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Check if Schedule O contains a response or note to any line in this Part III ☒

THE MISSION OF FRANCISCAN CARE SERVICES INC IS TO LIVE AND TO PROMOTE THE HEALING MISSION OF JESUS CHRIST BY PROVIDING QUALITY HEALTH CARE AND HEALTH RELATED INPATIENT, OUTPATIENT, HOME HEALTH, PHYSICIAN AND ASSISTED LIVING SERVICES TO ANYONE IN NORTHEAST NEBRASKA, REGARDLESS OF THEIR ABILITY TO PAY

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

If "Yes," describe these changes on Schedule O

4a	(Code) (Expenses \$ 23,663,591 including grants of \$ 0) (Revenue \$ 28,715,377)
	FRANCISCAN CARE SERVICES MISSION IS TO PROVIDE QUALITY HEALTH CARE AND HEALTH RELATED INPATIENT, OUTPATIENT, HOME HEALTH AND PHYSICIAN SERVICES TO THE PEOPLE OF NORTHEASTERN NEBRASKA THE CRITICAL ACCESS HOSPITAL PROVIDES A 24 HOUR EMERGENCY ROOM AND DOES NOT DISCRIMINATE AGAINST ANY PATIENT REGARDLESS OF THEIR ABILITY TO PAY OUR CHARITY CARE POLICY FOLLOWS RECOMMENDED STANDARDS WHICH ARE BASED UPON THE FEDERAL POVERTY GUIDELINES THIS POLICY IS COMMUNICATED TO OUR PATIENTS ON OUR WEBSITE AND AT OUR REGISTRATION DESKS PATIENTS SERVED DURING THE YEAR TOTAL MEDICARE MEDICAID IN-PATIENTS DISCHARGED 434 266 27 PATIENT DAYS - ACUTE 1,645 1,166 71 - SWING BED 1,061 856 NONE - NURSERY 115 NONE 42 OUT-PATIENT & HOME HEALTH 41,989 18,589 1,397 PHYSICIAN CLINIC VISITS 24,648 9,480 1,817 THE HOSPITAL RECEIVES GENEROUS SUPPORT FROM THE COMMUNITY NOT ONLY FINANCIALLY BUT ALSO FROM ABOUT 194 VOLUNTEERS WHO DONATED APPROXIMATELY 3,530 HOURS OF THEIR VALUABLE TIME

4b	(Code	) (Expenses \$	1,907,274	including grants of \$	0) (Revenue \$	2,067,925)
ASSISTED LIVING FACILITY FULFILLS THE MISSION OF THE ROMAN CATHOLIC CHURCH BY PROVIDING 88 FRAIL AND ELDERLY PEOPLE WITH ASSISTED LIVING SERVICES REGARDLESS OF THEIR ABILITY TO PAY A TOTAL OF 18 RESIDENTS RECEIVED \$218,407 IN FREE CARE DURING THE YEAR APPROXIMATELY 57 VOLUNTEERS PROVIDED 3,840 HOURS OF SUPPORT TO THE FACILITY						

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

4e	Total program service expenses	25,570,865
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Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <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	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <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	Yes	
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	Yes	
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		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		
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		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <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.	56	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	Yes
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	2a	302
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).		2b	Yes
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?		3a	Yes
b If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.		3b	Yes
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a	No
b If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a	No
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b	No
c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		5c	
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		6a	No
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b	
7 Organizations that may receive deductible contributions under section 170(c).			
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		7a	No
b If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b	
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c	No
d If "Yes," indicate the number of Forms 8282 filed during the year.		7d	
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e	No
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f	No
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g	
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h	
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8	
9 Sponsoring organizations maintaining donor advised funds.			
a Did the organization make any taxable distributions under section 4966?		9a	
b Did the organization make a distribution to a donor, donor advisor, or related person?		9b	
10 Section 501(c)(7) organizations. Enter			
a Initiation fees and capital contributions included on Part VIII, line 12.		10a	
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		10b	
11 Section 501(c)(12) organizations. Enter			
a Gross income from members or shareholders.		11a	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		11b	
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		12a	
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		12b	
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		13a	
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		13b	
c Enter the amount of reserves on hand.		13c	
14a Did the organization receive any payments for indoor tanning services during the tax year?		14a	No
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		14b	

Part VI

Governance, Management, and Disclosure

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

Check if Schedule O contains a response or note to any line in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	13	
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	8	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	Yes
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	a The governing body?	8a	Yes
8b	b Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶DENNIS DINSLAGE 430 NORTH MONITOR STREET WEST POINT, NE 687881555 (402) 372-6703

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) RONALD O BRIGGS CEO & TRUSTEE	45 0 35	X		X				240,382	0	36,162
(2) SR ROCHELLE KERKHOF TRUSTEE	1 0 0 0	X						0	0	0
(3) BRIAN REIMERS VICE CHAIRMAN/TERM 3/31/2013	1 5 0 0	X		X				0	0	0
(4) CONRAD REESON TRUSTEE/TERM 3/31/2013	1 0 0 0	X						0	0	0
(5) SUE STEFFENSMEIER TRUSTEE/TERM 3/31/2013	1 0 0 0	X						0	0	0
(6) SR JO ELLEN KOHLMANN TRUSTEE	1 0 0 0	X						0	0	0
(7) STEVE AUSDEMORE TREASURER	1 5 0 0	X		X				0	0	0
(8) BILL KREIKEMEIER CHAIRMAN	1 5 0 0	X		X				0	0	0
(9) JEROME STEFFEN VICE CHAIRMAN	1 5 25	X		X				0	0	0
(10) CHAD ORTMEIER DDS TRUSTEE	1 0 25	X						0	0	0
(11) JACKIE RIDDER SECRETARY	1 5 0 0	X		X				0	0	0
(12) MARY JANATA TRUSTEE	1 0 0 0	X						0	0	0
(13) GARRY CLARK TRUSTEE	1 0 0 0	X						0	0	0
(14) GARY KAUP TRUSTEE	1 0 0 0	X						0	0	0
(15) DAVE STEFFENSMEIER TRUSTEE	1 0 0 0	X						0	0	0
(16) STEVE SWANSON TRUSTEE	1 0 0 0	X						0	0	0
(17) DENNIS DINSLAGE VP FISCAL & SUPPORT SERVICES	42 0 0 0			X				156,415	0	30,249

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	2,461,337	0	292,477

2

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>
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>
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>

