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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: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization EBENEZER SOCIETY Doing Business As Number and street (or P.O. box if mail is not delivered to street address) Room/suite 2722 PARK AVENUE SOUTH City or town, state or province, country, and ZIP or foreign postal code MINNEAPOLIS, MN 55407	D Employer identification number 41-0706141 E Telephone number (612) 874-3477 G Gross receipts \$ 12,189,676
F Name and address of principal officer		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: ▶ WWW FAIRVIEW EBENEZER ORG		
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation 1919 M State of legal domicile MN

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities EBENEZER HELPS OLDER ADULTS AND OTHERS MAKE THEIR LIVES MORE INDEPENDENT, HEALTHFUL, MEANINGFUL AND SECURE WITH OUR PARTNERS AT FAIRVIEW HEALTH SERVICES, WE PROVIDE ACCESS THROUGHOUT MINNESOTA TO A FULL RANGE OF HOUSING OPTIONS, COMMUNITY-BASED PROGRAMS AND SERVICES 2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets 3 Number of voting members of the governing body (Part VI, line 1a) 3 10 4 Number of independent voting members of the governing body (Part VI, line 1b) 4 7 5 Total number of individuals employed in calendar year 2013 (Part V, line 2a) 5 998 6 Total number of volunteers (estimate if necessary) 6 579 7a Total unrelated business revenue from Part VIII, column (C), line 12 7a 0 b Net unrelated business taxable income from Form 990-T, line 34 7b																									
Revenue		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Prior Year</th> <th style="text-align: center;">Current Year</th> </tr> </thead> <tbody> <tr> <td>8 Contributions and grants (Part VIII, line 1h)</td> <td style="text-align: right;">57,538</td> <td style="text-align: right;">311,116</td> </tr> <tr> <td>9 Program service revenue (Part VIII, line 2g)</td> <td style="text-align: right;">9,685,420</td> <td style="text-align: right;">10,020,049</td> </tr> <tr> <td>10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)</td> <td style="text-align: right;">103,935</td> <td style="text-align: right;">66,748</td> </tr> <tr> <td>11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)</td> <td style="text-align: right;">1,395,492</td> <td style="text-align: right;">1,791,763</td> </tr> <tr> <td>12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)</td> <td style="text-align: right;">11,242,385</td> <td style="text-align: right;">12,189,676</td> </tr> </tbody> </table>		Prior Year	Current Year	8 Contributions and grants (Part VIII, line 1h)	57,538	311,116	9 Program service revenue (Part VIII, line 2g)	9,685,420	10,020,049	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	103,935	66,748	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,395,492	1,791,763	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	11,242,385	12,189,676						
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Part II Signature Block

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

***** Signature of officer	2014-11-10 Date
MARK THOMAS PRESIDENT Type or print name and title	

Paid Preparer Use Only	Prnt/Type preparer's name	Preparer's signature	Date 2014-11-10	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			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 Yes No

1 Briefly describe the organization's mission
EBENEZER HELPS OLDER ADULTS AND OTHERS MAKE THEIR LIVES MORE INDEPENDENT, HEALTHFUL, MEANINGFUL AND SECURE WITH OUR PARTNERS AT FAIRVIEW HEALTH SERVICES, WE PROVIDE ACCESS THROUGHOUT MINNESOTA TO A FULL RANGE OF HOUSING OPTIONS, COMMUNITY-BASED PROGRAMS AND SERVICES

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 \$ 6,731,826 including grants of \$) (Revenue \$ 10,367,942)
EBENEZER HELPS OLDER ADULTS AND OTHERS MAKE THEIR LIVES MORE INDEPENDENT, HEALTHFUL, MEANINGFUL AND SECURE WITH OUR PARTNERS AT FAIRVIEW HEALTH SERVICES, WE PROVIDE ACCESS THROUGHOUT MINNESOTA TO A FULL RANGE OF HOUSING OPTIONS, COMMUNITY-BASED PROGRAMS AND SERVICES EBENEZER HAS OVER 81,800 ENCOUNTERS WITH INDIVIDUALS

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 6,731,826

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i> <input checked="" type="checkbox"/>	Yes	
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? <input checked="" type="checkbox"/>	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		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? <i>If "Yes," complete Schedule C, Part II</i>		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		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? <i>If "Yes," complete Schedule D, Part I</i> <input checked="" type="checkbox"/>		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? <i>If "Yes," complete Schedule D, Part II</i> <input checked="" type="checkbox"/>		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i> <input checked="" type="checkbox"/>		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? <i>If "Yes," complete Schedule D, Part IV</i> <input checked="" type="checkbox"/>		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i> <input checked="" type="checkbox"/>		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i> <input checked="" type="checkbox"/>	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? <i>If "Yes," complete Schedule D, Part VII</i> <input checked="" type="checkbox"/>		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? <i>If "Yes," complete Schedule D, Part VIII</i> <input checked="" type="checkbox"/>		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? <i>If "Yes," complete Schedule D, Part IX</i> <input checked="" type="checkbox"/>		No
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i> <input checked="" type="checkbox"/>	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)? <i>If "Yes," complete Schedule D, Part X</i> <input checked="" type="checkbox"/>	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i> <input checked="" type="checkbox"/>		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i> <input checked="" type="checkbox"/>		No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?		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? <i>If "Yes," complete Schedule F, Parts I and IV</i>		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? <i>If "Yes," complete Schedule F, Parts II and IV</i>		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? <i>If "Yes," complete Schedule F, Parts III and IV</i>		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? <i>If "Yes," complete Schedule G, Part I (see instructions)</i>		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? <i>If "Yes," complete Schedule G, Part II</i>		No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		No
20a	Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>		No
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		

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? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
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? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	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? <i>If so, complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		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? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response 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 102		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. 1b 0		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return. 2a 998		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		No
3b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year. 7d		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
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?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12. 10a		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities. 10b		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders. 11a		
11b	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?		
12b	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.		
13a	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		
13b	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		
13c	Enter the amount of reserves on hand. 13c		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to 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		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O		
1b	Enter the number of voting members included in line 1a, above, who are independent		
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?		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Did the organization have members or stockholders?	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?	Yes	
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	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		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?		No
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	Yes	
11b	Describe in Schedule O the process, if any, used by the organization to review this Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	Yes	
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	Yes	
13	Did the organization have a written whistleblower policy?	Yes	
14	Did the organization have a written document retention and destruction policy?	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	The organization's CEO, Executive Director, or top management official	Yes	
15b	Other officers or key employees of the organization	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		No
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

- 17** List the States with which a copy of this Form 990 is required to be filed MN
- 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
 STEPHAN GRYGAR 2722 PARK AVENUE SOUTH
 MINNEAPOLIS, MN 55407 (612) 874-3477

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) MARK F THOMAS PRESIDENT	2 00 40 00	X		X				0	502,628	74,638
(2) RICHARD HOWARD DIRECTOR	2 00 40 00	X						0	387,035	45,763
(3) STEPHEN GRYGAR TREASURER	2 00 40 00	X		X				0	240,881	26,910
(4) MAGGIE COLLINS DIRECTOR	2 00	X						0	0	0
(5) KENT EKLUND CHAIR	2 00	X						0	0	0
(6) JEANNE RIPLEY DIRECTOR	2 00	X						0	0	0
(7) PASTOR CHRISTOPHER P NELSON DIRECTOR	2 00	X						0	0	0
(8) JON SELSTAD SECRETARY	2 00	X						0	0	0
(9) SHARY MULHERE DIRECTOR	2 00	X						0	0	0
(10) DEBORAH PAONE DIRECTOR	2 00	X						0	0	0
(11) JONATHAN LUNDBERG STAFF	40 00					X		216,452	0	20,052
(12) SUSAN FARR STAFF	40 00					X		214,483	0	11,939
(13) ERIN M HILLIGAN ADMINISTRATO	40 00					X		128,097	0	6,941
(14) BRYAN MICHAEL STAFF	40 00					X		124,335	0	10,360

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			
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)							683,367	1,130,544	196,603	

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 ▶

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

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 ▶

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	311,116				
	e	Government grants (contributions) 1e					
	f	All other contributions, gifts, grants, and similar amounts not included above 1f					
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f	311,116				
Program Service Revenue	2a	NURSING HOME	9,003,113	9,003,113			
	b	MANAGEMENT FEES	717,207	717,207			
	c	ADULT DAYCARE	171,631	171,631			
	d	PATIENT-MEDICAL SERVICES	118,337	118,337			
	e	CAFETERIA	9,761	9,761			
	f	All other program service revenue					
	g	Total. Add lines 2a-2f	10,020,049				
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	66,748			66,748	
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
	6a	Gross rents	(i) Real	1,443,870			
			(ii) Personal				
			Less rental expenses				
			c Rental income or (loss)	1,443,870			
	d	Net rental income or (loss)	1,443,870			1,443,870	
	7a	Gross amount from sales of assets other than inventory	(i) Securities				
			(ii) Other				
			Less cost or other basis and sales expenses				
			c Gain or (loss)				
	d	Net gain or (loss)					
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a				
			b Less direct expenses b				
c Net income or (loss) from fundraising events							
9a	Gross income from gaming activities See Part IV, line 19	a					
		b Less direct expenses b					
		c Net income or (loss) from gaming activities					
10a	Gross sales of inventory, less returns and allowances	a					
		b Less cost of goods sold b					
		c Net income or (loss) from sales of inventory					
Miscellaneous Revenue		Business Code					
11a	OTHER	900099	347,893	347,893			
		b					
		c					
		d All other revenue					
e	Total. Add lines 11a-11d	347,893					
12	Total revenue. See Instructions	12,189,676	10,367,942		1,510,618		

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.				
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.				
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	8,268,267	4,514,576	3,753,691	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	92,959	35,321	57,638	
9	Other employee benefits.	1,075,519	1,075,519		
10	Payroll taxes.	621,763	327,594	294,169	
11	Fees for services (non-employees)				
a	Management.	715,412	12,848	702,564	
b	Legal.	34,354	4,033	30,321	
c	Accounting.				
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).				
12	Advertising and promotion.	117,627	109,034	8,593	
13	Office expenses.	229,975	15,959	214,016	
14	Information technology.				
15	Royalties.				
16	Occupancy.	685,966	528,594	157,372	
17	Travel.	62,737	4,729	58,008	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	24,113	2,213	21,900	
20	Interest.	243,852		243,852	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	35,921	6,466	29,455	
23	Insurance.				
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	MEDICAID SURTAX	94,940	94,940		
b					
c					
d					
e	All other expenses				
25	Total functional expenses. Add lines 1 through 24e.	12,303,405	6,731,826	5,571,579	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 <input type="checkbox"/> 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)		(B)
		Beginning of year		End of year
Assets	1 Cash-non-interest-bearing	8,697,433	1	3,678,767
	2 Savings and temporary cash investments		2	
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	7,225,006	4	20,802,939
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net	1,577,000	7	843,000
	8 Inventories for sale or use	29,883	8	28,020
	9 Prepaid expenses and deferred charges	57,372	9	99,750
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 8,589,735		
	b Less accumulated depreciation	10b 2,996,958	5,430,302	10c 5,592,777
	11 Investments—publicly traded securities		11	
	12 Investments—other securities See Part IV, line 11		12	
	13 Investments—program-related See Part IV, line 11	319,458	13	319,458
	14 Intangible assets		14	
	15 Other assets See Part IV, line 11	130,495	15	115,218
16 Total assets. Add lines 1 through 15 (must equal line 34)	23,466,949	16	31,479,929	
Liabilities	17 Accounts payable and accrued expenses	18,735,507	17	27,072,676
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties	2,865,000	23	2,720,000
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	1,770,048	25	1,543,256
	26 Total liabilities. Add lines 17 through 25	23,370,555	26	31,335,932
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	96,394	27	143,997
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 Total net assets or fund balances	96,394	33	143,997	
34 Total liabilities and net assets/fund balances	23,466,949	34	31,479,929	

Part XI Reconciliation 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	12,189,676
2	Total expenses (must equal Part IX, column (A), line 25)	2	12,303,405
3	Revenue less expenses Subtract line 2 from line 1	3	-113,729
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	96,394
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	161,332
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	143,997

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

SCHEDULE A
(Form 990 or 990EZ)

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.

