in other assets on the consolidated balance sheets

	December 31, 2013					
	Level 1	Level 2	Level 3	Fair Value	Equity Method	Carrying Value
	(In Thousands)					
Assets						
Short-term investments[a]	$ 43,072	$ –	$ –	$ 43,072	$ –	$ 43,072
Internally designated investments.						
Mutual funds [a]						
Large cap equity	59,188	–	–	59,188	–	59,188
International equity	115,387	–	–	115,387	–	115,387
Small cap equity	49,054	–	–	49,054	–	49,054
Total return fund	5,562	–	–	5,562	–	5,562
Blended fund	194,495	–	–	194,495	–	194,495
Total mutual funds	423,686	–	–	423,686	–	423,686
Common stock[a]	11,807	–	–	11,807	–	11,807
Bonds[b]	–	1,876	–	1,876	–	1,876
Alternatives						
Fixed income	–	–	–	–	14,867	14,867
Fund of hedge funds	–	–	–	–	59,512	59,512
Long/short credit	–	–	–	–	6,386	6,386
Long/short equity	–	–	–	–	21,891	21,891
Private equity	–	–	–	–	12,468	12,468
Real estate	–	–	–	–	6,425	6,425
Total alternatives	–	–	–	–	121,549	121,549
Total internally designated investments	$435,493	$ 1,876	$ –	$437,369	$121,549	$558,918

11. Fair Value of Financial Instruments (continued)

	December 31, 2013					
	Level 1	Level 2	Level 3	Fair Value	Equity Method	Carrying Value
	(In Thousands)					
Assets						
Ext designated investment – debt agreements.						
Fixed income[a]	$ 28,812	$ –	$ –	$ 28,812	$ –	$ 28,812
Ext designated investment – insurance trust						
Fixed income[a]	2,582	–	–	2,582	–	2,582
Board-designated endowment						
Mutual funds.[a]						
Equities	10,431	–	–	10,431	–	10,431
Blended fund	5,866	–	–	5,866	–	5,866
Fixed income[a b]	194	322	–	516	–	516
Equities[a]	983	–	–	983	–	983
Alternatives	–	–	–	–	3,172	3,172
Total board-designated endowment	17,474	322	–	17,796	3,172	20,968
Endowment.						
Mutual funds [a]						
Fixed income	518	–	–	518	–	518
Equities	847	–	–	847	–	847
Money market[a]	406	–	–	406	–	406
Common collective trust funds[d]	–	4,507	–	4,507	–	4,507
Total endowment	1,771	4,507	–	6,278	–	6,278
Total	$ 529,204	$ 6,705	$ –	$ 535,909	$124,721	$ 660,630
Liabilities						
Swaps[c]	$ –	$ –	$ (36,761)	$ (36,761)	$ –	$ (36,761)
Total	$ –	$ –	$ (36,761)	$ (36,761)	$ –	$ (36,761)

11. Fair Value of Financial Instruments (continued)

	December 31, 2012					
	Level 1	Level 2	Level 3	Fair Value	Equity Method	Carrying Value
	(In Thousands)					
Assets						
Short-term investments[a]	$ 7,305	$ –	$ –	$ 7,305	$ –	$ 7,305
Internally designated investments:						
Mutual funds [a]						
Large cap equity	47,297	–	–	47,297	–	47,297
International equity	104,668	–	–	104,668	–	104,668
Small cap equity	5,631	–	–	5,631	–	5,631
Long/short equity	4,359	–	–	4,359	–	4,359
Total return fund	81,112	–	–	81,112	–	81,112
Blended fund	167,143	–	–	167,143	–	167,143
Total mutual funds	410,210	–	–	410,210	–	410,210
Common stock[a]	9,490	–	–	9,490	–	9,490
Bonds[b]	–	1,590	–	1,590	–	1,590
Alternatives:						
Fixed income	–	–	–	–	14,372	14,372
Fund of hedge funds	–	–	–	–	33,101	33,101
Long/short credit	–	–	–	–	6,068	6,068
Long/short equity	–	–	–	–	38,432	38,432
Private equity	–	–	–	–	12,027	12,027
Real estate	–	–	–	–	6,064	6,064
Total alternatives	–	–	–	–	110,064	110,064
Total internally designated investments	$ 419,700	$ 1,590	$ –	$ 421,290	$ 110,064	$ 531,354