Section B. Independent Contractors

1

MCSBCI CONSTRUCTION, 1020 CENTENNIAL RD WEST POINT NE 68788	GENERAL CONSTRUCTION	1,616,322
MCKESSON TECHNOLOGIES INC, 5995 WINDWARD PARKWAY ALPHARETTA GA 30005	IT SOFTWARE SUPPORT	1,564,400
ELKHORN VALLEY ANESTHESIA PC INC, 814 VIA LINDA WEST POINT NE 68788	ANESTHESIA SERVICES	529,776
CYPRESS BENEFIT ADMINISTRATOR, PO BOX 7020 APPLETON WI 549127020	HEALTH PLAN ADMIN	388,373
MCS CONSTRUCTION INC, 1020 CENTENNIAL RD WEST POINT NE 68788	GENERAL CONSTRUCTION	145,166

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Part VIII

Statement of Revenue

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

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	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	161,896				
	e	Government grants (contributions) 1e					
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	66,961				
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f	228,857				
Program Service Revenue	2a	HOSPITAL/CLINIC HEALTHCARE SERVICES	621110	28,625,311	28,625,311		
	b	ASSISTED LIVING-ELDER CARE	623000	2,013,806	2,013,806		
	c	DIETARY/CAFETERIA	721000	111,022	111,022		
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f	30,750,139				
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	1,244,004		1,696	1,242,308
4		Income from investment of tax-exempt bond proceeds	0				
5		Royalties	0				
6a		Gross rents	(i) Real	(ii) Personal			
		b	Less rental expenses				
		c	Rental income or (loss)	0	0		
		d	Net rental income or (loss)	0			
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
		b	Less cost or other basis and sales expenses		21,561		
		c	Gain or (loss)		24,515		
		d	Net gain or (loss)		-2,954		-2,954
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a				
		b	Less direct expenses b				
		c	Net income or (loss) from fundraising events	0			
9a		Gross income from gaming activities See Part IV, line 19	a				
		b	Less direct expenses b				
		c	Net income or (loss) from gaming activities	0			
10a		Gross sales of inventory, less returns and allowances	a				
		b	Less cost of goods sold b	62,354			
		c	Net income or (loss) from sales of inventory	29,191			
			33,163	33,163	0		
Miscellaneous Revenue		Business Code					
11a							
b							
c							
d	All other revenue						
e	Total. Add lines 11a-11d	0					
12	Total revenue. See Instructions		32,253,209	30,783,302	1,696	1,239,354	

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.	0			
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	0			
4	Benefits paid to or for members.	0			
5	Compensation of current officers, directors, trustees, and key employees.	699,165	607,940	91,225	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	0			
7	Other salaries and wages.	13,019,926	11,737,430	1,282,496	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	360,058	286,337	73,721	
9	Other employee benefits.	1,819,550	1,470,118	349,432	
10	Payroll taxes.	842,739	750,722	92,017	
11	Fees for services (non-employees):				
a	Management.	0			
b	Legal.	13,065		13,065	
c	Accounting.	77,109		77,109	
d	Lobbying.	2,733		2,733	
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	0			
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	2,201,240	1,925,049	276,191	
12	Advertising and promotion.	121,451	120,163	1,288	
13	Office expenses.	1,649,289	1,532,033	116,993	263
14	Information technology.	594,464	478,083	116,381	
15	Royalties.	0			
16	Occupancy.	1,270,349	1,076,242	194,107	
17	Travel.	114,893	103,106	11,787	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	38,301	33,902	4,399	
20	Interest.	0			
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	3,415,961	2,747,203	668,758	
23	Insurance.	104,695		104,695	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	MEDICAL SUPPLIES	2,570,432	2,570,432		
b	DUES & SUBSCRIPTIONS	153,925	132,105	21,820	
c	WOMEN'S AUXILIARY SUPPLIES	1,658			1,658
d					
e	All other expenses				
25	Total functional expenses. Add lines 1 through 24e.	29,071,003	25,570,865	3,498,217	1,921
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		438,314	1	609,224
	2	Savings and temporary cash investments		4,547,776	2	4,721,588
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		3,405,108	4	4,631,173
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		36,667	5	29,333
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		6,667	7	20,000
	8	Inventories for sale or use		507,728	8	524,057
	9	Prepaid expenses and deferred charges		173,947	9	180,475
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a58,231,471			
	b	Less accumulated depreciation	10b25,865,581	33,245,960	10c	32,365,890
	11	Investments—publicly traded securities		13,512,035	11	15,519,238
	12	Investments—other securities See Part IV, line 11		1,822,887	12	1,899,432
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		2,152,642	15	3,080,459
	16	Total assets. Add lines 1 through 15 (must equal line 34)		59,849,731	16	63,580,869
Liabilities	17	Accounts payable and accrued expenses		5,103,998	17	3,947,984
	18	Grants payable		10,000	18	0
	19	Deferred revenue		0	19	1,477,150
	20	Tax-exempt bond liabilities		13,300,966	20	12,692,379
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		0	25	0
	26	Total liabilities. Add lines 17 through 25		18,414,964	26	18,117,513
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here ☒ and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		41,434,767	27	45,463,356
	28	Temporarily restricted net assets		0	28	0
	29	Permanently restricted net assets		0	29	0
	Organizations that do not follow SFAS 117 (ASC 958), check here ☐ and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		41,434,767	33	45,463,356
	34	Total liabilities and net assets/fund balances		59,849,731	34	63,580,869

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	32,253,209
2	Total expenses (must equal Part IX, column (A), line 25)	2	29,071,003
3	Revenue less expenses Subtract line 2 from line 1	3	3,182,206
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	41,434,767
5	Net unrealized gains (losses) on investments	5	846,383
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	
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	45,463,356

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis		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 ☐ Separate basis ☐ Consolidated basis ☒ 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	Yes	
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)

Department of the
Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization FRANCISCAN CARE SERVICES INC	Employer identification number 47-0486026
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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 33¹/₃% 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 33¹/₃% 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 ▶						

Section C. Computation of Public Support Percentage						
14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2012 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2013. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
b 33 1/3% support test—2012. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
17a 10%-facts-and-circumstances test—2013. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
b 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions						▶

Part IIISupport Schedule for Organizations Described in Section 509(a)(2)
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage		
15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2013. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
b 33 1/3% support tests—2012. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶		

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

Facts And Circumstances Test

Return Reference	Explanation	
------------------	-------------	--

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527
▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **See separate instructions.** ▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

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2013

Open to Public Inspection

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

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

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

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

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

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

Name of the organization
FRANCISCAN CARE SERVICES INC

Employer identification number
47-0486026

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

- 1

Provide a description of the organization’s direct and indirect political campaign activities in Part IV
- 2

Political expenditures

▶ \$
- 3

Volunteer hours

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

- 1

Enter the amount of any excise tax incurred by the organization under section 4955

▶ \$
- 2

Enter the amount of any excise tax incurred by organization managers under section 4955

▶ \$
- 3

If the organization incurred a section 4955 tax, did it file Form 4720 for this year?