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
EBENEZER SOCIETY

Employer identification number
41-0706141

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

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

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2 A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)
- 8 A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9 An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10 An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h
 - a Type I b Type II c Type III - Functionally integrated d Type III - Non-functionally integrated
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 - (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?
 - (ii) A family member of a person described in (i) above?
 - (iii) A 35% controlled entity of a person described in (i) or (ii) above?
- h Provide the following information about the supported organization(s)

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

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 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 <input type="checkbox"/>						

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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		

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.")		28,440	46,085	57,538	311,116	443,179
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	10,545,204	10,837,168	11,441,124	9,685,420	10,367,942	52,876,858
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	10,545,204	10,865,608	11,487,209	9,742,958	10,679,058	53,320,037
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)						53,320,037

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	10,545,204	10,865,608	11,487,209	9,742,958	10,679,058	53,320,037
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	77,761	73,103	59,517	987,174	1,510,618	2,708,173
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b	77,761	73,103	59,517	987,174	1,510,618	2,708,173
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.)	181,803	6,389		512,252		700,444
13 Total support. (Add lines 9, 10c, 11, and 12.)	10,804,768	10,945,100	11,546,726	11,242,384	12,189,676	56,728,654
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 ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	93.990 %
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	97.700 %

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	5.000 %
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
PART II, LINE 12	OTHER 700,444

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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.

Name of the organization EBENEZER SOCIETY

Employer identification number

41-0706141

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.

Table with 3 columns: Line number, (a) Donor advised funds, (b) Funds and other accounts. Includes rows for total number at end of year, aggregate contributions, aggregate grants, aggregate value, and questions about donor advised funds and grant purposes.

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

Form for Part II Conservation Easements. Includes questions about purpose of easements, conservation contribution details, monitoring, and expenses. Includes a table for 'Held at the End of the Year' with rows 2a, 2b, 2c, 2d.

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.

Form for Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Includes questions about reporting works of art and historical treasures, and amounts for revenues and assets.

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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

- a** Board designated or quasi-endowment ▶
 - b** Permanent endowment ▶
 - c** Temporarily restricted endowment ▶
- The percentages in lines 2a, 2b, and 2c should equal 100%

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

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

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

Part VI Land, Buildings, and Equipment. 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		671,100		671,100
b Buildings		6,924,730	2,428,554	4,496,176
c Leasehold improvements				
d Equipment		993,905	568,404	425,501
e Other				
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				5,592,777

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	
OTHER LIABILITIES	1,543,256
Total. (Column (b) must equal Form 990, Part X, col (B) line 25)	1,543,256

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
SCHEDULE D, PAGE 3, PART X	DURING 2007, FAIRVIEW HEALTH SERVICES & EBENEZER SOCIETY ADOPTED FASB INTERPRETATION NO 48, ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES, AN INTERPRETATION OF FASB STATEMENT NO 109, ACCOUNTING FOR INCOME TAXES (FIN 48), WHICH CLARIFIES THE ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES RECOGNIZED IN AN ENTITY'S FINANCIAL STATEMENTS AND PRESCRIBES A RECOGNITION THRESHOLD AND MEASUREMENT ATTRIBUTES FOR FINANCIAL STATEMENT DISCLOSURE OF TAX POSITIONS TAKEN OR EXPECTED TO BE TAKEN ON A TAX RETURN IN ACCORDANCE WITH FIN 48, A TAX POSITION IS A POSITION IN A PREVIOUSLY FILED TAX RETURN OR A POSITION EXPECTED TO BE TAKEN IN A FUTURE TAX FILING THAT IS REFLECTED IN MEASURING CURRENT OR DEFERRED INCOME TAX ASSETS AND LIABILITIES TAX POSITIONS SHALL BE RECOGNIZED ONLY WHEN IT IS MORE LIKELY THAN NOT (LIKELY-HOOD OF GREATER THAN 50%), BASED ON TECHNICAL MERITS, THAT THE POSITION WILL BE SUSTAINED UPON EXAMINATION UNDER FIN 48, THE FINANCIAL STATEMENT IMPACT OF AN UNCERTAIN INCOME TAX POSITION THAT WAS TAKEN OR IS EXPECTED TO BE TAKEN ON THE INCOME TAX RETURN AND THAT MEETS THE MORE-LIKELY-THAN-NOT THRESHOLD MUST BE RECOGNIZED AND MEASURED USING A PROBABILITY WEIGHTED APPROACH AT THE LARGEST AMOUNT THAT IS MORE LIKELY THAN NOT TO BE SUSTAINED UPON AUDIT BY THE RELEVANT TAXING AUTHORITY THE ADOPTION OF FIN 48 DID NOT HAVE A MATERIAL IMPACT ON FAIRVIEW HEALTH SERVICES'S CONSOLIDATED FINANCIAL POSITION, LIABILITY FOR UNRECOGNIZED INCOME TAX BENEFITS, (DEFICIT) EXCESS OF REVENUE OVER EXPENSES, OR CASH FLOWS THERE ARE NO MATERIAL CHANGES IN EBENEZER SOCIETY'S UNRECOGNIZED INCOME TAX POSITION AT DECEMBER 31, 2013 EBENEZER SOCIETY DOES NOT EXPECT THAT THERE WILL BE A SIGNIFICANT CHANGE IN THE TOTAL AMOUNT OF UNRECOGNIZED TAX BENEFITS WITHIN THE NEXT 12 MONTHS

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2013

Open to Public Inspection

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.**

Department of the Treasury
Internal Revenue Service

Name of the organization
EBENEZER SOCIETY

Employer identification number

41-0706141

Part I Questions Regarding Compensation

- 1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.
- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

- b** If any of the boxes 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.
- 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?

- 3** Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.
- | | |
|---|---|
| <input checked="" type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input checked="" type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

- 4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:
- a** Receive a severance payment or change-of-control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only 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?
- b** Any related organization?
- If "Yes," to line 5a or 5b, describe in Part III.
- 6** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:
- a** The organization?
- b** Any related organization?
- If "Yes," to line 6a or 6b, describe in Part III.

- 7** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III.
- 8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.
- 9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1b		
2		
4a		No
4b		No
4c		No
5a		No
5b		No
6a		No
6b		No
7		No
8		No
9		

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) MARK F THOMAS PRESIDENT	(i)							
	(ii)	312,975	181,088	8,565	58,254	16,384	577,266	
(2) RICHARD HOWARD DIRECTOR	(i)							
	(ii)	254,333	131,676	1,026	28,810	16,953	432,798	
(3) STEPHEN GRYGAR TREASURER	(i)							
	(ii)	195,383	45,101	397	9,619	17,291	267,791	
(4) JONATHAN LUNDBERG STAFF	(i)	179,083	37,369		154	19,898	236,504	
	(ii)							
(5) SUSAN FARR STAFF	(i)	180,138	34,345		182	11,757	226,422	
	(ii)							

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
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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.

2013

**Open to Public
Inspection**

Name of the organization
EBENEZER SOCIETY

Employer identification number

41-0706141

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990 - ORGANIZATION'S MISSION	
FORM 990, PAGE 6, PART VI, LINE 6	THE MEMBERS OF THIS CORPORATION SHALL CONSIST SOLELY AND EXCLUSIVELY OF THE PERSONS WHO CONSTITUTE THE DIRECTORS OF THIS CORPORATION FROM TIME TO TIME. WHEN A PERSON BECOMES A DIRECTOR OF THIS CORPORATION, SUCH PERSON SHALL CONCURRENTLY WITH BECOMING SUCH A DIRECTOR, AUTOMATICALLY BECOME AND BE A MEMBER OF THIS CORPORATION, AND WHEN A PERSON CEASES TO BE A DIRECTOR OF THIS CORPORATION, THEY SHALL CONCURRENTLY WITH CEASING TO BE SUCH A DIRECTOR, AUTOMATICALLY CEASE TO BE A MEMBER OF THIS CORPORATION.
FORM 990, PAGE 6, PART VI, LINE 7A	THE CHAIR OF THE CORPORATION SHALL BE ELECTED FROM AND BY THE BOARD OF DIRECTORS. THE BOARD OF DIRECTORS SHALL ELECT MEMBERS TO DIRECTOR POSITIONS AND FILL VACANCIES IN ELECTED DIRECTOR POSITIONS. THE BOARD OF DIRECTORS OF THIS CORPORATION SHALL ELECT MEMBERS FROM THE NOMINEES MADE FROM THE BOARDS OF EACH OF THE CONSTITUENT ORGANIZATIONS AS LISTED IN THE BYLAWS OF THIS CORPORATION.
FORM 990, PAGE 6, PART VI, LINE 7B	DECISIONS ARE SUBJECT FAIRVIEW HEALTH SERVICES RESERVE POWERS.
FORM 990, PAGE 6, PART VI, LINE 11B	THE TAX DEPARTMENT CONDUCTS A DETAILED REVIEW OF THE COMPLETED RETURN. THE RETURN IS ALSO REVIEWED BY THE PRESIDENT AND TREASURER. THE FORM 990 IS SUBSEQUENTLY PRESENTED TO THE BOARD OF DIRECTORS. UPON APPROVAL FROM THE BOARD OF DIRECTORS, THE FORM 990 IS FILED.
FORM 990, PAGE 6, PART VI, LINE 12C	MANAGERS, DIRECTORS AND SENIOR MANAGEMENT ARE REQUIRED TO ANNUALLY COMPLETE EBENEZER'S DUTY OF LOYALTY AND CONFLICT OF INTEREST STATEMENT IN COMPLIANCE WITH EBENEZER'S CONFLICT OF INTEREST POLICY. DISCLOSURES ARE REVIEWED BY THE COMPLIANCE DEPARTMENT. ANY CONFLICTS OF INTERESTS BY BOARD MEMBERS ARE BROUGHT TO THE BOARD FOR REVIEW.
FORM 990, PAGE 6, PART VI, LINE 15A	THE DETERMINATION OF EXECUTIVE COMPENSATION OF THE ORGANIZATION IS PROCESSED BY THE HUMAN RESOURCES EXECUTIVE COMMITTEE AND INCLUDES A REVIEW OF COMPARABILITY DATA, REVIEW BY INDEPENDENT EXPERTS AND CONTEMPORANEOUS SUBSTANTIATION OF THE DELIBERATION AND DECISION PROCESS.
FORM 990, PAGE 6, PART VI, LINE 15B	THE DETERMINATION OF OFFICER AND KEY EMPLOYEE COMPENSATION OF THE ORGANIZATION IS PROCESSED BY THE HUMAN RESOURCES EXECUTIVE COMMITTEE AND INCLUDES A REVIEW OF COMPARABILITY DATA, REVIEW BY INDEPENDENT EXPERTS AND CONTEMPORANEOUS SUBSTANTIATION OF THE DELIBERATION AND DECISION PROCESS.
FORM 990, PAGE 6, PART VI, LINE 19	EBENEZER SOCIETY MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST AND INSPECTION OF THE DOCUMENTS IS AVAILABLE AT THE CORPORATE FINANCE DEPARTMENT.
FORM 990, PART XI, LINE 9	CAPITALIZED EXPENSES 316,891 ROUNDING -1 DISTRIBUTION 155,558