11. Fair Value of Financial Instruments (continued)

	December 31, 2012					
	Level 1	Level 2	Level 3	Fair Value	Equity Method	Carrying Value
	(In Thousands)					
Assets						
Ext designated investment – insurance trust						
Fixed income[a]	$ 2,584	$ –	$ –	$ 2,584	$ –	$ 2,584
Board-designated endowment						
Mutual funds [a]						
Equities	8,422	–	–	8,422	–	8,422
Fixed income[a b]	6,262	259	–	6,521	–	6,521
Long/short equity	1,323	–	–	1,323	–	1,323
Equities[a]	882	–	–	882	–	882
Alternatives	–	–	–	–	2,184	2,184
Total board-designated endowment	16,889	259	–	17,148	2,184	19,332
Endowment						
Mutual funds [a]						
Fixed income	397	–	–	397	–	397
Equities	879	–	–	879	–	879
Money market[a]	181	–	–	181	–	181
Common collective trust funds[d]	–	3,778	–	3,778	–	3,778
Total endowment	1,457	3,778	–	5,235	–	5,235
Other long-term assets[a]						
Cash[a]	4,415	–	–	4,415	–	4,415
Fixed-income mutual fund[a]	2,965	–	–	2,965	–	2,965
Total	$ 455,315	$ 5,627	$ –	$ 460,942	$112,248	$ 573,190
Liabilities						
Swaps[c]	$ –	$ –	$ (30,017)	$ (30,017)	$ –	$ (30,017)
Total	$ –	$ –	$ (30,017)	$ (30,017)	$ –	$ (30,017)

(a) Pricing for mutual funds, short-term investments, equities, and government obligations is based on the open market and is valued on a daily basis.

(b) Pricing is based on the fair value of the securities and is valued on a monthly basis Information used to value this account is provided by International Data Corp (IDC) In the event that a security is not actively traded in the open market, the characteristics are matched to a comparable issue from the IDC data to appropriately value the holding.

11. Fair Value of Financial Instruments (continued)

(c) Pricing is based on discounted cash flows to reflect a credit spread adjustment to the LIBOR discount curve in order to reflect "nonperformance" risk. The credit spread adjustment is derived from how other comparable entities' bonds price and trade in the market As the credit spread adjustment is a significant component of the swap valuation and is an unobservable input, the swaps have been classified as Level 3

(d) Pricing is based on the market value of the securities and is valued on a monthly basis

In addition to understanding fair value methodologies, the alternative investments may have redemption and/or liquidity restrictions Restrictions of such funds by category are as follows as of December 31, 2013

Type of Fund	Carrying Value	Redemption Restrictions	Liquidity Time Frame
	(In Thousands)		
Fixed income	$ 14,867	None	Illiquid
Fund of hedge funds	664	None	Illiquid
Fund of hedge funds	1,067	Redemptions upon realization	Illiquid
Fund of hedge funds	60,953	None	Under 95 days
Long/short credit	6,386	None	Under 95 days
Long/short equity	21,891	None	Annual
Private equity	12,468	None	Illiquid
Real estate	6,425	None	Under 95 days

The table below sets forth a summary of changes in the fair value of the Corporation's Level 3 swaps for the years ended December 31, 2013 and 2012 (in thousands)

	2013	2012
Balance, beginning of the year	**$ (30,017)**	$ (42,060)
Unrealized gains, net	**(6,744)**	12,333
Realized loss, net	–	(290)
Balance, end of the year	**$ (36,761)**	$ (30,017)

11. Fair Value of Financial Instruments (continued)

For the year ended December 31, 2013, the Corporation recorded approximately $6,744,000 in nonoperating losses, which relates to losses of $5,444,000 due to the change in the swaps value and loss of $1,299,000 to reflect the fair value of the uncollateralized portion fo the swap balance For the year ended December 31, 2012, the Corporation recorded approximately $12,043,000 in nonoperating gains, which relates to gains of $13,620,000 due to the change in the swaps' value, $290,000 in realized gain on the termination of swaps, and loss of $1,287,000 to reflect the fair value of the uncollateralized portion of the swap balance

12. Functional Expenses

The Corporation provides general health care services to residents within its geographic location Expenses related to this and general and administrative functions for the years ended December 31, 2013 and 2012, are as follows (in thousands)

	2013	2012
Health care services	**$ 544,610**	$ 514,283
Affiliated health services	**103,417**	97,702
General and administrative	**122,056**	154,064
	$ 770,083	$ 766,049