☐ Yes

☐ No
- 4a

Was a correction made?

☐ Yes

☐ No
- b

If "Yes," describe in Part IV

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

- 1

Enter the amount directly expended by the filing organization for section 527 exempt function activities

▶ \$
- 2

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

▶ \$
- 3

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

▶ \$
- 4

Did the filing organization file **Form 1120-POL** for this year?

☐ Yes

☐ No
- 5

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

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

Part II-A

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

- A
- Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		☐ Yes ☐ No													

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

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

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		2,733
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total. Add lines 1c through 1i.			2,733
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Return Reference	Explanation
PART IV SUPPLEMENTAL INFORMATION	PART II-B, LINE F. MEMBERSHIP DUES PAID TO HEALTH CARE ASSOCIATIONS OF WHICH A PERCENTAGE OF THE DUES ARE ALLOCATED TO LOBBYING ACTIVITIES.
PART II-B, LINE G	OCCASIONAL PHONE CALL OR EMAIL TO AND FROM OUR REPRESENTATIVES.

Part IV

Return Reference

Explanation

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ **Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b**
▶ **Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization FRANCISCAN CARE SERVICES INC	Employer identification number 47-0486026
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Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No	

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

2

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

	Held at the End of the Year
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register

3

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

4

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

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes ☐ No

6

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

7

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

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

☐ Yes ☐ No

9

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

Part III

Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a

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

b

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

(i) Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

(ii) Assets included in Form 990, Part X

▶ \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2013

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

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

b ☐ Scholarly research

c ☐ Preservation for future generations

d ☐ Loan or exchange programs

e ☐ Other
- 4 Provide a description of the organization’s collections and explain how they further the organization’s exempt purpose in Part XIII
- 5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization’s collection?

☐ Yes ☐ No

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

- 1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes ☐ No
- b If "Yes," explain the arrangement in Part XIII and complete the following table
- c Beginning balance

d Additions during the year

e Distributions during the year

f Ending balance

	Amount
1c	
1d	
1e	
1f	
- 2a Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes ☐ No
- b If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII

☐

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

- | | (a)Current year | (b)Prior year | b (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
- (i) unrelated organizations

(ii) related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		
- b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?
- 4 Describe in Part XIII the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. 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		367,466		367,466
b Buildings		21,225,308	7,701,019	13,524,289
c Leasehold improvements				
d Equipment		36,621,207	18,164,562	18,456,645
e Other		17,490		17,490
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) ▶				32,365,890

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	33,096,414
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	846,383
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	846,383
3	Subtract line 2e from line 1	3	32,250,031
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	3,178
c	Add lines 4a and 4b	4c	3,178
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)	5	32,253,209

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	29,069,345
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	29,069,345
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	1,658
c	Add lines 4a and 4b	4c	1,658
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)	5	29,071,003

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
PART XI, LINE 4B	AUXILIARY GIFT SHOP SALES 48,945 AUXILIARY GIFT SHOP COGS (29,191) ----- NET gain FROM SALES 19,754 AUXILIARY FUNDS RAISED 6,437 AUXILIARY DONATION TO HOSPITAL (23,013) ----- TOTAL 3,178
PART XII, LINE 4B	AUXILIARY OPERATING EXPENSES 1,658
PART X, LINE 2	FIN 48 FOOTNOTE ON AUDITED FINANCIAL STATEMENTS The organization has evaluated and reviewed uncertain tax positions and found the potential exposure to be insignificant

[illegible]

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
FRANCISCAN CARE SERVICES INC

Employer identification number
47-0486026

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)		132	296,798	0	296,798	1 020 %
b Medicaid (from Worksheet 3, column a)		3,177	1,561,541	1,384,568	176,973	0 610 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs		3,309	1,858,339	1,384,568	473,771	1 630 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)		5,617	140,259	16,149	124,110	0 430 %
f Health professions education (from Worksheet 5)		157	80,292		80,292	0 280 %
g Subsidized health services (from Worksheet 6)		23,102	5,418,893	4,583,586	835,307	2 870 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)		7,885	56,047	2,340	53,707	0 180 %
j Total Other Benefits		36,761	5,695,491	4,602,075	1,093,416	3 760 %
k Total. Add lines 7d and 7j		40,070	7,553,830	5,986,643	1,567,187	5 390 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing						
2Economic development			1,925		1,925	0.010 %
3Community support						
4Environmental improvements			1,906		1,906	0.010 %
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy			352		352	0 %
8Workforce development			804		804	0 %
9Other						
10Total			4,987		4,987	0.020 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?

1

Yes

2

Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

601,817

3

Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3

120,363

4

Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

5

Enter total revenue received from Medicare (including DSH and IME).

5

10,908,849

6

Enter Medicare allowable costs of care relating to payments on line 5.

6

11,139,342

7

Subtract line 6 from line 5. This is the surplus (or shortfall).

7

-230,493

8

Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.

☐ Cost accounting system

☒ Cost to charge ratio

☐ Other

Section C. Collection Practices

9a

Did the organization have a written debt collection policy during the tax year?

9a

Yes

9b

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

9b

Yes

Part IVManagement Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

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

Part V

Facility Information

Section A. Hospital Facilities

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

Name, address, primary website address, and state license number

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
	See Additional Data Table										

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

ST FRANCIS MEMORIAL HOSPITAL

Name of hospital facility or facility reporting group

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A)