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2013

**Open to Public
Inspection**

▶ **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.**

Department of the Treasury
Internal Revenue Service

Name of the organization
EBENEZER SOCIETY

Employer identification number

41-0706141

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	No
(1) EBENEZER SOCIETY FOUNDATION EBENEZER SOCIETY FOUNDATION 2722 PARK AVENUE SOUTH MINNEAPOLIS, MN 55407 41-1356565	EBENEZER	MN	501C3	11C	N/A		No
(2) EBENEZER RIDGES EBENEZER RIDGES 2722 PARK AVENUE SOUTH MINNEAPOLIS, MN 55407 41-1287792	ELDERLY	MN	501C3	9	N/A		No
(3) EBENEZER RIDGE POINT APARTMENTS IN EBENEZER RIDGE POINT APARTMENTS 2722 PARK AVENUE SOUTH MINNEAPOLIS, MN 55407 41-1769727	CARE OF	MN	501C3	9	N/A		No
(4) EBENEZER LAKES ASSISTED LIVING EBENEZER LAKES ASSISTED LIVING 2722 PARK AVENUE SOUTH MINNEAPOLIS, MN 55407 41-2012560	CARE OF	MN	501C3	9	N/A		No
(5) EBENEZER RIDGES ASSISTED LIVING EBENEZER RIDGES ASSISTED LIVING 2722 PARK AVENUE SOUTH MINNEAPOLIS, MN 55407 41-1964691	CARE OF	MN	501C3	9	N/A		No
(6) EBENEZER TOWERS EBENEZER TOWERS 2722 PARK AVENUE SOUTH MINNEAPOLIS, MN 55407 23-7005359	CARE	MN	501C3	9	N/A		No
(7) EBENEZER PARK APARTMENTS EBENEZER PARK APARTMENTS 2722 PARK AVENUE SOUTH MINNEAPOLIS, MN 55407 41-1378656	CARE	MN	501C3	9	N/A		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) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

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	No
(1) EBENEZER MANAGEMENT SERVICES EBENEZER MANAGEMENT SERVICES 2722 PARK AVENUE SOUTH MINNEAPOLIS, MN 55407 41-1567406	MANAGEMENT	MN	N/A						No

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

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

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a** Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)

- f** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)

- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)

- p** Reimbursement paid to related organization(s) for expenses
- q** Reimbursement paid by related organization(s) for expenses

- r** Other transfer of cash or property to related organization(s)
- s** Other transfer of cash or property from related organization(s)

	Yes	No
1a		No
1b		No
1c	Yes	
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k		No
1l	Yes	
1m		No
1n		No
1o		No
1p	Yes	
1q		No
1r		No
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
(1) FAIRVIEW HEALTH SERVICES	S	202,430	FAIR MARKET VALUE
(2) FAIRVIEW HEALTH SERVICES	P	247,623	FAIR MARKET VALUE
(3) FAIRVIEW HEALTH SERVICES	L	185,549	FAIR MARKET VALUE
(4) EBENEZER SOCIETY FOUNDATION	C	174,394	FAIR MARKET VALUE
(5) FAIRVIEW HEALTH SERVICES	S	388,711	FAIR MARKET VALUE

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) Disproportionate allocations?		(i) Code V?UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		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: 41-0706141
Name: EBENEZER SOCIETY

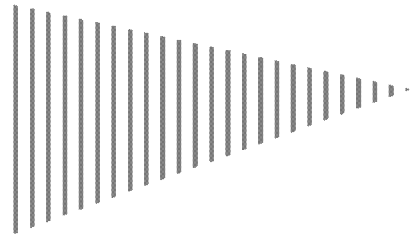
Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(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) EBENEZER SOCIETY FOUNDATION EBENEZER SOCIETY FOUNDATION 2722 PARK AVENUE SOUTH MINNEAPOLIS, MN 55407 41-1356565	EBENEZER	MN	501C3	11C	N/A		No
(1) EBENEZER RIDGES EBENEZER RIDGES 2722 PARK AVENUE SOUTH MINNEAPOLIS, MN 55407 41-1287792	ELDERLY	MN	501C3	9	N/A		No
(2) EBENEZER RIDGE POINT APARTMENTS IN EBENEZER RIDGE POINT APARTMENTS 2722 PARK AVENUE SOUTH MINNEAPOLIS, MN 55407 41-1769727	CARE OF	MN	501C3	9	N/A		No
(3) EBENEZER LAKES ASSISTED LIVING EBENEZER LAKES ASSISTED LIVING 2722 PARK AVENUE SOUTH MINNEAPOLIS, MN 55407 41-2012560	CARE OF	MN	501C3	9	N/A		No
(4) EBENEZER RIDGES ASSISTED LIVING EBENEZER RIDGES ASSISTED LIVING 2722 PARK AVENUE SOUTH MINNEAPOLIS, MN 55407 41-1964691	CARE OF	MN	501C3	9	N/A		No
(5) EBENEZER TOWERS EBENEZER TOWERS 2722 PARK AVENUE SOUTH MINNEAPOLIS, MN 55407 23-7005359	CARE	MN	501C3	9	N/A		No
(6) EBENEZER PARK APARTMENTS EBENEZER PARK APARTMENTS 2722 PARK AVENUE SOUTH MINNEAPOLIS, MN 55407 41-1378656	CARE	MN	501C3	9	N/A		No

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Fairview Health Services
Years Ended December 31, 2013, 2012, and 2011
With Reports of Independent Auditors

Ernst & Young LLP



Building a better
working world

Fairview Health Services

Consolidated Financial Statements
and Supplementary Information

Years Ended December 31, 2013, 2012, and 2011

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Report of Independent Auditors

The Board of Directors
Fairview Health Services

We have audited the accompanying consolidated financial statements of Fairview Health Services, which comprise the consolidated balance sheets as of December 31, 2013, 2012, and 2011, and the related consolidated statements of operations and changes in net assets and cash flows for each of the three years in the period ended December 31, 2013, 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 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 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 financial statements based on our audits. We conducted our audits 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fairview Health Services at December 31, 2013, 2012, and 2011, and the consolidated results of its operations and changes in net assets and cash flows for each of the three years in the period ended December 31, 2013, in conformity with U S generally accepted accounting principles

Ernst + Young LLP

April 3, 2014

Fairview Health Services
Consolidated Balance Sheets
(Dollars in Thousands)

	December 31		
	2013	2012	2011
Assets			
Current assets			
Cash and cash equivalents	\$ 34,607	\$ 32,596	\$ 31,278
Short-term investments	191,407	169,006	53,160
Accounts receivable for medical services, less allowance for doubtful accounts of \$47,923 in 2013, \$60,199 in 2012, and \$44,201 in 2011	372,099	344,752	375,623
Receivable under third-party payor contracts	14,325	15,381	14,101
Current portion of contributions receivable	14,359	17,566	10,060
Inventories	62,984	54,866	53,525
Other current assets	75,890	57,691	40,833
Total current assets	765,671	691,858	578,580
Investments	1,065,913	850,789	772,721
Assets limited as to use			
Held by trustees for debt service	35,358	34,193	33,678
Restricted for capital projects	20,823	39,048	665
Held by insurance subsidiaries	44,236	44,257	44,300
Pledged under workers' compensation program	29,138	29,057	31,100
Restricted fund investments	17,109	17,693	16,381
Total assets limited as to use	146,664	164,248	126,124
Other long-term assets			
Contributions receivable	17,700	32,457	36,879
Investments in related parties	46,061	42,744	40,324
Goodwill and intangible assets	32,612	32,612	32,612
Other long-term assets	26,531	27,553	30,965
Total other long-term assets	122,904	135,366	140,780
Land, buildings, and equipment, net	935,957	927,854	992,028
Total assets	\$ 3,037,109	\$ 2,770,115	\$ 2,610,233

	December 31		
	2013	2012	2011
Liabilities and net assets			
Current liabilities			
Accounts payable	\$ 164,118	\$ 171,932	\$ 160,659
Accrued compensation and benefits	215,679	217,160	195,482
Payable under third-party payor contracts	13,835	10,274	11,448
Current maturities of long-term debt	19,275	17,364	15,136
Other current liabilities	48,218	39,194	38,901
Total current liabilities	461,125	455,924	421,626
Other liabilities			
Insurance subsidiaries claims reserves	23,185	17,273	15,198
Workers' compensation claims reserves	40,585	37,234	38,556
Derivative financial instruments	35,581	21,070	54,452
Other long-term liabilities	29,572	43,942	43,985
Total other liabilities	128,923	119,519	152,191
Long-term debt	904,049	912,787	923,387
Total liabilities	1,494,097	1,488,230	1,497,204
Net assets			
Unrestricted			
Fairview Health Services	1,491,465	1,211,504	1,053,870
Noncontrolling interests	5,460	4,566	-
Total unrestricted	1,496,925	1,216,070	1,053,870
Temporarily restricted	46,087	65,815	59,159
Total net assets	1,543,012	1,281,885	1,113,029
Total liabilities and net assets	\$ 3,037,109	\$ 2,770,115	\$ 2,610,233

See accompanying notes.

Fairview Health Services

Consolidated Statements of Operations and Changes in Net Assets *(Dollars in Thousands)*

	Year Ended December 31		
	2013	2012	2011
Unrestricted revenues			
Net patient service revenue	\$ 2,942,158	\$ 2,850,033	\$ 2,657,135
Provision for bad debts	(36,044)	(65,475)	(58,072)
Net patient service revenue less provision for bad debts	2,906,114	2,784,558	2,599,063
Other operating revenue	461,509	430,614	350,771
Net assets released from restrictions	2,866	2,909	3,603
Total unrestricted revenues	3,370,489	3,218,081	2,953,437
Expenses			
Salaries and benefits	1,668,366	1,628,208	1,571,070
Supplies	649,608	617,337	557,052
Purchased services	497,760	460,850	419,076
Depreciation and amortization	108,890	103,596	95,952
Interest	46,756	47,704	45,486
Utilities and maintenance	103,429	94,249	99,998
Insurance and rent	55,348	55,089	49,431
State and local taxes	67,575	64,681	63,285
Other operating expenses	38,167	38,328	35,420
Total expenses	3,235,899	3,110,042	2,936,770
Operating income	134,590	108,039	16,667
Nonoperating gains (losses)			
Investment return	86,109	61,759	(2,079)
Gains (losses) on interest and basis rate swaps, net	19,672	9,811	(36,731)
Loss on disaffiliation of subsidiary	-	(14,009)	-
Other nonoperating gains, net	8,943	-	-
Total nonoperating gains (losses)	114,724	57,561	(38,810)
Excess (deficit) of revenues over expenses	249,314	165,600	(22,143)
Less amounts attributable to noncontrolling interests	(5,014)	(4,019)	-
Excess (deficit) of revenues over expenses attributable to Fairview Health Services	244,300	161,581	(22,143)

	Year Ended December 31		
	2013	2012	2011
Unrestricted net assets, Fairview Health Services			
Excess (deficit) of revenues over expenses	\$ 244,300	\$ 161,581	\$ (22,143)
Pension and other post-retirement liability adjustments	16,006	(1,639)	(12,661)
Contributions for long-lived assets and other changes	19,655	(2,308)	13,519
Increase (decrease) in unrestricted net assets, Fairview Health Services	279,961	157,634	(21,285)
Unrestricted net assets, noncontrolling interests			
Excess of revenues over expenses	5,014	4,019	–
Contributions from noncontrolling interests	565	–	–
Distributions to noncontrolling interests	(4,685)	(3,490)	–
Other changes	–	4,037	–
Increase in unrestricted net assets, noncontrolling interests	894	4,566	–
Temporarily restricted net assets			
Contributions and other changes, net	2,571	9,965	17,107
Net assets released from restrictions	(22,299)	(3,309)	(15,760)
Increase (decrease) in temporarily restricted net assets	(19,728)	6,656	1,347
Total increase (decrease) in net assets	261,127	168,856	(19,938)
Net assets at beginning of year	1,281,885	1,113,029	1,132,967
Net assets at end of year	\$ 1,543,012	\$ 1,281,885	\$ 1,113,029

See accompanying notes.