13. Commitments

BMG is a guarantor for a portion of a loan of an unconsolidated joint venture, Valparaiso Medical Development, LLC, in which BMG records an equity interest The portion of debt guaranteed by BMG is a maximum of $5,760,000 and $6,000,000 at December 31, 2013 and 2012 No amounts have been paid or accrued pursuant to this guarantee as of December 31, 2013 and 2012. The loan is collateralized by the assets, including the facility and land, held by Valparaiso Medical Development, LLC

The Corporation has committed to investing $40,000,000 in certain hedge funds and alternative investments During the years ended December 31, 2013 and 2012, the Corporation invested approximately $4,497,000 and $16,107,000, respectively The Corporation had a remaining unfunded commitment of approximately $12,748,000 at December 31, 2013

13. Commitments (continued)

The Corporation has entered into various construction projects including related commitments to construction managers, architects and other vendors. The commitments under these agreements was approximately $66,916,000 of which approximately $5,069,000 was paid at December 31, 2013 The Corporation has made additional commitments related to these projects subsequent to December 31, 2013 and through the date of this report of approximately $2,900,000

14. Professional Liability Insurance

The Corporation is a defendant in certain litigation arising in the ordinary course of business. MHSB and EGH have obtained separate professional liability insurance coverage under claims-made policies MHSB terminated self-funding of its professional and general liability coverage on November 30, 2009 EGH terminated self-funding of its professional and general liability coverage on April 1, 2012 The Indiana Medical Malpractice Act has provided recovery up to $1,250,000 per occurrence, with the first $250,000 covered by the respective entity MHSB maintains a trust fund for its self-insurance program, which it will continue to maintain until all claims have been settled. The fair value of the trust fund at December 31, 2013 and 2012, was approximately $2,582,000 and $2,584,000, respectively The amount of malpractice and general liability claims, including a component for incurred but not reported claims, was approximately $6,043,000 and $6,395,000, gross of an insurance recoverable at December 31, 2013 and 2012, respectively, which is included in pension and other liabilities The interest rate used to discount these claims was 3 0% at December 31, 2013 and 2012 In addition, at December 31, 2013 and 2012, the Corporation recognized a recoverable insurance asset of approximately $3,908,000 and $3,250,000, respectively, which is included in deferred charges and other assets.

15. Income Taxes

The Corporation and its related affiliates, except for BHV, have been determined to qualify as exempt from federal income tax under Section 501(a) as organizations described in Section 501(c)(3) of the Code

Most of the income received by the Corporation and its related affiliates, except for BHV, is exempt from taxation, as the income related to the mission of the organization Accordingly, there is no material provision for income tax for these entities However, some of the income received by exempt entities is subject to taxation as unrelated business income The Corporation and its subsidiaries file federal and various state income tax returns in the United States

16. Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods at December 31, 2013 and 2012 (in thousands).

	2013	2012
Net assets currently available for		
General – health care	**$ 7,907**	$ 6,561
Capital	**2,821**	1,906
Programs	**259**	301
Education	**217**	196
Other	**1,158**	1,010
	$ 12,362	$ 9,974

Permanently restricted net assets generate investment income, which is used to benefit the following purposes at December 31, 2013 and 2012 (in thousands).

	2013	2012
Endowment investments providing income for health care educational purposes	**$ 191**	$ 191
Endowment for charity care at EGH	**400**	400
	$ 591	$ 591

17. Board-Designated Endowment and Endowment Investments

In August 2008, the FASB issued ASC 958, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*, which, among other things, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Act of 2006 (UPMIFA) and additional disclosures about an organization's endowment funds. In 2007, the state of Indiana adopted UPMIFA The adoption of UPMIFA had no effect on accounting for the Corporation's endowment The following disclosures are made as required by ASC 958.