1

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1 Yes	
a ☒ A definition of the community served by the hospital facility		
b ☒ Demographics of the community		
c ☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d ☒ How data was obtained		
e ☒ The health needs of the community		
f ☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g ☒ The process for identifying and prioritizing community health needs and services to meet the community health needs		
h ☒ The process for consulting with persons representing the community's interests		
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs		
j ☐ Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>13</u>		
3 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3 Yes	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4 Yes	
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5 Yes	
a ☒ Hospital facility's website (list url) <u>SEE PART V, SECTION C</u>		
b ☐ Other website (list url) _____		
c ☒ Available upon request from the hospital facility		
d ☐ Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)		
a ☒ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b ☐ Execution of the implementation strategy		
c ☒ Participation in the development of a community-wide plan		
d ☐ Participation in the execution of a community-wide plan		
e ☒ Inclusion of a community benefit section in operational plans		
f ☒ Adoption of a budget for provision of services that address the needs identified in the CHNA		
g ☒ Prioritization of health needs in its community		
h ☒ Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i ☐ Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	No
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	No
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No	
9	Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	Yes	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 100% If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care 200 % If "No," explain in Part VI the criteria the hospital facility used	11	Yes	
12	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	12	Yes	
a	☒ Income level			
b	☒ Asset level			
c	☒ Medical indigency			
d	☐ Insurance status			
e	☐ Uninsured discount			
f	☐ Medicaid/Medicare			
g	☐ State regulation			
h	☐ Residency			
i	☒ Other (describe in Part VI)			
13	Explained the method for applying for financial assistance?	13	Yes	
14	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	14	Yes	
a	☒ The policy was posted on the hospital facility's website			
b	☐ The policy was attached to billing invoices			
c	☒ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d	☒ The policy was posted in the hospital facility's admissions offices			
e	☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f	☒ The policy was available upon request			
g	☒ Other (describe in Part VI)			
Billing and Collections				
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	15	Yes	
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a	☐ Reporting to credit agency			
b	☐ Lawsuits			
c	☐ Liens on residences			
d	☐ Body attachments			
e	☐ Other similar actions (describe in Section C)			
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged	17		No
a	☐ Reporting to credit agency			
b	☐ Lawsuits			
c	☐ Liens on residences			
d	☐ Body attachments			
e	☐ Other similar actions (describe in Section C)			

Part V

Facility Information (continued)

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

☐

Notified individuals of the financial assistance policy on admission
- b

☐

Notified individuals of the financial assistance policy prior to discharge
- c

☒

Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- d

☒

Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☐

Other (describe in Section C)

Policy Relating to Emergency Medical Care

		Yes	No
19	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why	Yes	
a	☐ The hospital facility did not provide care for any emergency medical conditions		
b	☐ The hospital facility's policy was not in writing		
c	☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	☐ Other (describe in Part VI)		

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	☒ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	☐ Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI		No
22	During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Part VI		No

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

[illegible]

Part V

Facility Information (continued)

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

How many non-hospital health care facilities did the organization operate during the tax year? 1

Name and address		Type of Facility (describe)
1	ST JOSEPH'S RETIREMENT COMMUNITY 320 E DECATUR WEST POINT, NE 68788	ASSISTED LIVING FACILITY
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI

Supplemental Information

Provide the following information

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

Form and Line Reference	Explanation
PART I, LINE 3C	NOT APPLICABLE
PART I, LINE 6A	NOT APPLICABLE PART I, LINE 7 A cost-to-charge ratio was used to calculate the cost of community benefit expenses detailed in the table for Part I, line 7(a) - 7(k) The cost-to-charge ratio was derived from Worksheet 2, Ratio of Patient Care Cost-to-Charges PART I, LINE 7, COLUMN (F) THE AMOUNT USED TO COMPUTE COLUMN (F) IS FROM THE AMOUNT REPORTED ON FORM 990, PART IX, LINE 25, COLUMN (A) PART I, LINE 7G Subsidized health services of \$835,307 are reported on line 7g Of this amount, \$830,509 represents the community benefit attributable to physician services

Form and Line Reference	Explanation
PART II	Franciscan Care Services, Inc. currently has involvement in the Elkhorn Logan Valley Public Health Department Board which looks at how the community addresses health and safety issues, the access individuals have to health care services, and the staff necessary to provide healthcare services. We spend a considerable amount of time and effort in educating healthcare professionals. We have many residents and clinical college students on-site throughout the year. We also have a job shadowing program for high school students in the area. We help educate these individuals in the hope that they will come back to the community to provide healthcare services. We provide funds for activities at area schools that provide a safe environment and education for our youth. We help sponsor the local blood drive through the American Red Cross. We donate funds to different organizations to improve the community's health and safety. PART III, LINE 2 The amount reported on line two is taken directly from the general ledger. The amount that is written off to bad debt is the patient's account balance when it is determined that the patient will not pay. Therefore, if the patient is self pay and has not paid any of the balance, then 100% of charges are written off. If the patient has commercial insurance and cannot pay the 20% coinsurance that is due after insurance has paid and the contracted discounts have been applied, then only the 20% coinsurance that is owed by the patient is written off to bad debt. PART III, LINE 3 The amount reported on line three is estimated based on past financial analysis performed by the Patient Accounting Manager and the Patient Financial Counselor. Historically, a review of the accounts written off to bad debt was done, taking into consideration the individual's financial situation. During the review, accounts that could have been written off as charity care if sufficient information was received were identified. As a result of the analysis, it was determined that \$120,363 would possibly have qualified as charity care. There is a fine line between bad debt and charity care. There are those individuals who just will not pay, but there are a larger number of individuals who cannot pay, but do not want to fill out the paperwork for charity care or do not want to even ask for charity care. We have estimated that \$120,363 of our bad debt expense should have been classified as charity care if the appropriate paperwork was received. These are the dollars that should be classified as community benefit.
PART III, LINE 4	The accounts receivable footnote which discusses bad debt expense is on page 7 of the Notes to Financial Statements.

Form and Line Reference	Explanation
PART III, LINE 8	Total revenue received from Medicare and the Medicare allowable costs reported on Part III, lines 5 & 6 was taken directly from the 2013 Medicare Cost Report. The Medicare shortfall reported on Part III, line 7 is significantly larger this year due to the 2% sequestration payment cuts imposed by CMS. In addition to the revenue received from Medicare and the Medicare allowable costs reported on the Medicare Cost Report, we also receive Medicare Part B payments (fee schedule) for certain lab, radiology, and physician services. These amounts are not included on the Medicare Cost Report. The revenue received for Medicare Part B services was \$357,387 while the associated costs were \$598,900 for a shortfall of (\$241,513). The costs for the services reimbursed on a fee schedule methodology were calculated based on the cost to charge ratio from the Medicare cost report for that department. The shortfall reported on Part III, line 7 of (\$230,493) and the Medicare Part B shortfall of (\$241,513) for a total shortfall of (\$472,006) should be treated as a community benefit because these are costs over and above the amount that Medicare pays us. These services are integral to the community and would not be available to the community if they were not provided by our facility.
PART III, LINE 9B	In our collection policy there is a section on financial assistance. It states: "Franciscan Care Services has a Financial Assistance program to assist patients that are financially burdened and unable to pay for their medical expenses. An assistance application must be completed and turned into the Financial Counselor. A copy of the most current tax information must accompany the application. A determination of approval or denial is made from this application and is based upon hospital established guidelines."