Fairview Health Services

Consolidated Statements of Cash Flows (Dollars in Thousands)

	Year Ended December 31		
	2013	2012	2011
Operating activities			
Increase (decrease) in net assets	\$ 261,127	\$ 168,856	\$ (19,938)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities			
Depreciation and amortization	108,890	103,596	95,952
Provision for bad debts	36,044	65,475	58,072
Pension and other post-retirement liability adjustments	(16,006)	1,639	12,661
Change in fair value of interest and basis rate swaps	(23,563)	(13,862)	32,943
Loss on disaffiliation of subsidiary	-	14,009	-
Other, net	(2,678)	(304)	(4,004)
Changes in assets and liabilities			
Accounts receivable for medical services	(63,391)	(48,929)	(119,835)
Trading investments	(219,942)	(233,440)	77,016
Other current assets	(22,054)	(25,625)	16,256
Current liabilities	(10,923)	41,559	19,391
Other assets and liabilities, net	31,774	(1,288)	3,176
Net cash provided by operating activities	79,278	71,686	171,690
Investing activities			
Purchases of land, buildings, and equipment, net	(98,167)	(79,608)	(155,259)
Proceeds received from disaffiliation of subsidiary, net	-	44,196	-
Other investing activities	-	-	(1,713)
Net cash used in investing activities	(98,167)	(35,412)	(156,972)
Financing activities			
Proceeds from issuance of long-term debt	8,246	-	1,381
Principal payments on long-term debt	(15,878)	(11,166)	(11,214)
Payments for defeasance of long-term debt	(5,218)	-	-
Collateral received (posted) on derivative financial instruments, net	38,087	(19,616)	(5,118)
Other financing activities, net	(4,337)	(4,174)	-
Net cash provided by (used in) financing activities	20,900	(34,956)	(14,951)
Increase (decrease) in cash and cash equivalents	2,011	1,318	(233)
Cash and cash equivalents at beginning of year	32,596	31,278	31,511
Cash and cash equivalents at end of year	\$ 34,607	\$ 32,596	\$ 31,278
Supplemental disclosure of noncash investing and financing activities			
Assets acquired through capital lease	\$ 4,183	\$ 2,921	\$ -

See accompanying notes

Fairview Health Services

Notes to Consolidated Financial Statements *(Dollars in Thousands)*

December 31, 2013, 2012, and 2011

1. Organization and Basis of Presentation

Fairview Health Services is a non-profit corporation headquartered in Minnesota. Fairview Health Services and its wholly controlled affiliates and wholly-owned subsidiaries (collectively referred to as Fairview) are a regionally integrated network of physicians, hospitals, ambulatory care services, pharmacy services, and health care management enterprises. Fairview operates six general acute care hospital facilities, primary care, occupational health and specialty care clinic facilities, senior care and senior housing facilities, other ambulatory services, retail pharmacies, counseling centers, home health care programs, and various foundations supporting health-related services. As of December 31, 2013, Fairview employed 819 physician providers.

Effective June 30, 2012, Fairview Health Services sold its membership interest in Fairview Red Wing Health Services and recorded a \$14,009 loss on disaffiliation within the consolidated statements of operations and changes in net assets. Operating revenue and operating income (loss) attributable to Fairview Red Wing Health Services of \$50,098 and \$730 in 2012 and \$102,609 and \$(485) in 2011, respectively, was recorded within the consolidated statements of operations and changes in net assets.

The consolidated financial statements include the accounts of Fairview, which incorporate both tax-exempt and taxable entities. All significant intercompany balances and transactions have been eliminated in consolidation.

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 certain assets, liabilities, revenues and expenses reported in the consolidated financial statements and accompanying notes. Although estimates are considered to be fairly stated at the time the estimates are made, actual results could differ from those estimates.

Fairview Health Services

Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents include currency on-hand, demand deposits with banks or other financial institutions, and short-term investments with maturities of 90 days or less from the date of purchase that have not otherwise been classified as long-term assets due to a designation for long-term purposes

Fairview places its cash investments with high-quality financial institutions. Fairview has cash balances at financial institutions that may exceed federal depository insurance limits

Inventories

Inventories, consisting primarily of drugs and medical supplies, are recorded at the lower of cost or market on a first-in, first-out basis

Investments

Fairview's investments include money market, fixed income and equity securities that are carried at fair value, based on quoted market prices, and are classified as trading securities. Investments designated for use within one year are classified as short-term investments on the consolidated balance sheets. Investment securities are exposed to various risks, such as interest rate, credit and overall market volatility

Investments in companies that hold interests in diversified funds of hedge funds and real estate funds are recorded using the equity method of accounting, with the change in value of these investments recorded as investment income in the accompanying consolidated statements of operations and changes in net assets. Fairview generally has liquidity ranging from 95 to 125 days in these funds. The value of each fund of hedge fund or real estate fund is determined by the investment manager or general partner of the respective fund. Values of some of the underlying investments may be based on estimates that require varying degrees of judgment, and consequently, these estimates may differ from the values that would have been used had a ready market existed and may also differ from the values at which investments may be sold. Values for fund of hedge funds are primarily based on financial data supplied by the underlying investee funds. Values for real estate funds are based on the fair value of the underlying real estate. Generally, the value for fund of hedge funds and real estate funds reflects net contributions to the investee and an ownership share of realized and unrealized investment income and expenses

Fairview Health Services

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

Realized investment income on funds held by insurance subsidiaries is recorded in other operating revenue on the consolidated statements of operations and changes in net assets. Investment return (including realized gains and losses, unrealized gains and losses, interest and dividends) from all other investments and unrealized investment income on funds held by insurance subsidiaries are recorded as nonoperating gains (losses) unless the income is restricted by donor or law.

Derivative Financial Instruments

All derivatives are recognized as either assets or liabilities based on the net fair value in accordance with the netting provisions in the counterparty agreement. Fairview uses pricing models for various types of derivative instruments that take into account the present value of estimated future cash flows and credit valuation adjustments.

Gains or losses resulting from changes in the fair values of derivative financial instruments are reflected within the consolidated statements of operations and changes in net assets as nonoperating gains or losses, as none of the derivative financial instruments are designated as an accounting hedge. Any differences between interest received and paid under swap agreements are reported with the change in fair value of the swaps as nonoperating gains or losses.

Investments in Related Parties

Investments in entities in which Fairview has the ability to exercise significant influence over operating and financial policies, but does not have operational control, are recorded under the equity method of accounting within investments in related parties in the consolidated balance sheets. Fairview investments in related parties are recorded at cost, net of Fairview's share of income and losses. Income and losses from investments in related parties is recorded within other operating revenue in the consolidated statements of operations and changes in net assets.

	Interest	Investments in Related Parties at December 31			Income for the Years Ended December 31		
		2013	2012	2011	2013	2012	2011
Investment in health insurance organization	50%	\$ 23,025	\$ 22,903	\$ 20,305	\$ 122	\$ 2,598	\$ 1,608
Other	Varies	23,036	19,841	20,019	6,893	5,314	4,015
		<u>\$ 46,061</u>	<u>\$ 42,744</u>	<u>\$ 40,324</u>	<u>\$ 7,015</u>	<u>\$ 7,912</u>	<u>\$ 5,623</u>

Fairview Health Services

Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

2. Summary of Significant Accounting Policies (continued)

Land, Buildings, and Equipment

Land, buildings, and equipment are recorded at cost and depreciated over estimated useful lives using the straight-line method. The following estimated useful lives are used in calculating depreciation:

Land improvements	5–20 years
Buildings	30–40 years
Building additions and improvements	17–25 years
Equipment	2–20 years

Interest cost, net of related interest income, incurred on funds used during the period for construction of capital assets, is capitalized as part of the cost of acquiring those assets. During 2013, 2012, and 2011, capitalized interest relating to construction-in-progress was \$765, \$708, and \$2,611, respectively.

Goodwill and Intangible Assets

Goodwill and intangible assets related to physician clinic acquisitions are recorded on the consolidated balance sheets. There were no acquisitions of goodwill or intangible assets for the years ended December 31, 2013, 2012, and 2011.

Asset Impairment

Fairview routinely evaluates the carrying values of long-lived assets, goodwill and intangible assets for impairment. Whenever events or changes in circumstances indicate that the carrying values may not be recoverable, impairment tests are performed to determine whether the carrying values are appropriate using estimated future undiscounted cash flow analyses. Impairment losses are recognized within operating income at the time the impairment is identified.

Fairview Health Services

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

Net Assets

Unrestricted net assets are used to account for all transactions related to medical services and other operating and nonoperating activities for which there are no donor-imposed restrictions. Temporarily restricted net assets are those assets whose use by Fairview has been limited by donors or grantors to a specific purpose or time period.

Noncontrolling Interests

The consolidated financial statements include entities for which Fairview has less than 100% ownership but otherwise controls in accordance with applicable accounting guidance. Noncontrolling interests have been recognized for the portion of net assets not attributable to Fairview as of and for the years ended December 31, 2013 and 2012.

For the year ended December 31, 2012, other changes in net assets for noncontrolling interests include \$2,800 in capital contributions and \$1,237 in excess of revenues over expenses attributable to noncontrolling interests for prior years within the consolidated statements of operations and changes in net assets.

Net Patient Revenue and Accounts Receivable for Medical Services

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services provided. Contractual adjustments arising from various reimbursement arrangements with third-party payors are accrued on an estimated basis in the period in which the services are rendered.

For uninsured patients who do not qualify for charity care, Fairview recognizes revenue based on established rates less certain discounts as determined by Fairview policies. An estimated provision for bad debts is recorded that results in net patient service revenue being reported at the net amount expected to be received. Fairview has determined, based on an assessment at the consolidated entity level, that patient service revenue is primarily recorded prior to assessing the patients' ability to pay and the entire provision for bad debts related to patient revenue is recorded as a reduction from patient service revenue in the consolidated statements of operations and changes in net assets.

Fairview Health Services

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

Certain reimbursement arrangements are subject to retroactive audit and adjustment. As a result, there is at least a reasonable possibility that recorded estimates could change in the near term. Differences between amounts originally recorded and finally settled are included in operations in the year in which the differences become known.

Accounts receivable for medical services due from patients and third-party payors for services provided are stated at net realizable amounts. The allowance for doubtful accounts is based upon management's assessment of historical and expected net collections considering historical business and economic conditions, trends in health care coverage, major payor sources, and other collection indicators. This assessment is performed periodically throughout the year and the results are used to adjust the provision for bad debts and allowance for doubtful accounts to appropriate amounts.

Charity Care

Fairview provides health care services to patients who meet certain criteria under its charity care policies without charge or at amounts less than its established rates. Since collection of these amounts is not pursued, they are excluded from net patient service revenue.

The cost of providing charity care was \$22,257, \$21,995, and \$18,450 during the years ended December 31, 2013, 2012, and 2011, respectively. The cost of providing charity care is measured by applying an overall cost-to-charge ratio to the charges incurred. Total cost includes wages and salaries, supplies, building maintenance, equipment, and administration.

Fairview also provides a significant amount of other uncompensated care to uninsured and underinsured patients, with the related impact recognized within net patient service revenue and the provision for bad debts.

Other Operating Revenue

Other operating revenue primarily consists of member premium revenue, pharmacy benefit management revenue, electronic health record incentives, income on investments in related parties, and other miscellaneous revenue.

Fairview Health Services

Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

2. Summary of Significant Accounting Policies (continued)

Contributions

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give are reported at fair value when the gift is received and all conditions have been satisfied. All unrestricted contributions are reported within other operating revenue in the consolidated statements of operations and changes in net assets.

Contributions are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor restrictions are satisfied, restricted net assets are reclassified to unrestricted net assets and reported within the consolidated statements of operations and changes in net assets as net assets released from restriction if the purpose relates to operations or contributions of long-lived assets if the purpose relates to capital. Donor-restricted contributions whose restrictions are met within the same fiscal year as they are received are reported as unrestricted contributions in the accompanying consolidated financial statements.

Contributions receivable are recorded in the period that the contributions are made and represent unconditional promises to give. Contributions that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. An allowance for uncollectible pledges receivable is determined based on a review of estimated collectibility.

Member Premium Revenue and Health Claims

Fairview has agreements to manage care for subscribing participants or members. The agreements either provide for predefined payments from members and insurance companies (on a per-member/per-month basis) regardless of services actually performed or result in Fairview sharing in risk arrangements related to these members. Revenue related to these agreements is recognized over the period of service and is recorded within other operating revenue. The cost to provide health care services under these agreements is accrued in the period in which the health care services are provided to a member, based in part on estimates, including an accrual for medical services provided but not yet reported.