17. Board-Designated Endowment and Endowment Investments (continued)

The Corporation's endowment consists of a donor-restricted endowment fund and a board-designated endowment fund. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions

The Board of Directors of the Corporation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary

MHF has a Board-designated endowment. The Board provides direction to use the income, profits for support, betterment, improvement, upkeep, expansion, and replacement of BMG and its corporate affiliates

MHF follows its Statement of Investment Objectives and Policy, which established formal yet flexible investment guidelines incorporating prudent risk parameters, appropriate asset guidelines, and realistic return goals Per the policy, the primary objective is to meet commitments to employees at a reasonable cost to the company. Therefore, MHF will actively invest to achieve real growth of capital over inflation through appreciation of securities held and through the accumulation and reinvestment of dividends and interest income MHF utilizes an investment consulting firm to assist in development of asset allocation targets, review investment performance to benchmarks, review investment strategies, and communicate this information to the MHF Investment Committee and management

EGH has a donor-restricted endowment established for patient care purposes. EGH has established an investment and spending policy related to the preservation and appreciation of this endowment Should the underlying assets fall below this targeted amount, EGH pursues actions consistent with established policies to return the endowment to the targeted amount Based upon these policies, the investment earnings on the endowment are temporarily restricted until the Board authorizes release of funds for patient care purposes A portion of the endowment is held as permanently restricted based on the original restriction at the time of donation

17. Board-Designated Endowment and Endowment Investments (continued)

	December 31, 2013		
	Unrestricted	Permanently Restricted	Total
	(In Thousands)		
Cash and cash equivalents	**$ –**	**$ 191**	**$ 191**
Board-designated endowment funds	**20,968**	**–**	**20,968**
Endowment and temporarily restricted investments	**–**	**400**	**400**
Total investment funds	**20,968**	**400**	**21,368**
Total funds	**$ 20,968**	**$ 591**	**$ 21,559**

	December 31, 2012		
	Unrestricted	Permanently Restricted	Total
	(In Thousands)		
Cash and cash equivalents	$ –	$ 191	$ 191
Board-designated endowment funds	19,332	–	19,332
Endowment and temporarily restricted investments	–	400	400
Total investment funds	19,332	400	19,732
Total funds	$ 19,332	$ 591	$ 19,923

17. Board-Designated Endowment and Endowment Investments (continued)

	Unrestricted	Permanently Restricted	Total
		(In Thousands)	
Endowment and board-designated endowment funds and endowment investments, beginning of year (January 1, 2012)	$ 17,525	$ 400	$ 17,925
Investment return			
Investment income	381	–	381
Net unrealized gains on investments	1,375	–	1,375
Net equity gains on investments	51	–	51
Total investment return	1,807	–	1,807
Endowment and board-designated endowment funds and endowment investments, end of year (December 31, 2012)	19,332	400	19,732
Investment return			
Investment income	**231**	**–**	**231**
Net unrealized gains on investments	**2,066**	**–**	**2,066**
Net equity gains on investments	**29**	**–**	**29**
Released for use in operations	**(690)**	**–**	**(690)**
Total investment return	**1,636**	**–**	**1,636**
Endowment and board-designated endowment funds and endowment investments, end of year (December 31, 2013)	**$ 20,968**	**$ 400**	**$ 21,368**

18. Subsequent Events

The Corporation evaluated events and transactions occurring subsequent to December 31, 2013 through March 6, 2014, the date of issuance of the consolidated financial statements. During this period, there were no subsequent events requiring recognition or disclosure in the consolidated financial statements, other than those previously disclosed

Supplementary Information

Report of Independent Auditors on Supplementary Information

The Board of Directors
Beacon Health System, Inc and Affiliated Corporations

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole The following financial information is presented for purposes of additional analysis and is not a required part of the financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

Ernst + Young LLP

March 6, 2014

Beacon Health System, Inc. and Affiliated Corporations

Details of Consolidated Balance Sheet

(In Thousands)