Form and Line Reference	Explanation
NEEDS ASSESSMENT	The health care needs of the communities we serve are assessed in many different ways. We work closely with Elkhorn Logan Valley Public Health Department who surveys the area population to ascertain health disparities, collaborate on health screenings, and determine areas of need. As our physicians and other health care workers see patients they discuss their current status and what else we can do for them. Also, our board members and employees who are in the public advise us as to what health care needs are in the community that we do not currently address. Many of our employees are involved in state and national organizations that keep us up-to-date on the current trends in health care that are brought back to our community. Through strategic planning with the physicians, the board of directors, and hospital leaders, we look at what the needs of the community are and how we can address them. All of these groups work together with Administration to continue to address the health care needs of the community.
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	On the Conditions of Admission and Consent for Treatment form that is signed by each patient of the hospital, there is a financial agreement section that states "If you have limited insurance or do not have insurance, you may request to meet with our Financial Counselor to set up a payment plan or to determine if you are eligible for charity care." The collection policy is posted at the main entrance to the hospital and clinic and also at the emergency room entrance. Also, if the Financial Counselor contacts a patient regarding payment of a bill, a letter and a copy of the collection policy is sent to them which states that if they are unable to pay they may be eligible for the charitable care program that we offer. Lastly, on our website www.fcswp.org there is a section on Patient Financial Information. In this section there is information on our charity care policy and who to contact if the patient would like more information.

Form and Line Reference	Explanation
COMMUNITY INFORMATION	Franciscan Care Services, Inc is located in a rural area, predominantly agricultural based The population of the five county service area is approximately 18,000 people The median household income is approximately \$48,000 The population is predominantly Caucasian, high-school educated, and geriatric in nature There is a small population of Hispanic descent
PROMOTION OF COMMUNITY HEALTH	The board of directors is comprised of persons from the surrounding communities The board members are diverse in background ranging from Sisters from our sponsor, a nurse, dentist, a school guidance counselor, bankers, and business owners, to farmers who are neither employees (except CEO), contractors, or family members We hope the diverse backgrounds of our board members give us the insight we need to fulfill the needs of the community Franciscan Care Services, Inc has an open medical staff that includes one general surgeon, one orthopaedic surgeon, five family practice physicians, three physician assistants, and one nurse practitioner There are also a number of specialists that come in from the nearby communities of Norfolk, Fremont, and Omaha to meet the health needs of the community Specialists that see patients in our Outpatient Clinic include Audiology, Cardiology, ENT, Nephrology, Neurology, Obstetrics/Gynecology, Oncology, Ophthalmology, Pain, Podiatry, Rheumatology, Urology, and Vascular There are many different programs that we are able to offer due to surplus funds from operations Our clinics provide disease management through the use of health coaches to help patients manage chronic health conditions such as diabetes, hypertension, COPD, clotting, and osteoporosis This is a program that is good for our patients even though we receive little to no reimbursement for providing this service We provide free sport screens to area athletes who have been injured at a practice or game We offer reduced-cost screens and health education to businesses in our service area to reach out to those individuals who do not take the time to come to our facility to see us During 2013 we implemented a new electronic medical record system, recruited our sixth family practice physician that will start in 2014, and signed an agreement to lease physician office space in Hooper, Nebraska We are able to stay up-to-date with our information technology and continue to grow our practices due to surplus funds from operations

Form and Line Reference	Explanation
AFFILIATED HEALTH CARE SYSTEM	Franciscan Care Services, Inc. is a part of the Franciscan Sisters of Christian Charity Sponsored Ministries, a not-for-profit system of acute and long-term health care facilities and a liberal arts college located in Wisconsin, Nebraska and Ohio. Each organization within the Ministry is responsible for carrying out the healing and education mission of the Catholic Church according to the needs of their community.
STATE FILING OF COMMUNITY BENEFIT REPORT	The community benefit report is filed with the Nebraska Hospital Association. The report is also sent to our local mayor and our state and congressional representatives.

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.
▶ Attach to Form 990. ▶ See separate instructions.

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
FRANCISCAN CARE SERVICES INC

Employer identification number
47-0486026

Part I

Questions Regarding Compensation

		Yes	No
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. ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	2	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. ☒ Compensation committee ☐ Written employment contract ☒ Independent compensation consultant ☒ Compensation survey or study ☐ Form 990 of other organizations ☒ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:		
a	Receive a severance payment or change-of-control payment?	4a	No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes
c	Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.	4c	No
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:		
a	The organization?	5a	Yes
b	Any related organization? If "Yes," to line 5a or 5b, describe in Part III.	5b	No
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:		
a	The organization?	6a	No
b	Any related organization? If "Yes," to line 6a or 6b, describe in Part III.	6b	No
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III.	7	No
8	Were any amounts reported in Form 990, Part VII, paid or 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.	8	No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9	

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)RONALD O BRIGGS CEO & TRUSTEE	(i) (ii)	168,961 0	43,177 0	28,244 0	11,874 0	26,312 0	278,568 0	0 0
(2)DENNIS DINSLAGE VP FISCAL & SUPPORT SERVICES	(i) (ii)	126,274 0	24,095 0	6,046 0	8,559 0	22,428 0	187,402 0	0 0
(3)TERRY NELSON REHAB MANAGER	(i) (ii)	180,778 0	0 0	11,604 0	16,500 0	24,313 0	233,195 0	0 0
(4)MICHAEL BITTLES MD PHYSICIAN	(i) (ii)	347,214 0	0 0	9,524 0	13,000 0	26,169 0	395,907 0	0 0
(5)SCOTT GREEN MD PHYSICIAN	(i) (ii)	264,217 0	94,921 0	9,954 0	14,500 0	26,169 0	409,761 0	0 0
(6)RHETT ECKMANN MD PHYSICIAN	(i) (ii)	241,034 0	86,188 0	10,862 0	12,211 0	26,169 0	376,464 0	0 0
(7)BRIAN HASS MD PHYSICIAN	(i) (ii)	259,021 0	70,320 0	14,157 0	12,211 0	26,169 0	381,878 0	0 0
(8)KENNETH PITZ MD PHYSICIAN	(i) (ii)	430,214 0	7,508 0	27,024 0	12,500 0	26,169 0	503,415 0	0 0