Fairview Health Services

Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

2. Summary of Significant Accounting Policies (continued)

Electronic Health Record Incentive Program

The Health Information Technology for Economic and Clinical Health Act, established by the American Recovery and Reinvestment Act of 2009, provides for Medicare and Medicaid incentive payments for eligible organizations and providers that adopt and meaningfully use certified electronic health record (EHR) technology. Fairview utilizes a grant accounting model to recognize EHR incentive revenues ratably throughout the incentive reporting period when it is reasonably assured that meaningful use objectives will be achieved for the applicable period and that the revenue will be received. For the years ended December 31, 2013 and 2012, Fairview recorded EHR incentive revenue of \$12,714 and \$14,438, respectively, within other operating revenue in the consolidated statements of operations and changes in net assets. As of December 31, 2013 and 2012, EHR incentive receivables of \$6,147 and \$3,637, respectively, related to this revenue are recorded as other current assets in the consolidated balance sheets.

Attestation of Fairview's compliance with meaningful use criteria is subject to audit by both federal and state governments or their designees. EHR incentive payments received are subject to retrospective adjustment upon final settlement of the applicable cost report from which payments were determined.

Excess (Deficit) of Revenues Over Expenses

The consolidated statements of operations and changes in net assets include excess (deficit) of revenues over expenses. Changes in unrestricted net assets that are excluded from excess (deficit) of revenues over expenses include pension and other postretirement liability adjustments, contributions of long-lived assets, contributions from noncontrolling interests and distributions to noncontrolling interests.

Fairview Health Services

Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

2. Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Guidance

Effective January 1, 2013, Fairview adopted new accounting guidance requiring new disclosures regarding right of setoff and related arrangements associated with financial instruments and derivative instruments. The adoption of this guidance had no impact on the consolidated financial statements.

Effective January 1, 2013, Fairview adopted new accounting guidance allowing an entity to first assess qualitative factors about the likelihood that an indefinite-lived intangible asset is impaired to determine whether further impairment assessment is necessary. The adoption of this guidance had no impact on the consolidated financial statements.

New Accounting Guidance Not Yet Effective

In July 2013, new accounting guidance was issued requiring entities to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date. This guidance will be effective for Fairview beginning January 1, 2014, and is not expected to have an impact on the consolidated financial statements.

Reclassifications

Certain prior year amounts in the consolidated financial statements have been reclassified to conform to the 2013 presentation. These reclassifications had no effect on the change in net assets or net assets as previously reported.

Fairview Health Services

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

3. Affiliations

Effective January 1, 1997, the University of Minnesota (the University) transferred to Fairview certain assets and liabilities related to clinical care at the University of Minnesota Hospital and Clinic and membership rights in certain health-related affiliates, including Range Regional Health Services. Concurrently, Fairview and the University entered into various other agreements, including an affiliation between Fairview and the Academic Health Center (the AHC) of the University, a lease of space at the University campus to Fairview and a purchase services agreement whereby each party purchases certain core infrastructure services from the other.

Fairview's bylaws authorize a Board of Directors of up to 21 members. Three of the 21 members of Fairview's Board of Directors were either appointed by and/or held positions at the University.

Under the terms of the academic affiliation agreement (the Agreement) with the AHC, Fairview and the University agreed to jointly support the research, education, and patient care missions of Fairview and the AHC. The Agreement expires on December 31, 2026, and renews automatically for six additional terms of ten years each, unless terminated in accordance with its provisions. Effective June 1, 2013, Fairview committed financial support to the University and the AHC through annual academic support payments, payable quarterly. Prior to June 1, 2013, Fairview provided academic support to the University through various fixed and variable grant payments.

Revenue and expenses on a gross basis under all of Fairview's agreements with the University were, respectively, \$9,580 and \$60,028 for 2013, \$7,481 and \$53,131 for 2012, and \$6,423 and \$49,318 for 2011, which were recorded within other operating revenue and the related expense categories in the consolidated statements of operations and changes in net assets. Amounts receivable from and payable to the University were, respectively, \$6,450 and \$9,292 at December 31, 2013, \$4,547 and \$11,910 at December 31, 2012, and \$5,286 and \$8,112 at December 31, 2011, which were recorded within other current assets and accounts payable on the consolidated balance sheets.

Fairview Health Services

Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

3. Affiliations (continued)

At the same time as its affiliation with the University, Fairview also entered into an affiliation agreement with University of Minnesota Physicians (UMPhysicians). UMPhysicians is currently a group of more than 900 physicians, including more than 760 University of Minnesota Medical School faculty members who primarily practice at the University of Minnesota Medical Center. Fairview's affiliation agreement with UMPhysicians provides, among other things, that the primary clinical site for UMPhysicians shall be the University of Minnesota Medical Center, and Fairview will maintain the University of Minnesota Medical Center facility in accordance with specified standards.

Fairview and UMPhysicians also entered into a management services agreement pursuant to which UMPhysicians agreed to manage the Fairview-owned outpatient specialty clinics that are located at the University of Minnesota Medical Center. The two parties have additional service agreements with each other for medical direction, hospitalist services, professional laboratory and pathology services, perfusion services, information services, cardiovascular service line management services and other purchased services.

Revenue and expenses on a gross basis under all of Fairview's agreements with UMPhysicians were, respectively, \$6,450 and \$196,218 for 2013, \$9,541 and \$176,742 for 2012, and \$7,946 and \$159,351 for 2011, which were recorded primarily within other operating revenue and purchased services in the consolidated statements of operations and changes in net assets. Amounts receivable from and payable to UMPhysicians were, respectively, \$1,993 and \$21,920 at December 31, 2013, \$5,833 and \$40,999 at December 31, 2012, and \$2,445 and \$33,101 at December 31, 2011, which were recorded within other current assets and accounts payable on the consolidated balance sheets.

Effective June 1, 2013, Fairview, the University and UMPhysicians entered into agreements allowing the organizations to better coordinate and align management, oversight and operation of services delivered by UMPhysicians at Fairview-owned facilities (known as University of Minnesota Health). Oversight of University of Minnesota Health is vested with the President of the University of Minnesota Medical Center, the Chief Executive Officer of UMPhysicians and a Board of Governors. Fairview, the University and UMPhysicians retain reserved powers to ensure the interests and rights of each party are protected.

Fairview Health Services

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

3. Affiliations (continued)

The University of Minnesota Health agreements provide for variable financial support based on financial performance of the combined operation against pre-assigned targets, if the targets are achieved, the financial support is allocated under the terms of the agreement. In addition, University of Minnesota Health participates in capital funding decisions for the investments Fairview makes within its University of Minnesota Medical Center campus.

In December 2013, Fairview, the University and UMPHysicians approved the development of an ambulatory care center that will provide expanded space for outpatient services and replace certain specialty clinics at the University of Minnesota Medical Center. The facility is being constructed by the University and is expected to open in 2016. In conjunction with this development, Fairview entered into a joint venture with UMPHysicians for certain outpatient health care operations and a master agreement establishing the overall management and operations framework of the ambulatory care center. Fairview also entered into lease agreements at the new facility that will partially replace existing leases between Fairview and the University for the specialty clinics.

4. Net Patient Service Revenue and Contractual Agreements With Third-Party Payors

Fairview provides care to patients under the Medicare and Medicaid programs and through contractual arrangements with other third-party payors. The Medicare and Medicaid programs pay for most services at predetermined rates. Services provided to patients covered by other third-party payors are paid for on the basis of negotiated or contractual payment rates.

Changes in the Medicare and Medicaid programs or certain negotiated contracts could have a material effect on Fairview. Fairview utilizes a process to identify and appeal settlements on cost reports and claims by Medicare and other payors. Routine appeals, cost report settlements, settlements under Medicare rural floor budget neutrality provisions, and other adjustments pertaining to prior periods resulted in an increase in net patient service revenue of approximately \$1,700, \$12,100, and \$6,300 in 2013, 2012, and 2011, respectively, which represented 0.1%, 0.4%, and 0.2%, respectively, of net patient service revenue.

Fairview Health Services

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

4. Net Patient Service Revenue and Contractual Agreements With Third-Party Payors (continued)

Fairview has also negotiated total cost of care payor contracts with various health insurers. Under these agreements, Fairview shares the benefits and, in certain agreements, risks with the insurers for reductions achieved in the total cost of care incurred by these payors at Fairview and non-Fairview service sites and on behalf of their enrollees who are attributed to Fairview primary care physicians or who have enrolled in a product that features Fairview. Attribution is based on where members receive the majority of their primary care visits. These contracts also have incentives related to the quality of care delivered to this population. In cases where Fairview has accepted downside risk, that risk is capped.

Net patient service revenue by major payor source for the years ended December 31 is summarized below:

	2013		2012		2011	
Medicare	\$ 706,118	24%	\$ 655,508	23%	\$ 637,712	24%
Medicaid	353,059	12%	313,504	11%	292,285	11%
Negotiated contracts, commercial, and other	1,853,560	63%	1,852,521	65%	1,700,566	64%
Self-pay	29,421	1%	28,500	1%	26,572	1%
	\$ 2,942,158	100%	\$ 2,850,033	100%	\$ 2,657,135	100%

Fairview grants credit without collateral to its patients, most of whom are residents in the communities served by Fairview and are insured under third-party payor agreements. The mix of accounts receivable for medical services at December 31 consists of the following:

	2013	2012	2011
Medicare	38%	35%	34%
Medicaid	18%	21%	21%
Negotiated contracts, commercial, and other	42%	41%	42%
Self-pay	2%	3%	3%
	100%	100%	100%

Fairview Health Services

Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

4. Net Patient Service Revenue and Contractual Agreements With Third-Party Payors (continued)

Fairview's allowance for doubtful accounts decreased \$12,276 from 2012 to 2013 due to fewer write-offs of both self-pay and patient-liable receivables as the result of improved collection processes, the reallocation of certain amounts to other discounts and lower estimated reserve requirements on outstanding receivables. The allowance for doubtful accounts increased \$15,998 from 2011 to 2012 due to higher valuation allowances required for certain aged patient receivable balances. Fairview does not maintain a significant allowance for doubtful accounts from third-party payors.

Two negotiated contract payors accounted for 38%, 38%, and 37% of net patient service revenue for the years ended December 31, 2013, 2012, and 2011, respectively, and 18%, 20%, and 21% of accounts receivable for medical services (net of contractual discounts) at December 31, 2013, 2012, and 2011, respectively.

5. Contributions

Contributions receivable include amounts pledged by donors to Fairview for various operating and capital purposes. Amounts receivable directly from donors are generally expected to be collected within one year and are recorded on the consolidated balance sheets. Fairview also records assets related to contributions raised through the University of Minnesota Foundation on Fairview's behalf, which are expected to be received within one to five years. These contributions are generally restricted for ongoing capital and operating needs of the University of Minnesota Amplatz Children's Hospital. The University of Minnesota Foundation releases funds to Fairview as the donor restrictions are satisfied.

Fairview Health Services

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

6. Land, Buildings, and Equipment

Land, buildings, and equipment at December 31 consist of the following

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Land and improvements	\$ 65,180	\$ 64,469	\$ 68,765
Buildings and improvements	1,199,617	1,156,667	1,182,125
Equipment	608,911	595,653	600,765
Leased facilities and equipment	35,501	31,318	28,397
	<u>1,909,209</u>	<u>1,848,107</u>	<u>1,880,052</u>
Less accumulated depreciation and amortization	<u>(1,024,956)</u>	<u>(951,015)</u>	<u>(934,787)</u>
	884,253	897,092	945,265
Construction-in-progress	51,704	30,762	46,763
	<u>\$ 935,957</u>	<u>\$ 927,854</u>	<u>\$ 992,028</u>

Depreciation expense, including amortization of assets under capital leases, was \$108,287, \$102,785, and \$95,303 for 2013, 2012, and 2011, respectively

Fairview Health Services

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

7. Investments

The composition of Fairview's investments, including those with limited uses, at December 31 is summarized as follows

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 253,294	\$ 251,509	\$ 398,124
Certificates of deposit	1,733	2,673	2,717
Asset-backed securities	4,781	1,668	–
Commercial mortgage-backed securities	15,031	7,661	71
Commercial paper	3,307	7,153	6,936
Corporate debt securities	199,360	182,383	1,348
Equity mutual funds	301,435	260,989	280,407
Equity securities	69,980	35,465	35,928
Equity commingled funds	105,580	87,821	–
Exchange traded funds	7,374	–	–
Fixed income commingled funds	53,054	40,930	–
Fixed income mutual funds	19,256	–	–
Municipal debt securities	652	697	3,840
U S government agency debt securities	77,591	81,265	172,794
U S government mortgage-backed securities	87,217	60,382	–
U S Treasury debt securities	110,353	79,011	1,222
Fund of hedge funds	92,660	83,145	47,316
Real estate investment trusts	1,326	1,291	1,302
	<u>\$ 1,403,984</u>	<u>\$ 1,184,043</u>	<u>\$ 952,005</u>

Through Fairview's investments in fund of hedge funds, Fairview is indirectly involved in investment activities, such as securities lending, trading in futures and forward contracts, and other derivative products. Derivatives are used to adjust portfolio risk exposure. While these financial instruments may contain varying degrees of risk, Fairview's risk with respect to such transactions is limited to its capital balance in each investment.