December 31, 2013

	Consolidated	Eliminations	Memorial Hospital of South Bend, Inc.	Beacon Medical Group, Inc.	Memorial Health Foundation, Inc.	Beacon Health Ventures, Inc.	Elkhart General Hospital, Inc.	Beacon Health System, Inc.
Assets								
Current assets								
Cash and cash equivalents	$ 91.057	$ –	$ 40.007	$ 6.446	$ 5.677	$ 1.990	$ 28.898	$ 8.039
Short-term investments	43.072	–	36.615	–	1.057	–	5.400	–
Patient accounts receivable, net	138.950	–	81.897	8.172	–	7.082	41.535	264
Due from third-party payors	7.230	–	6.612	–	–	–	618	–
Other receivables	10.299	–	3.900	1.119	129	364	4.368	419
Inventories	21.641	–	13.332	–	–	1.760	6.549	–
Prepaid expenses	11.146	–	1.793	382	–	125	1.964	6.882
Due from affiliates	–	(8.303)	2.205	–	–	–	237	5.861
Total current assets	323.395	(8.303)	186.361	16.119	6.863	11.321	89.569	21.465
Assets limited as to use								
Internally designated investments	558.918	–	326.980	–	–	–	231.938	–
Externally designated investments under debt agreements	28.812	–	28.812	–	–	–	–	–
Externally designated investments – insurance trust	2.582	–	2.551	20	–	11	–	–
Board-designated endowment	20.968	–	–	–	20.968	–	–	–
Endowment and temporarily restricted investments	6.278	–	–	–	–	–	6.278	–
	617.558	–	358.343	20	20.968	11	238.216	–
Property and equipment								
Land	45.955	–	21.923	2.390	–	–	3.507	18.135
Buildings and improvements	595.141	–	385.328	26.983	–	8.206	172.280	2.344
Furniture and equipment	375.603	–	255.103	11.677	417	7.113	75.759	25.534
Construction in progress	32.060	–	15.575	6.158	–	1.376	7.332	1.619
	1.048.759	–	677.929	47.208	417	16.695	258.878	47.632
Less allowances for depreciation and amortization	505.566	–	339.887	17.426	385	10.739	119.492	17.637
	543.193	–	338.042	29.782	32	5.956	139.386	29.995
Unamortized bond issuance costs, net	2.474	–	1.665	–	–	–	809	–
Deferred charges and other assets	26.411	(12.367)	4.576	16.826	279	7.912	2.384	6.801
Interest in net assets of recipient organization	–	(6.484)	6.484	–	–	–	–	–
	$ 1.513.031	$ (27.154)	$ 895.471	$ 62.747	$ 28.142	$ 25.200	$ 470.364	$ 58.261

Beacon Health System, Inc. and Affiliated Corporations

Details of Consolidated Balance Sheet (continued)

(In Thousands)

December 31, 2013

	Consolidated	Eliminations	Memorial Hospital of South Bend, Inc.	Beacon Medical Group, Inc.	Memorial Health Foundation, Inc.	Beacon Health Ventures, Inc.	Elkhart General Hospital, Inc.	Beacon Health System, Inc.
Liabilities and net assets								
Current liabilities								
Accounts payable	$ 53,531	$ –	$ 20,836	$ 4,038	$ 16	$ 1,261	$ 24,845	$ 2,535
Accrued salaries and benefits	43,942	–	19,600	3,882	36	2,448	12,952	5,024
Accrued expenses	4,971	–	2,538	837	31	341	831	393
Due to third-party payors	10,753	–	4,978	–	–	–	5,775	–
Due to affiliates	–	(8,303)	–	199	–	8,104	–	–
Current maturities of long-term debt	6,899	–	4,557	–	–	–	2,342	–
Total current liabilities	120,096	(8,303)	52,509	8,956	83	12,154	46,745	7,952
Noncurrent liabilities								
Long-term debt, less current maturities	256,237	–	172,903	–	–	–	83,334	–
Pension and other liabilities	65,484	–	8,162	27,790	–	20	28,730	782
Interest rate and basis swaps	36,761	–	36,761	–	–	–	–	–
	358,482	–	217,826	27,790	–	20	112,064	782
Total liabilities	478,578	(8,303)	270,335	36,746	83	12,174	158,809	8,734
Net assets								
Unrestricted								
Undesignated	1,000,532	(12,367)	618,652	26,001	416	13,026	305,277	49,527
Board-designated endowment	20,968	–	–	–	20,968	–	–	–
Total unrestricted	1,021,500	(12,367)	618,652	26,001	21,384	13,026	305,277	49,527
Temporarily restricted	12,362	(6,484)	6,484	–	6,484	–	5,878	–
Permanently restricted	591	–	–	–	191	–	400	–
Total net assets	1,034,453	(18,851)	625,136	26,001	28,059	13,026	311,555	49,527
	$ 1,513,031	$ (27,154)	$ 895,471	$ 62,747	$ 28,142	$ 25,200	$ 470,364	$ 58,261

Beacon Health System, Inc. and Affiliated Corporations

Details of Consolidated Statement of Operations and Changes in Net Assets

(In Thousands)