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
PART I, LINE 4B	QUESTIONS REGARDING COMPENSATION DURING 2013, FRANCISCAN CARE SERVICES INC CONTRIBUTED FUNDS TO AN IRC SECTION 457 (F) PLAN FOR THE FOLLOWING INDIVIDUALS DR BITTLES \$13,000 DR GREEN \$ 4,000 DR ECKMANN \$ 4,321 DR HASS \$ 4,321 DR PITZ \$12,500 MR NELSON \$16,500
PART I, LINE 5A	QUESTIONS REGARDING COMPENSATION AT THE BEGINNING OF THE CALENDAR YEAR, THERE WAS A WRITTEN AGREEMENT ESTABLISHED REGARDING THE POTENTIAL AMOUNT OF SUPPLEMENTAL INCOME THAT CERTAIN PHYSICIANS MAY RECEIVE DURING THE YEAR BASED ON THEIR INDIVIDUAL PRODUCTIVITY EACH OF THESE PHYSICIANS IS PAID A BASE SALARY AS AN EMPLOYED PHYSICIAN OF THE ORGANIZATION IN ADDITION, THE PHYSICIAN MAY EARN ADDITIONAL COMPENSATION BASED ON A PRE-DETERMINED CALCULATED FORMULA AS STIPULATED IN THE WRITTEN AGREEMENT THE FORMULA IN SUMMARY IS CALCULATED BY TAKING THE INDIVIDUAL'S PRODUCTIVITY REVENUE FOR THE CALENDAR YEAR LESS ANY CONTRACTUAL ADJUSTMENTS OR WRITE-OFFS AND THEN MULTIPLYING THAT NET AMOUNT BY A PRE-DETERMINED PERCENTAGE IF THIS CALCULATED AMOUNT EXCEEDS THEIR BASE SALARY, THE PHYSICIAN IS PAID THE VARIANCE DURING THE YEAR, DRS GREEN, ECKMANN AND HASS RECEIVED A PAYMENT

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
FRANCISCAN CARE SERVICES INC

Employer identification number
47-0486026

Part I

Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A HOSPITAL AUTHORITY NO 1 OF CUMING COUNTY NE	47-0762878		07-27-2010	12,000,000	SEE SCHEDULE K, PART VI		X		X		X
B HOSPITAL AUTHORITY NO 1 OF CUMING COUNTY NE	47-0762878		03-31-2009	2,200,000	SEE SCHEDULE K, PART VI		X		X		X

Part II

Proceeds

	A	B	C		D	
1 Amount of bonds retired	591,049	916,572				
2 Amount of bonds legally defeased	0	0				
3 Total proceeds of issue	12,000,000	2,200,000				
4 Gross proceeds in reserve funds	0	0				
5 Capitalized interest from proceeds	0	0				
6 Proceeds in refunding escrows	0	0				
7 Issuance costs from proceeds	0	0				
8 Credit enhancement from proceeds	0	0				
9 Working capital expenditures from proceeds	0	0				
10 Capital expenditures from proceeds	12,000,000	0				
11 Other spent proceeds	0	0				
12 Other unspent proceeds	0	0				
13 Year of substantial completion	2012		1999			
	Yes	No	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue?		X	X			
15 Were the bonds issued as part of an advance refunding issue?		X		X		
16 Has the final allocation of proceeds been made?	X		X			
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X			

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 %		0 %					
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 %							
6	Total of lines 4 and 5	0 %							
7	Does the bond issue meet the private security or payment test?		X						
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X						
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?		X						
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X							

Part IV

Arbitrage

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

Part IV Arbitrage (Continued)

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

Part V Procedures To Undertake Corrective Action

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
	X		X					

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

Return Reference	Explanation
SCHEDULE K, PART 1, LINE A, COLUMN F	THE 2010 PROJECT CONSISTS OF A THREE STORY PATIENT BED ADDITION TO AND RELATED FIXED EQUIPMENT FOR THE EXISTING HOSPITAL FACILITY THE 2010 PROJECT DOES NOT INCLUDE CERTAIN SPACE ON THE FIRST FLOOR NOT EXCEEDING 650 SQUARE FEET OF SPACE WITH ALLOCATED COSTS NOT IN EXCESS OF \$250,000, WHICH IS TO BE UNFINISHED AND IS EXPECTED TO BE USED FOR STORAGE BUT WHICH MAY BE ALLOCATED TO AND SUBSEQUENTLY UTILIZED FOR PRIVATE OR UNRELATED BUSINESS ACTIVITY SUCH AS FOR A RETAIL PHARMACY
SCHEDULE K, PART I, LINE B, COLUMN F	REVENUE REFUNDING BONDS ISSUED TO REFUND THE SERIES 1999 BONDS ISSUED IN THE ORIGINAL AMOUNT OF \$4,250,000 THE SERIES 1999 BONDS WERE ISSUED TO REFINANCE THE COST OF CONSTRUCTION AND ACQUIRING A RESIDENTIAL CARE FACILITY AND REFINANCE THE COSTS OF CONSTRUCTION AND ACQUIRING ADDITIONS AND IMPROVEMENTS TO THE EXISTING HOSPITAL FACILITIES

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

► Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
► Attach to Form 990 or Form 990-EZ. ► See separate instructions.
► Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
FRANCISCAN CARE SERVICES INC

Employer identification number
47-0486026

Part I

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

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

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

2

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

\$

3

Enter the amount of tax, if any, on line 2, above, reimbursed by the organization

\$

Part II

Loans to and/or From Interested Persons.

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

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e)Original principal amount	(f)Balance due	(g) In default?		(h) Approved by board or committee?		(i)Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
(1) KENNETH PITZMD	HIGHEST COMP	RELOCATION		X	22,000	7,333		No	Yes		Yes	
(2) KENNETH PITZMD	HIGHEST COMP	RELOCATION		X	22,000	22,000		No	Yes		Yes	
Total												

Part III

Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
See Additional Data Table					

Part V Supplemental Information

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

Return Reference	Explanation
SCHEDULE L, PART IV	BARBARA STEFFEN IS A FAMILY MEMBER OF JEROME STEFFEN, TRUSTEE DAN HAKEL IS A FAMILY MEMBER OF CHAD ORTMEIER, TRUSTEE BRENDA WISNIESKI IS A FAMILY MEMBER OF MARY JANATA, TRUSTEE MARGUERITE KAUP IS A FAMILY MEMBER OF GARY KAUP, TRUSTEE AGNES DINSLAGE IS A FAMILY MEMBER OF DENNIS DINSLAGE, OFFICER NANCY NELSON IS A FAMILY MEMBER OF TERRY NELSON, KEY EMPLOYEE CHERI DROESCHER IS A FAMILY MEMBER OF terry nelson, key employee