Fairview Health Services

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

7. Investments (continued)

Investment return is summarized and reported in the consolidated statements of operations and changes in net assets as follows

	2013	2012	2011
Dividends and interest	\$ 23,098	\$ 16,915	\$ 19,339
Net realized gains	40,825	18,244	9,737
Investment income (loss) from investments in fund of hedge funds	9,362	4,216	(1,887)
Changes in unrealized gains and losses on trading investments	14,585	23,666	(27,876)
	\$ 87,870	\$ 63,041	\$ (687)
Other operating revenue	\$ 430	\$ 511	\$ 1,322
Nonoperating gains (losses)	86,109	61,759	(2,079)
Contributions and other changes, net, in temporarily restricted net assets	1,331	771	70
	\$ 87,870	\$ 63,041	\$ (687)

8. Short-Term Credit Arrangements

Fairview has a total of \$55,750 in credit arrangements available for short-term borrowing at varying interest rates, as defined in the agreements. There were no amounts outstanding at December 31, 2013 or 2012. Outstanding borrowings under these agreements at December 31, 2011 were \$3,253 and are recorded within accounts payable on the consolidated balance sheets.

Fairview Health Services

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Long-Term Debt

Fairview's long-term debt is summarized as follows

	Interest Rates	Final Scheduled Maturity	Amount Outstanding at December 31		
			2013	2012	2011
Health Care System					
Revenue Bonds					
Series 2008A	5.00–6.75%	2032	\$ 303,305	\$ 308,820	\$ 311,945
Series 2008B	6.50%	2038	209,415	209,415	209,415
Series 2008C	Variable	2047	84,375	84,375	84,375
Series 2008D	Variable	2047	28,125	28,125	28,125
Series 2008E	Variable	2047	110,000	110,000	110,000
Series 2005D	5.00%	2034	72,745	72,745	72,745
Series 2002B	4.25–5.50%	2021	12,310	14,275	16,160
Series 2000A	5.75–6.375%	2029	5,110	5,110	7,335
Series 1997A	5.40–5.75%	2019	6,480	7,370	8,215
Senior housing revenue bonds and notes	Various fixed rate	Various	50,259	49,001	48,764
Capital lease obligations	Various fixed rate	Various	30,387	27,753	26,744
Other	Various fixed rate	Various	21,933	24,567	26,731
			934,444	941,556	950,554
Net unamortized discount			(11,120)	(11,405)	(12,031)
Less current maturities of long-term debt			(19,275)	(17,364)	(15,136)
			\$ 904,049	\$ 912,787	\$ 923,387

Fairview Health Services

Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

9. Long-Term Debt (continued)

In October 2010, Fairview tendered the Series 2008C, 2008D and 2008E bonds, terminated the related letters of credit and entered into direct purchase agreements with two financial institutions for those bonds in the aggregate principal amount of \$222,500. In October 2013, Fairview modified and extended the existing direct purchase agreements. The direct purchase agreements for Series 2008C and 2008D expire in 2016, the direct purchase agreement for Series 2008E expires in 2018. Outstanding principal on the Series 2008C and 2008D bonds would be due in entirety in October 2017 and outstanding principal on the Series 2008E bonds would be due in entirety in October 2019, unless Fairview renews the direct purchase agreements, enters into new direct purchase agreements with other financial institutions, or changes the modes on the Series 2008C, 2008D, and 2008E bonds. Fairview has continued to disclose the aggregate maturities in accordance with their original loan agreements and respective principal payment schedules.

In November 2013, the Dakota County Community Development Agency, on behalf of Fairview's senior care facilities, issued fixed rate Senior Housing Revenue Bonds, Series 2013A and 2013B, in the aggregate principal amount of \$8,100. Proceeds of these bonds were used to finance the renovation of a 44-unit assisted living and memory care facility and refund the outstanding principal amount of previously outstanding revenue bonds. The Series 2013A and 2013B bonds were issued at a net discount of \$207 and recorded in senior housing revenue bonds and notes. Fairview recorded a \$272 loss on extinguishment of debt related to this transaction, consisting of previously unamortized bond issuance costs on the refunded bonds, which is recorded in other nonoperating gains (losses). Issuance costs on the Series 2013A and 2013B bonds of \$312 were capitalized in other long-term assets.

The Fairview Obligated Group (Obligated Group) was created under a Master Trust Indenture dated November 1, 1985 between Fairview and U S Bank National Association. Under the terms of the Master Trust Indenture, members of the Obligated Group are jointly and severally liable for the debts and other obligations of each other and subject to various restrictive covenants, including limitations on incurring additional debt and the maintenance of certain debt coverage ratios, including days cash on hand, debt to capitalization, and debt service coverage. As of December 31, 2013, the Obligated Group consists of Fairview Health Services, Fairview Pharmacy Services and Range Regional Healthcare Services.

Fairview Health Services

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Long-Term Debt (continued)

Fairview paid interest, net of capitalized interest, of \$47,132, \$46,785, and \$48,401 for 2013, 2012, and 2011, respectively

The following are aggregate maturities and sinking fund requirements of long-term debt for each of the next five years, assuming no early redemption and remarketing of variable-rate debt. If the Series 2008C and 2008D bonds are not resold or extended by October 2016, principal in the amount of \$131,794 would be due in 2017.

2014	\$	19,275
2015		18,945
2016		18,516
2017		19,294
2018		17,877

Guarantee

In October 2005, Fairview and North Memorial Medical Center (NMMC) formed Maple Grove Hospital Corporation (MGHC) to construct and operate the Maple Grove Hospital. Fairview and NMMC are the only two members of MGHC and Fairview holds a 25% equity interest in MGHC, which is recorded within investments in related parties in the consolidated balance sheets. Fairview has guaranteed 25% of the principal and interest obligations associated with the Health Care Facilities Revenue Bonds, Series 2007, issued on behalf of MGHC, in the event of MGHC's default. The bonds have an outstanding principal balance of \$140,670 as of December 31, 2013 and are payable in installments through May 2037 at annual interest rates ranging from 4.50% to 5.25%. Fairview has not recorded a liability related to the guarantee.

Fairview Health Services

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

10. Derivative Financial Instruments

Fairview uses various derivative financial instruments, including interest rate swaps and basis rate swaps, as part of its risk management strategy to manage exposure to fluctuation in interest rates and to manage the overall cost of its debt. Derivatives are used to manage identified and approved exposures and are not used for speculative purposes.

Interest rate swaps and basis rate swaps between Fairview and a third party (counterparty) provide for the periodic exchange of payments between the parties based on changes in a defined index and a fixed rate and include counterparty credit risk. Counterparty credit risk is the risk that contractual obligations of the counterparties will not be fulfilled. Concentrations of credit risk relate to groups of counterparties that have similar economic or industry characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Counterparty credit risk is managed by requiring high credit standards for Fairview's counterparties. The counterparties to these contracts are financial institutions that carry investment-grade credit ratings. The interest rate swap contracts contain collateral provisions applicable to both parties to mitigate credit risk. Fairview does not anticipate nonperformance by its counterparties.

The following is a summary of the outstanding positions under these interest rate swaps and basis rate swaps at December 31, 2013:

Instrument Type	Notional Amount	Maturity Date	Rate Paid	Rate Received
Floating-to-fixed rate swap	\$ 147,620	November 15, 2047	3.4275%	62.4% of 1-month LIBOR and 0.29%
Floating-to-fixed rate swap	\$ 74,880	November 15, 2047	3.5325%	62.4% of 1-month LIBOR and 0.29%
Fixed spread basis swap	\$ 275,000	September 12, 2028	Variable based on weekly SIFMA	67% of 1-month LIBOR and 0.504%
Fixed spread basis swap	\$ 250,000	July 3, 2028	Variable based on weekly SIFMA	67% of 1-month LIBOR and 0.452%
Variable basis swap	\$ 125,000	July 1, 2028	Variable based on weekly SIFMA	76.03% of 1-month LIBOR
Variable basis swap	\$ 125,000	October 1, 2028	Variable based on weekly SIFMA	79% of 1-month LIBOR

Fairview Health Services

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

10. Derivative Financial Instruments (continued)

The fair value of derivative instruments at December 31 is recorded in the consolidated balance sheets as follows

	2013	2012	2011
Derivative financial instruments			
Variable basis rate swaps	\$ (8,200)	\$ (6,217)	\$ (10,618)
Fixed spread basis swaps	(9,714)	2,204	(6,813)
Floating to fixed rate swaps	(29,477)	(66,954)	(67,302)
Collateral posted	11,810	49,897	30,281
	\$ (35,581)	\$ (21,070)	\$ (54,452)

None of the derivative financial instruments are designated as hedging instruments. Therefore, nonoperating gains (losses) for the years ended December 31 are recorded in the consolidated statements of operations and changes in net assets as follows

	Year Ended December 31		
	2013	2012	2011
Gains (losses) on interest and basis rate swaps, net			
Variable basis rate swaps	\$ (1,848)	\$ 4,596	\$ (539)
Fixed spread basis swaps	(9,194)	11,614	13,133
Floating to fixed rate swaps	30,714	(6,399)	(49,834)
Forward BMA yield curve swaps	—	—	509
	\$ 19,672	\$ 9,811	\$ (36,731)

Fairview offsets fair value amounts recognized for the derivative instruments and fair value amounts recognized for the right to reclaim cash collateral (a receivable) based on the terms of the master netting agreement with the counterparty. Fairview's master netting agreements contain provisions that require Fairview to post collateral with the counterparty when the net liability of the derivative instruments is greater than the predetermined threshold. Collateral was required of \$11,810, \$49,897, and \$30,281 at December 31, 2013, 2012, and 2011, respectively.

In December 2011, Fairview amended the contract for the floating-to-fixed rate swaps to assign the swaps to a different counterparty. The impact to Fairview as a result of the novation was an increase in the rate paid under the swap agreement and an increase in the collateral threshold with the new counterparty.