Year Ended December 31, 2013

	Consolidated	Eliminations	Memorial Hospital of South Bend, Inc.	Beacon Medical Group, Inc.	Memorial Health Foundation, Inc.	Beacon Health Ventures, Inc.	Elkhart General Hospital, Inc.	Beacon Health System, Inc.
Unrestricted revenue, gains, and other support								
Net patient service revenue	$ 840,408	$ (1,136)	$ 462,446	$ 58,424	$ –	$ 36,746	$ 283,921	$ 7
Provision for bad debts	(62,724)	–	(35,209)	(2,876)	–	(885)	(23,754)	–
Net patient service revenue less provision for bad debts	777,684	(1,136)	427,237	55,548	–	35,861	260,167	7
Other revenue	42,726	(6,007)	23,419	6,297	728	2,171	14,676	1,442
Net assets released from restrictions used for operations	458		322	17	4	1	–	114
	820,868	(7,143)	450,978	61,862	732	38,033	274,843	1,563
Expenses								
Salaries and wages	329,320	(104)	132,987	58,450	–	23,387	95,210	19,390
Employee benefits	90,072	(3)	36,994	10,806	1	5,052	29,998	7,224
Supplies and other	192,834	(6,579)	105,925	10,880	253	7,363	67,586	7,406
Management fees	–	–	24,332	3,036	181	1,535	17,964	(47,048)
Professional fees and purchased services	107,094	(457)	43,606	2,762	580	1,304	44,303	14,996
Depreciation and amortization	44,169	–	25,408	2,333	37	1,207	13,072	2,112
Interest	6,594	–	4,787	–	–	17	1,790	–
	770,083	(7,143)	374,039	88,267	1,052	39,865	269,923	4,080
Income (loss) from operations	50,785	–	76,939	(26,405)	(320)	(1,832)	4,920	(2,517)
Nonoperating								
Investment income, net	49,466	–	25,527	6	2,403	2	21,156	372
Unrealized gains on swap transactions	(6,743)	–	(6,743)	–	–	–	–	–
Loss on bond refunding	(3,735)	–	(3,040)	–	–	–	(695)	–
Revenue and gains in excess of (less than) expenses	89,773	–	92,683	(26,399)	2,083	(1,830)	25,381	(2,145)

Beacon Health System, Inc. and Affiliated Corporations

Details of Consolidated Statement of Operations and Changes in Net Assets (continued)

(In Thousands)

Year Ended December 31, 2013

	Consolidated	Eliminations	Memorial Hospital of South Bend, Inc.	Beacon Medical Group, Inc.	Memorial Health Foundation, Inc.	Beacon Health Ventures, Inc.	Elkhart General Hospital, Inc.	Beacon Health System, Inc.
Unrestricted net assets								
Revenue and gains in excess of (less than) expenses	$ 89,773	$ –	$ 92,683	$ (26,399)	$ 2,083	$ (1,830)	$ 25,381	$ (2,145)
Net assets released from board designated endowment	529		499	30	–	–	–	–
Net assets released from board designated endowment	(690)	–	–	–	(690)	–	–	–
Other	–		(48,711)	(7,016)	845	1,720	1,490	51,672
Capital contributions	(53)		–	–	–	–	(53)	–
Postretirement benefit adjustments other than periodic costs	44,838		–	17,951	–	–	26,887	–
Increase in unrestricted net assets	134,397	–	44,471	(15,434)	2,238	(110)	53,705	49,527
Temporarily restricted net assets								
Contributions temporarily restricted for use	2,182		–	–	2,182	–	–	–
Investment income	1,193		–	–	152	–	1,041	–
Net assets released from restrictions used for operating and capital purposes	(987)		–	–	(987)	–	–	–
Change in interest in recipient organization	–	(1,345)	1,345	–	–	–	–	–
Increase in temporarily restricted net assets	2,388	(1,345)	1,345	–	1,347	–	1,041	–
Permanently restricted net assets								
Contributions permanently restricted for use	–	–	–	–	–	–	–	–
Increase in permanently restricted net assets	–	–	–	–	–	–	–	–
Increase (decrease) in net assets	136,785	(1,345)	45,816	(15,434)	3,585	(110)	54,746	49,527
Net assets at beginning of year	897,668	(17,506)	579,320	41,435	24,474	13,136	256,809	–
Net assets at end of year	$ 1,034,453	$ (18,851)	$ 625,136	$ 26,001	$ 28,059	$ 13,026	$ 311,555	$ 49,527