Additional Data

Software ID:
Software Version:
EIN: 47-0486026
Name: FRANCISCAN CARE SERVICES INC

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) AGNES DINSLAGE	SEE PART V	26,589	EMPLOYMENT		No
(2) NANCY NELSON	SEE PART V	37,985	EMPLOYMENT		No
(3) CHERI DROESCHER	SEE PART V	29,927	EMPLOYMENT		No
(4) BARBARA STEFFEN	SEE PART V	21,978	EMPLOYMENT		No
(5) DAN HAKEL	SEE PART V	112,913	EMPLOYMENT	Yes	
(6) BRENDA WISNIESKI	SEE PART V	38,799	EMPLOYMENT		No
(7) MARGUERITE KAUP	SEE PART V	44,543	EMPLOYMENT		No

SCHEDULE O
(Form 990 or 990-EZ)**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
FRANCISCAN CARE SERVICES INC

Employer identification number

47-0486026

**Return
Reference****Explanation**

FORM 990,
PART VI,
LINE 2

DAVE STEFFENSMEIER, TRUSTEE HAS A FAMILY RELATIONSHIP AND BUSINESS RELATIONSHIP WITH SUE STEFFENSMEIER DAVE IS THE SPOUSE OF SUE AND HE WAS APPOINTED TO THE BOARD OF TRUSTEES WHEN SUE'S TERM EXPIRED PART VI SECTION A, LINE 7A & 7B The Franciscan sisters of Christian charity sponsored ministries, inc a Wisconsin non-stock, not for profit corporation has the following reserved powers over Franciscan care services inc A) approval of the philosophy, mission and values statements of the corporation B) Amendment of articles of incorporation and by-laws of the corporation C) Appointment and removal of members to the board of directors d) Approval of the creation and dissolution of this corporation or any subsidiary corporations, as well as approval of any merger, consolidation, affiliation, joint venture or other form of corporate reorganization of this corporation or any subsidiary of which this corporation is the member or controlling shareholder E) Appointment, evaluation and discharge of the president of the corporation F) Approval of borrowing in excess of the limit established by the member G) Approval of purchase, mortgage or sale of real estate, or lease of real estate, by or to the corporation for longer than one year H) Implementation of sponsor appointment, salary negotiation, and reassignment processes for Franciscan sister personnel within this corporation I) Approval of capital and operating budgets J) Requirement of a certified audit of corporate funds at any time and approval of the fiscal auditor of the corporation annually K) Approval of all insurance carriers and insurance coverage for the corporation L) Approval of long-range or strategic plans of the corporation

Return Reference	Explanation
PART VI, SECTION A, LINE 6	THE ORGANIZATION IS A NOT-FOR-PROFIT CORPORATION WHOSE MEMBER IS FRANCISCAN SISTERS OF CHRISTIAN CHARITY SPONSORED MINISTRIES, INC

Return Reference	Explanation
PART VI, SECTION B, LINE 11B	Form 990 is review ed prior to submission by the member (Franciscan sisters of Christian charity sponsored ministries, inc) and the finance committee of the Franciscan care services, inc board of directors A copy of form 990 will be available for all board members to review at their monthly board meeting before the 990 is filed Form 990 is made available in the administrative office for any individual requesting to inspect it as required by internal revenue code section 6104

Return Reference	Explanation
PART VI, SECTION B, LINE 12C	The corporate compliance officer (cco) and several members of the corporate compliance committee attend board, administrative, and department manager meetings. The cco ensures that all board, medical staff, administration staff, department managers, and individuals who have purchasing authority review the conflict of interest policy annually and disclose any conflicts that might exist. Each individual is also asked to identify any family members that are an employee of FCS, inc. or employed by a business with which fcs conducts business. Any new conflicts that arise during the year need to be reported to the compliance officer immediately. If a conflict exists at the board level, the person or the cco or committee member identifies that the conflict exists and then the board determines if the person can take part in the deliberations or needs to leave the room. The person would not be able to vote and it is identified in the minutes of the meeting. At the administrative level, the staff member identifies the conflict and the administrative team determines if the person can take part in the discussion or needs to leave the room. This is also the policy at the medical staff and manager meetings.

Return Reference	Explanation
PART VI, SECTION B, LINE 15A & 15B	Franciscan care services, inc strives to provide a fair and competitive compensation package for its executive This package shall include, but is not limited to salary, incentive bonus, life insurance, health benefits, and a matching defined contribution to a 403(B) retirement plan The salary range and total compensations shall be based upon surveys of the geographic west north central states average for the position as reported by an independent executive compensation market analysis for liked sized organizations and the executive compensation survey for Nebraska hospitals provided by the Nebraska hospital association Bonuses are given based upon achievement of strategic goals agreed upon by the Franciscan care services board of directors and the president of the Franciscan sisters of Christian charity sponsored ministries, inc these bonuses are based upon a percentage of salary and are not to exceed 25% The president/ceo's compensation is set by the executive committee of the board of directors and the sponsored ministries president after a performance appraisal conducted by the executive committee of the fcs board (serving as the compensation committee) and the president of Franciscan sisters of Christian charity sponsored ministries, inc all members of the board provide their input through a written appraisal presented to the compensation committee Minutes of the meeting are kept by the sponsored ministries president All other executives are review ed by the Franciscan care services, inc president/ceo, w ho sets their compensation based upon the above surveys and principles

Return Reference	Explanation
PART VI, SECTION C, LINE 19	NO DOCUMENTS AVAILABLE TO THE PUBLIC

Return Reference	Explanation
Part IV, Line 12a	Checklist of Required Schedules The organization's financial statements were audited on a separate basis but also consolidated at the organization's parent level The organization uses the separate audited financial statements for tax return purposes

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships
▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**
▶ **Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
FRANCISCAN CARE SERVICES INC

Employer identification number
47-0486026

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
See Additional Data Table							

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	
(1) NONE												

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) HOLY FAMILY HEALTH SERVICES 3310 CALUMET AVENUE MANITOWOC, WI 54220 39-1572253	PHARMACY	WI	See Pt II Ln 5	C CORP					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

Yes

1e

Yes

1f

No

1g

No

1h

No

1i

No

1j

No

1k

No

1l

No

1m

Yes

1n

No

1o

No

1p

Yes

1q

Yes

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) ALL TRANSACTIONS WERE BETWEEN 501(c)(3) ORGS			

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.