Fairview Health Services

Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

10. Derivative Financial Instruments (continued)

In April 2011, Fairview terminated a 20-year forward BMA yield curve swap with a notional amount of \$100,000, resulting in a gain of \$509 in 2011, which was recorded in gain (loss) on interest and basis rate swaps in the consolidated statements of operations and changes in net assets

11. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurements and disclosures section of the Financial Accounting Standards Board's Accounting Standards Codification establishes a framework for measuring fair value. The framework consists of a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. 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 fair value for Level 1 assets in the fair value measurements tables is based upon quoted market prices. Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources, including market participants, dealers, and brokers. Fairview utilizes a discounted cash flow methodology for valuing derivative financial instruments. The valuations reflect a credit spread adjustment to the LIBOR discount curve in order to reflect the credit value adjustment for "nonperformance" risk. The credit spread adjustment is derived from other comparably rated entities' bonds priced in the market. Fair value for Level 3 is based on unobservable market data. There were no financial instruments recorded at fair value classified as Level 3 for the years ended December 31, 2013, 2012, or 2011.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Fairview believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Fairview Health Services

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

11. Fair Value Measurements (continued)

The following table presents the financial instruments carried at fair value on a recurring basis as of December 31, 2013, based on the definition of the fair value hierarchy

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Short-term investments				
Cash and cash equivalents	\$ 176,367	\$ —	\$ —	\$ 176,367
Fixed income mutual funds	15,040	—	—	15,040
Investments, excluding investments accounted for using the equity method				
Cash and cash equivalents	25,706	—	—	25,706
Certificates of deposit	—	1,210	—	1,210
Asset-backed securities	—	4,781	—	4,781
Commercial mortgage-backed securities	—	15,031	—	15,031
Corporate debt securities	—	194,330	—	194,330
Equity mutual funds	298,726	—	—	298,726
Equity securities	69,980	—	—	69,980
Equity commingled funds	—	105,580	—	105,580
Exchange traded funds	1,291	—	—	1,291
Fixed income commingled funds	—	53,054	—	53,054
Municipal debt securities	—	652	—	652
U S government agency debt securities	—	4,016	—	4,016
U S government mortgage-backed securities	—	87,217	—	87,217
U S Treasury debt securities	110,353	—	—	110,353
Assets limited as to use				
Cash and cash equivalents	51,221	—	—	51,221
Certificates of deposit	—	523	—	523
Corporate debt securities	—	5,030	—	5,030
Commercial paper	—	3,307	—	3,307
Equity mutual funds	2,709	—	—	2,709
Exchange traded funds	6,083	—	—	6,083
Fixed income mutual funds	4,216	—	—	4,216
U S government agency debt securities	—	73,575	—	73,575
Total	\$ 761,692	\$ 548,306	\$ —	\$ 1,309,998
Liabilities				
Derivative financial instruments	\$ —	\$ (35,581)	\$ —	\$ (35,581)

Fairview Health Services

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

11. Fair Value Measurements (continued)

The following table presents the financial instruments carried at fair value on a recurring basis as of December 31, 2012, based on the definition of the fair value hierarchy

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Short-term investments				
Cash and cash equivalents	\$ 169,006	\$ –	\$ –	\$ 169,006
Investments, excluding investments accounted for using the equity method				
Cash and cash equivalents	30,127	–	–	30,127
Certificates of deposit	–	954	–	954
Asset-backed securities	–	1,668	–	1,668
Commercial mortgage-backed securities	–	7,661	–	7,661
Corporate debt securities	–	179,597	–	179,597
Equity mutual funds	254,368	–	–	254,368
Equity securities	35,465	–	–	35,465
Equity commingled funds	–	87,821	–	87,821
Fixed income commingled funds	–	40,930	–	40,930
Municipal debt securities	–	697	–	697
U S government agency debt securities	–	1,983	–	1,983
U S government mortgage-backed securities	–	60,382	–	60,382
U S Treasury debt securities	64,700	–	–	64,700
Assets limited as to use				
Cash and cash equivalents	52,376	–	–	52,376
Certificates of deposit	–	1,719	–	1,719
Corporate debt securities	–	2,786	–	2,786
Commercial paper	–	7,153	–	7,153
Equity mutual funds	6,621	–	–	6,621
U S government agency debt securities	–	79,282	–	79,282
U S Treasury debt securities	14,311	–	–	14,311
Total	\$ 626,974	\$ 472,633	\$ –	\$ 1,099,607
Liabilities				
Derivative financial instruments	\$ –	\$ (21,070)	\$ –	\$ (21,070)

Fairview Health Services

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

11. Fair Value Measurements (continued)

The following table presents the financial instruments carried at fair value on a recurring basis as of December 31, 2011, based on the definition of the fair value hierarchy

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Short-term investments				
Cash and cash equivalents	\$ 53,160	\$ –	\$ –	\$ 53,160
Investments, excluding investments accounted for using the equity method				
Cash and cash equivalents	284,330	–	–	284,330
Certificates of deposit	–	1,203	–	1,203
Corporate debt securities	–	304	–	304
Equity mutual funds	274,417	–	–	274,417
Equity securities	35,928	–	–	35,928
Municipal debt securities	–	699	–	699
U S government agency debt securities	–	126,562	–	126,562
U S Treasury debt securities	589	–	–	589
Mortgage-backed securities	–	71	–	71
Assets limited as to use				
Cash and cash equivalents	60,634	–	–	60,634
Certificates of deposit	–	1,514	–	1,514
Corporate debt securities	–	1,044	–	1,044
Municipal debt securities	–	3,141	–	3,141
Commercial paper	–	6,936	–	6,936
Equity mutual funds	5,990	–	–	5,990
U S government agency debt securities	–	46,232	–	46,232
U S Treasury debt securities	633	–	–	633
Total	<u>\$ 715,681</u>	<u>\$ 187,706</u>	<u>\$ –</u>	<u>\$ 903,387</u>
Liabilities				
Derivative financial instruments	\$ –	\$ (54,452)	\$ –	\$ (54,452)

Fairview Health Services

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

11. Fair Value Measurements (continued)

The carrying values of cash and cash equivalents, accounts receivable for medical services, accounts payable, and receivables and payables under third-party reimbursement contracts are reasonable estimates of their fair value due to the short-term nature of these financial instruments

The estimated fair value of fixed rate long-term debt was \$73,616, \$114,082, and \$68,256 more than its carrying value at December 31, 2013, 2012, and 2011, respectively, which included consideration of third-party credit enhancements, of which there was no effect. The valuation for the fair value of long-term debt is completed by a third-party service and considers a number of factors including, but not limited to, (i) general interest rate and market conditions, (ii) quoted prices for similar instruments, (iii) comparable trades, where available and (iv) discounted cash flow analyses using current borrowing rates for similar types of borrowing arrangements, adjusted for Fairview credit risk. Based on the inputs used in determining the estimated fair value of long-term debt, this liability would be considered Level 2 on the fair value hierarchy. The fair value of variable rate debt is assumed to be equal to cost based on the nature of these obligations.

12. Commitments and Contingencies

Fairview has operating leases for various facilities and computer, medical, communications and other equipment. Rental expense associated with the operating leases was \$43,004, \$41,195, and \$41,800 for the years ended December 31, 2013, 2012, and 2011, respectively.

Future minimum lease payments on noncancelable operating leases in effect on December 31, 2013, for each of the five subsequent years and thereafter are as follows:

2014	\$	23,921
2015		20,791
2016		15,657
2017		11,572
2018		9,171
Thereafter		46,116

Fairview Health Services

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

12. Commitments and Contingencies (continued)

Fairview is insured with an external insurance carrier for professional and general liability claims in excess of amounts self-insured through its insurance subsidiaries. Fairview self-insures a portion of its professional and general liability risk through its wholly owned captive insurance subsidiary. Premiums paid to its captive insurance subsidiary are based on the cost of comparable coverage with commercial insurance companies and are eliminated in consolidation. Fairview also maintains coverage for losses in excess of certain limits with an outside insurance carrier under a risk-sharing program with certain other health care providers. Premiums are based on the experience of Fairview and the other health care providers and could result in a retrospective adjustment.

Fairview has made provisions for estimated professional and general liability, workers' compensation, and employee health insurance claims that have been retained by Fairview because of self-insured retention and coinsurance provisions of various policies or because of unasserted claims and other uninsured exposures. The provision for self-insured claims includes an estimate of the ultimate cost for reported claims and claims incurred but not reported. The estimate for professional and general liability, workers' compensation and employee health insurance claims is based on actual claims to date and actuarial studies of Fairview's estimated future liability for such claims.

The estimated liability for employee health insurance claims incurred but not reported was \$14,198, \$14,313, and \$13,033 at December 31, 2013, 2012, and 2011, respectively. The estimated liability for professional, general and workers' compensation claims totaled \$69,587, \$64,060, and \$64,974 at December 31, 2013, 2012, and 2011, respectively. Valuation of these liabilities is based on undiscounted historical data for 2013 and 2012. In 2011, Fairview discounted its reserves for professional and general liability claims using a 1.7% annual discount rate. The change to an undiscounted methodology resulted in additional expense of \$398 for the year ended December 31, 2012.

Fairview is a defendant in various lawsuits arising in the ordinary course of business. Although the outcome of these lawsuits cannot be predicted with certainty, management believes the ultimate disposition of such matters will not have a material adverse effect on Fairview's financial condition or operations. However, there can be no assurance that this will be the case.

Fairview Health Services

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

12. Commitments and Contingencies (continued)

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Fairview believes that it is in compliance, in all material respects, with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that would have a material effect on its consolidated financial statements. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties and exclusion from the Medicare and Medicaid programs.

Approximately 28% of Fairview's employees are represented by various collective bargaining arrangements, which expire within one to four years.

13. Employee Benefit Plans

Fairview sponsors a number of defined-contribution pension plans covering most of its employees who meet certain eligibility requirements. Fairview's contribution expense for these plans was \$49,717, \$51,415, and \$51,309 for 2013, 2012, and 2011, respectively, and is reported in the consolidated statements of operations and changes in net assets within salaries and benefits expense.

Fairview maintains three defined-benefit plans, participation in which is frozen, and one post-retirement plan. The four plans provide pension and post-retirement benefits to approximately 11% of all of Fairview's employees. Net periodic benefit costs for the four plans totaled \$2,843, \$3,264, and \$2,076 for 2013, 2012, and 2011, respectively. At December 31, 2013, 2012, and 2011, the accrued benefit costs for the four plans are recorded within other long-term liabilities in the consolidated balance sheets and totaled \$16,264, \$31,311, and \$30,201, respectively. The change to Fairview's unrestricted net assets arising from changes in plan assets and benefit obligations was \$(16,006), \$1,639, and \$12,661 in 2013, 2012, and 2011, respectively. The weighted-average discount rate and expected long-term rate of return on plan assets used to estimate the net periodic benefit cost was, respectively, 3.96% and 7.53% for 2013, 4.46% and 7.71% for 2012, and 5.61% and 7.91% for 2011. The discount rate used to estimate the accrued benefit cost at December 31, 2013, 2012, and 2011 was 4.60%, 3.77%, and 4.71%, respectively.

Fairview Health Services

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

13. Employee Benefit Plans (continued)

The fair value of pension plan assets was determined using the fair value hierarchy as defined in Note 11. Fair value methodologies for Level 1 are consistent with the inputs described in Note 11. Fair value of pooled separate accounts are based on the net asset value of shares held by the plans at year-end and are classified as Level 2. Fair value of the guaranteed investment contract is calculated by the annuity provider based on unobservable market data and is classified as Level 3.

The following are the pension plan assets, measured at fair value on a recurring basis based on the definition of the fair value hierarchy at December 31, 2013:

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 28	\$ –	\$ –	\$ 28
Mutual funds	3,895	–	–	3,895
Pooled separate accounts	–	48,985	–	48,985
Guaranteed investment contract	–	–	974	974
	<u>\$ 3,923</u>	<u>\$ 48,985</u>	<u>\$ 974</u>	<u>\$ 53,882</u>

The following are the pension plan assets, measured at fair value on a recurring basis based on the definition of the fair value hierarchy at December 31, 2012:

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 28	\$ –	\$ –	\$ 28
Mutual funds	3,685	–	–	3,685
Pooled separate accounts	–	39,692	1,375	41,067
Guaranteed investment contract	–	–	1,020	1,020
	<u>\$ 3,713</u>	<u>\$ 39,692</u>	<u>\$ 2,395</u>	<u>\$ 45,800</u>

The following are the pension plan assets, measured at fair value on a recurring basis based on the definition of the fair value hierarchy at December 31, 2011:

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 28	\$ –	\$ –	\$ 28
Mutual funds	3,070	–	–	3,070
Pooled separate accounts	–	33,493	1,337	34,830
Guaranteed investment contract	–	–	1,148	1,148
	<u>\$ 3,098</u>	<u>\$ 33,493</u>	<u>\$ 2,485</u>	<u>\$ 39,076</u>

Fairview Health Services

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

13. Employee Benefit Plans (continued)

The following table is a rollforward of the pension plan assets classified within Level 3 of the valuation hierarchy defined above

	Pooled Separate Accounts	Guaranteed investment contract
Fair value at January 1, 2011	\$ 810	\$ 1,216
Purchases, issuances and settlements	377	(138)
Interest earned	–	70
Investment appreciation	150	–
Fair value at December 31, 2011	1,337	1,148
Purchases, issuances and settlements	(116)	(192)
Interest earned	–	64
Investment appreciation	154	–
Fair value at December 31, 2012	1,375	1,020
Purchases, issuances, transfers and settlements	(1,375)	(87)
Interest earned	–	41
Investment appreciation	–	–
Fair value at December 31, 2013	\$ –	\$ 974

Fairview also participates in union-sponsored multiemployer plans to which contributions are made in accordance with collective bargaining agreements. The risks of participation in these multiemployer plans are different from single-employer plans in the following aspects: a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers, and c) if Fairview chooses to stop participating in some of its multiemployer plans and if the plan is underfunded, Fairview may be required to pay those plans an amount based on the underfunded status of the plan, referred to as the withdrawal liability.