Beacon Health System, Inc. and Affiliated Corporations

Details of Consolidated Balance Sheet

(In Thousands)

December 31, 2012

	Consolidated	Eliminations	Memorial Hospital of South Bend, Inc.	Memorial Health System, Inc.	Memorial Health Foundation, Inc.	Beacon Health Ventures, Inc.	Elkhart General Hospital, Inc.
Assets							
Current assets							
Cash and cash equivalents	$ 78,316	$ –	$ 36,774	$ 5,430	$ 4,165	$ 1,856	$ 30,091
Short-term investments	7,305	–	5,942	–	914	–	449
Patient accounts receivable, net	137,442	–	75,718	7,342	–	7,211	47,171
Due from third-party payors	18,573	–	15,419	–	–	–	3,154
Other receivables	8,844	–	1,269	1,236	25	695	5,619
Inventories	21,316	–	13,320	–	–	788	7,208
Prepaid expenses	9,345	(1,676)	1,214	4,584	–	74	5,149
Due from affiliates	–	(3,605)	2,643	902	–	–	60
Total current assets	281,141	(5,281)	152,299	19,494	5,104	10,624	98,901
Assets limited as to use							
Internally designated investments	531,354	–	328,328	–	–	–	203,026
Externally designated investments – insurance trust	2,584	–	2,553	20	–	11	–
Board-designated endowment	19,332	–	–	–	19,332	–	–
Endowment and temporarily restricted investments	5,235	–	–	–	–	–	5,235
	558,505	–	330,881	20	19,332	11	208,261
Property and equipment							
Land	38,347	–	20,935	15,798	–	–	1,614
Buildings and improvements	573,562	–	343,480	55,042	–	7,824	167,216
Furniture and equipment	338,814	–	228,354	43,797	417	6,228	60,018
Construction in progress	24,751	–	14,896	3,246	–	627	5,982
	975,474	–	607,665	117,883	417	14,679	234,830
Less allowances for depreciation and amortization	478,597	–	305,963	55,809	348	10,012	106,465
	496,877	–	301,702	62,074	69	4,667	128,365
Unamortized bond issuance costs, net	1,995	–	1,317	–	–	–	678
Deferred charges and other assets	30,243	(12,367)	4,044	26,141	115	7,191	5,119
Interest in net assets of recipient organization	–	(5,139)	5,139	–	–	–	–
	$ 1,368,761	$ (22,787)	$ 795,382	$ 107,729	$ 24,620	$ 22,493	$ 441,324

Beacon Health System, Inc. and Affiliated Corporations

Details of Consolidated Balance Sheet (continued)

(In Thousands)

December 31, 2012

	Consolidated	Eliminations	Memorial Hospital of South Bend, Inc.	Memorial Health System, Inc.	Memorial Health Foundation, Inc.	Beacon Health Ventures, Inc.	Elkhart General Hospital, Inc.
Liabilities and net assets							
Current liabilities							
Accounts payable	$ 45,915	$ (1,676)	$ 18,600	$ 5,280	$ 1	$ 2,638	$ 21,072
Accrued salaries and benefits	46,161	–	21,420	9,736	91	2,560	12,354
Accrued expenses	5,314	–	2,575	1,195	54	521	969
Due to third-party payors	6,063	–	1,667	–	–	–	4,396
Due to affiliates	–	(3,605)	–	–	–	3,605	–
Current maturities of long-term debt	6,920	–	4,470	–	–	–	2,450
Total current liabilities	110,373	(5,281)	48,732	16,211	146	9,324	41,241
Noncurrent liabilities							
Long-term debt, less current maturities	208,140	–	128,774	–	–	–	79,366
Pension and other liabilities	122,563	–	8,539	50,083	–	33	63,908
Interest rate and basis swaps	30,017	–	30,017	–	–	–	–
	360,720	–	167,330	50,083	–	33	143,274
Total liabilities	471,093	(5,281)	216,062	66,294	146	9,357	184,515
Net assets							
Unrestricted							
Undesignated	867,771	(12,367)	574,181	41,435	(188)	13,136	251,574
Board-designated endowment	19,332	–	–	–	19,332	–	–
Total unrestricted	887,103	(12,367)	574,181	41,435	19,144	13,136	251,574
Temporarily restricted	9,974	(5,139)	5,139	–	5,139	–	4,835
Permanently restricted	591	–	–	–	191	–	400
Total net assets	897,668	(17,506)	579,320	41,435	24,474	13,136	256,809
	$ 1,368,761	$ (22,787)	$ 795,382	$ 107,729	$ 24,620	$ 22,493	$ 441,324