Fairview Health Services

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

13. Employee Benefit Plans (continued)

Fairview's participation in these plans for the year ended December 31, 2013, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act zone status available in 2013 and 2012 is for the plan's year-end at December 31, 2012 and 2011, respectively. The zone status is based on information that Fairview received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/ RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration date of the collective-bargaining agreement to which the plans are subject.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status			FIP/ RP Status Pending/ Implemented	Contributions of Fairview			Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
		2013	2012	2011		2013	2012	2011		
Twin Cities Hospitals Minnesota Nurses Association Pension Plan	41-6184922-001	Yellow	Yellow	Yellow	Implemented	\$ 13,918	\$ 10,899	\$ 9,435	No	May 31, 2016
Other						<u>2,383</u>	<u>2,137</u>	<u>1,568</u>		
					Total contributions	<u>\$ 16,301</u>	<u>\$ 13,036</u>	<u>\$ 11,003</u>		

Total amounts expensed under the union-sponsored multiemployer plans were \$16,301, \$13,036, and \$11,003 for 2013, 2012, and 2011, respectively, and were recorded within salaries and benefits in the consolidated statements of operations and changes in net assets. Fairview contributes more than 5% of the total contributions to all of the plans in which it participated for the plan years 2013, 2012, and 2011. Fairview is required to make a minimum contribution of \$15,717 in 2014.

Fairview Health Services

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

13. Employee Benefit Plans (continued)

The funding improvement plan for the Twin City Hospitals Minnesota Nurses Association Pension Plan requires no contribution or benefit changes from the currently bargained amounts to achieve the funding improvement plan goals

At the date Fairview's consolidated financial statements were issued, Forms 5500 were not available for the plans' year ended in 2013

14. Functional Expenses

Fairview provides health-related services to patients in the communities it serves. Recurring and nonrecurring expenses related to providing these services, included in the consolidated statements of operations and changes in net assets, are as follows

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Health care services	\$ 2,767,980	\$ 2,649,159	\$ 2,475,274
General and administrative	467,919	460,883	461,496
Total	<u>\$ 3,235,899</u>	<u>\$ 3,110,042</u>	<u>\$ 2,936,770</u>

15. Income Taxes

Most of Fairview's controlled affiliates are tax-exempt organizations described in Section 501(c)(3) of the Internal Revenue Code. These organizations are subject to income tax on any income from unrelated business activities. Fairview also owns or controls certain taxable affiliates.

Fairview files income tax returns in the U.S. federal jurisdiction and in various state and local jurisdictions. With few exceptions, Fairview is no longer subject to U.S. federal, state, and local, or non-U.S. income tax examinations by tax authorities for years before 2008.

Fairview recognizes all tax positions, including those positions in a previously filed tax return or a position expected to be taken in a future tax filing that is reflected in measuring current or deferred income tax assets and liabilities, when it is more likely than not (likelihood of greater than 50%) that, based on technical merits, the position will be sustained upon examination.

Fairview Health Services

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

15. Income Taxes (continued)

Fairview does not expect that there will be a significant change in the total dollar amount of unrecognized tax benefits within the next 12 months

There are no uncertain tax positions recorded in the consolidated balance sheets for the years ended December 31, 2013, 2012, and 2011

At December 31, 2013, 2012, and 2011, Fairview has net operating loss carryforwards for federal income tax purposes. A valuation allowance has been recorded for the full amount of the deferred tax asset related to the net operating loss carryforwards due to the uncertainty regarding their use.

16. Subsequent Events

Fairview evaluated events and transactions occurring subsequent to December 31, 2013 through April 3, 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.

Supplementary Information



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Report of Independent Auditors on Supplementary Information

The Board of Directors
Fairview Health Services

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

Ernst & Young LLP

April 3, 2014

Fairview Health Services
 Consolidating Balance Sheet
(Dollars in Thousands)

December 31, 2013

	Obligated Group¹	Non-Obligated Group	Eliminations and Reclassifications	Consolidated Totals
Assets				
Current assets				
Cash and cash equivalents	\$ 7,155	\$ 27,452	\$ –	\$ 34,607
Short-term investments	176,367	15,040	–	191,407
Accounts receivable for medical services, net of allowance for doubtful accounts	351,556	20,543	–	372,099
Receivable under third-party payor contracts	14,325	–	–	14,325
Current portion of contributions receivable	10,245	4,114	–	14,359
Inventories	61,930	1,054	–	62,984
Other current assets	64,131	21,047	(9,288)	75,890
Total current assets	685,709	89,250	(9,288)	765,671
Investments	1,061,849	4,064	–	1,065,913
Assets limited as to use				
Held by trustees for debt service	33,555	1,803	–	35,358
Restricted for capital projects	20,788	35	–	20,823
Held by insurance subsidiaries	–	44,236	–	44,236
Pledged under workers' compensation program	29,138	–	–	29,138
Restricted fund investments	120	16,989	–	17,109
Total assets limited as to use	83,601	63,063	–	146,664
Other long-term assets				
Contributions receivable	17,700	–	–	17,700
Investments in related parties	45,302	759	–	46,061
Goodwill and intangible assets	32,612	–	–	32,612
Other long-term assets	52,324	3,902	(29,695)	26,531
Total other long-term assets	147,938	4,661	(29,695)	122,904
Land, buildings, and equipment, net	865,018	70,939	–	935,957
Total assets	\$ 2,844,115	\$ 231,977	\$ (38,983)	\$ 3,037,109

	Obligated Group ¹	Non-Obligated Group	Eliminations and Reclassifications	Consolidated Totals
Liabilities and net assets				
Current liabilities				
Accounts payable	\$ 160,805	\$ 3,313	\$ –	\$ 164,118
Accrued compensation and benefits	197,027	18,652	–	215,679
Payable under third-party payor contracts	13,835	–	–	13,835
Current maturities of long-term debt	16,807	2,468	–	19,275
Other current liabilities	42,561	11,395	(5,738)	48,218
Total current liabilities	431,035	35,828	(5,738)	461,125
Other liabilities				
Insurance subsidiaries claims reserves	12,769	10,416	–	23,185
Workers' compensation reserves	40,485	100	–	40,585
Derivative financial instruments	35,581	–	–	35,581
Other long-term liabilities	28,782	34,035	(33,245)	29,572
Total other liabilities	117,617	44,551	(33,245)	128,923
Long-term debt	852,561	51,488	–	904,049
Total liabilities	1,401,213	131,867	(38,983)	1,494,097
Net assets				
Unrestricted				
Fairview Health Services	1,413,893	77,572	–	1,491,465
Noncontrolling interests	344	5,116	–	5,460
Total unrestricted	1,414,237	82,688	–	1,496,925
Temporarily restricted	28,665	17,422	–	46,087
Total net assets	1,442,902	100,110	–	1,543,012
Total liabilities and net assets	\$ 2,844,115	\$ 231,977	\$ (38,983)	\$ 3,037,109

¹ The Fairview Obligated Group (Obligated Group) was created under the Master Trust Indenture dated November 1, 1985, between the Obligated Group and U S Bank National Association. As of December 31, 2013, the Obligated Group consists of Fairview Health Services, Fairview Pharmacy Services, LLC and Range Regional Healthcare Services. The Master Trust Indenture mandates that members of the Obligated Group are jointly and severally liable for the debts and other obligations of each member.

Fairview Health Services

Consolidating Statement of Operations and Changes in Net Assets *(Dollars in Thousands)*

Year Ended December 31, 2013

	Obligated Group¹	Non-Obligated Group	Eliminations	Consolidated Totals
Unrestricted revenues				
Net patient service revenue	\$ 2,800,901	\$ 249,268	\$ (108,011)	\$ 2,942,158
Provision for bad debts	(32,517)	(3,527)	-	(36,044)
Net patient service revenue less provision for bad debts	2,768,384	245,741	(108,011)	2,906,114
Other operating revenue	301,866	204,950	(45,307)	461,509
Net assets released from restrictions	136	2,730	-	2,866
Total unrestricted revenues	3,070,386	453,421	(153,318)	3,370,489
Expenses				
Salaries and benefits	1,458,316	211,048	(998)	1,668,366
Supplies	635,377	22,117	(7,886)	649,608
Purchased services	451,083	147,301	(100,624)	497,760
Depreciation and amortization	102,126	6,764	-	108,890
Interest	42,862	3,894	-	46,756
Utilities and maintenance	97,589	5,840	-	103,429
Insurance and rent	43,565	24,522	(12,739)	55,348
State and local taxes	61,252	6,323	-	67,575
Other operating expenses	33,708	35,530	(31,071)	38,167
Total expenses	2,925,878	463,339	(153,318)	3,235,899
Operating income (loss)	144,508	(9,918)	-	134,590
Nonoperating gains (losses)				
Investment return	85,449	660	-	86,109
Gains on interest and basis rate swaps	19,672	-	-	19,672
Other nonoperating gains (losses), net	9,216	(273)	-	8,943
Total nonoperating gains	114,337	387	-	114,724
Excess (deficit) of revenues over expenses	258,845	(9,531)	-	249,314
Less amounts attributable to noncontrolling interests	(439)	(4,575)	-	(5,014)
Excess (deficit) of revenues over expenses attributable to Fairview Health Services	\$ 258,406	\$ (14,106)	\$ -	\$ 244,300

	Obligated Group¹	Non-Obligated Group	Eliminations	Consolidated Totals
Unrestricted net assets, Fairview Health Services				
Excess (deficit) of revenues over expenses	\$ 258,406	\$ (14,106)	\$ –	\$ 244,300
Capital contribution	(18,380)	18,380	–	–
Pension and other post-retirement liability adjustments	16,006	–	–	16,006
Contributions for long-lived assets and other changes	20,792	(1,137)	–	19,655
Increase in unrestricted net assets, Fairview Health Services	276,824	3,137	–	279,961
Unrestricted net assets, noncontrolling interests				
Excess of revenues over expenses	439	4,575	–	5,014
Contributions from noncontrolling interests	–	565	–	565
Distributions to noncontrolling interests	(95)	(4,590)	–	(4,685)
Increase in unrestricted net assets, noncontrolling interests	344	550	–	894
Temporarily restricted net assets				
Contributions and other changes, net	(3,622)	6,193	–	2,571
Net assets released from restrictions	(15,875)	(6,424)	–	(22,299)
Decrease in temporarily restricted net assets	(19,497)	(231)	–	(19,728)
Total increase in net assets	257,671	3,456	–	261,127
Net assets at beginning of year	1,185,231	96,654	–	1,281,885
Net assets at end of year	\$ 1,442,902	\$ 100,110	\$ –	\$ 1,543,012

¹ The Fairview Obligated Group (Obligated Group) was created under the Master Trust Indenture dated November 1, 1985, between the Obligated Group and U S Bank National Association. As of December 31, 2013, the Obligated Group consists of Fairview Health Services, Fairview Pharmacy Services, LLC and Range Regional Healthcare Services. The Master Trust Indenture mandates that members of the Obligated Group are jointly and severally liable for the debts and other obligations of each member.

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