Beacon Health System, Inc. and Affiliated Corporations

Details of Consolidated Statement of Operations and Changes in Net Assets

(In Thousands)

Year Ended December 31, 2012

	Consolidated	Eliminations	Memorial Hospital of South Bend, Inc.	Memorial Health System, Inc.	Memorial Health Foundation, Inc.	Beacon Health Ventures, Inc.	Elkhart General Hospital, Inc.
Unrestricted revenue, gains, and other support							
Net patient service revenue	$ 897.737	$ (1.451)	$ 515.807	$ 57.226	$ –	$ 31.508	$ 294.647
Provision for bad debts	(51.950)	–	(26.651)	(2.807)	–	(942)	(21.550)
Net patient service revenue less provision for bad debts	845.787	(1.451)	489.156	54.419	–	30.566	273.097
Other revenue	39.670	(2.137)	19.801	10.292	73	1.437	10.204
Net assets released from restrictions used for operations	620	–	392	214	14	–	–
	886.077	(3.588)	509.349	64.925	87	32.003	283.301
Expenses							
Salaries and wages	302.454	(153)	124.829	68.132	–	18.812	90.834
Employee benefits	94.783	(320)	40.708	18.395	53	4.770	31.177
Supplies and other	208.416	(3.115)	113.053	16.514	212	6.149	75.603
Management fees	–	–	21.136	(22.935)	286	1.513	–
Professional fees and purchased services	107.310	–	46.261	11.256	510	1.361	47.922
Depreciation and amortization	46.858	–	23.946	4.782	51	890	17.189
Interest	6.228	–	4.145	–	29	31	2.023
	766.049	(3.588)	374.078	96.144	1.141	33.526	264.748
Income (loss) from operations	120.028	–	135.271	(31.219)	(1.054)	(1.523)	18.553
Nonoperating							
Investment income, net	50.178	–	25.357	465	1.975	2	22.379
Unrealized gains on swap transactions	12.333	–	12.333	–	–	–	–
Realized loss on swap termination	(290)	–	(290)	–	–	–	–
Revenue and gains in excess of (less than) expenses	182.249	–	172.671	(30.754)	921	(1.521)	40.932

Beacon Health System, Inc. and Affiliated Corporations

Details of Consolidated Statement of Operations and Changes in Net Assets (continued)

(In Thousands)

Year Ended December 31, 2012

	Consolidated	Eliminations	Memorial Hospital of South Bend, Inc.	Memorial Health System, Inc.	Memorial Health Foundation, Inc.	Beacon Health Ventures, Inc.	Elkhart General Hospital, Inc.
Unrestricted net assets							
Revenue and gains in excess of (less than) expenses	$ 182,249	$ –	$ 172,671	$ (30,754)	$ 921	$ (1,521)	$ 40,932
Net assets released from restrictions used for capital purposes	304	–	302	2	–	–	–
Other	122	–	(41,660)	34,780	810	4,034	2,158
Capital contributions	257	–	–	–	–	–	257
Postretirement benefit adjustments other than periodic costs	(10,239)	–	–	(7,420)	–	–	(2,819)
Increase in unrestricted net assets	172,693	–	131,313	(3,392)	1,731	2,513	40,528
Temporarily restricted net assets							
Contributions temporarily restricted for use	1,502	–	–	–	1,502	–	–
Investment income	649	–	–	–	78	–	571
Net assets released from restrictions used for operating and capital purposes	(924)	–	–	–	(924)	–	–
Change in interest in recipient organization	–	(656)	656	–	–	–	–
Increase in temporarily restricted net assets	1,227	(656)	656	–	656	–	571
Permanently restricted net assets							
Contributions permanently restricted for use	–	–	–	–	–	–	–
Increase in permanently restricted net assets	–	–	–	–	–	–	–
Increase (decrease) in net assets	173,920	(656)	131,969	(3,392)	2,387	2,513	41,099
Net assets at beginning of year	723,748	(16,850)	447,351	44,827	22,087	10,623	215,710
Net assets at end of year	$ 897,668	$ (17,506)	$ 579,320	$ 41,435	$ 24,474	$ 13,136	$ 256,809

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