[illegible]

Part VII

Supplemental Information

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

Return Reference	Explanation
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Additional Data

Software ID:

Software Version:

EIN: 47-0486026

Name: FRANCISCAN CARE SERVICES INC

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c) (3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
(1) HOLY FAMILY CONVENT FRANCISCAN SISTERS 2409 SOUTH ALVERNO ROAD MANITOWOC, WI 54220 39-0808523	RELIGION	WI	501(C)(3)	LINE 1	NA		No
(1) FRANCISCAN SISTERS OF CHRISTIAN CHARITY 1415 SOUTH RAPIDS ROAD MANITOWOC, WI 54220 39-1530622	EDU/HLTHCARE	WI	501(C)(3)	LINE 1	SEE LINE 1		No
(2) ST FRANCIS MEMORIAL HOSPITAL FOUNDATION 430 N MONITOR ST WEST POINT, NE 68788 47-0629079	FUNDRAISING	NE	501(C)(3)	11A TYPE I	NA		No
(3) ST JOSEPHS RETIREMENT COMMUNITY FDN PO BOX 65 WEST POINT, NE 68788 47-0790644	FUNDRAISING	NE	501(C)(3)	11A TYPE I	NA		No
(4) HOLY FAMILY MEMORIAL INC 2300 WESTERN AVE PO BOX 1450 MANITOWOC, WI 54221 39-0806395	HEALTHCARE	WI	501(C)(3)	Line 3	SEE LINE 2		No
(5) ST PAUL ELDER SERVICES INC 316 EAST 14TH STREET KAUKAUNA, WI 54130 39-1029149	ELDER CARE	WI	501(C)(3)	LINE 9	SEE LINE 2		No
(6) GOOD SAMARITAN MEDICAL CENTER 800 FOREST AVENUE ZANESVILLE, OH 43701 31-4379479	HOLDING CO	OH	501(C)(3)	11A TYPE I	SEE LINE 2		No
(7) SILVER LAKE COLLEGE OF HOLY FAMILY INC 2406 SOUTH ALVERNO ROAD MANITOWOC, WI 54220 39-0980974	HIGHER EDUCAT	WI	501(C)(3)	LINE 2	SEE LINE 2		No

Franciscan Care Services, Inc.

**Financial Report
December 31, 2013**

Franciscan Care Services, Inc.

Contents

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Statement of Operations	3
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Statement of Cash Flows	5
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Plante & Moran, PLLC

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Traverse City, MI 49686

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Fax: 231.947.0348

plantemoran.com

Independent Auditor's Report

To the Board of Directors
Franciscan Care Services, Inc.

We have audited the accompanying financial statements of Franciscan Care Services, Inc. (the "Organization"), which comprise the balance sheet as of December 31, 2013 and 2012 and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 Organization's preparation and fair presentation of the financial statements in order to design audit procedures which are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion on the Organization's internal controls. 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 financial position of Franciscan Care Services, Inc. as of December 31, 2013 and 2012 and the results of its operations, changes in net assets, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

March 10, 2014

Praxity
MEMBER
OF THE
INDEPENDENT FIRM'S

Franciscan Care Services, Inc.

Balance Sheet

	December 31, 2013	December 31, 2012
Assets		
Current Assets		
Cash and cash equivalents	\$ 5,324,118	\$ 4,980,916
Accounts receivable (Note 2)	4,680,536	3,448,480
Estimated third-party payor settlements	2,218,000	1,390,898
Prepaid expenses and other	646,295	618,641
Total current assets	12,868,949	10,438,935
Assets Limited as to Use (Note 4)	17,418,640	15,334,884
Property and Equipment - Net (Note 7)	32,365,890	33,245,960
Other Assets	920,696	824,778
Total assets	<u>\$ 63,574,175</u>	<u>\$ 59,844,557</u>
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt (Note 8)	\$ 635,955	\$ 608,587
Accounts payable	1,162,601	981,467
Estimated third-party payor settlements	391,279	-
Construction payable	-	1,821,773
Accrued liabilities	1,952,125	1,943,214
Total current liabilities	4,141,960	5,355,041
Long-term Debt - Net of current portion (Note 8)	12,056,424	12,692,379
Deferred Revenue - EHR meaningful use	1,477,150	-
Other Liabilities	441,979	367,544
Total liabilities	18,117,513	18,414,964
Net Assets - Unrestricted	45,456,662	41,429,593
Total liabilities and net assets	<u>\$ 63,574,175</u>	<u>\$ 59,844,557</u>

Franciscan Care Services, Inc.

Statement of Operations

	Year Ended	
	December 31, 2013	December 31, 2012
Unrestricted Revenue, Gains, and Other Support		
Net patient service revenue	\$ 30,533,865	\$ 29,312,107
Provision for bad debts	(601,817)	(938,814)
Net patient service revenue less provision for bad debts	29,932,048	28,373,293
Other	825,632	253,644
Total unrestricted revenue, gains, and other support	30,757,680	28,626,937
Expenses		
Salaries and wages	13,609,105	12,697,516
Employee benefits and payroll taxes	3,064,851	3,351,782
Operating supplies and expenses	4,829,726	4,950,523
Purchased services	3,339,031	2,456,471
Insurance	241,116	249,790
Depreciation	3,415,961	2,471,647
Interest expense	569,555	368,314
Total expenses (Note 9)	29,069,345	26,546,043
Operating Income	1,688,335	2,080,894
Nonoperating Income		
Investment income (Note 4)	1,244,003	624,057
Contributions and other income	88,033	45,684
Change in unrealized investment gain (Note 4)	846,383	804,283
Total nonoperating income	2,178,419	1,474,024
Excess of Revenue Over Expenses	3,866,754	3,554,918
Net Assets Released from Restriction	160,315	179,557
Increase in Unrestricted Net Assets	\$ 4,027,069	\$ 3,734,475

Franciscan Care Services, Inc.

Statement of Changes in Net Assets

	Year Ended	
	December 31, 2013	December 31, 2012
Unrestricted Net Assets		
Excess of revenue over expenses	\$ 3,866,754	\$ 3,554,918
Net assets released from restriction	160,315	179,557
Increase in Unrestricted Net Assets	4,027,069	3,734,475
Temporarily Restricted Net Assets		
Restricted contributions	160,315	179,557
Net assets released from restriction	(160,315)	(179,557)
Increase in Net Assets	4,027,069	3,734,475
Net Assets - Beginning of year	41,429,593	37,695,118
Net Assets - End of year	<u>\$ 45,456,662</u>	<u>\$ 41,429,593</u>

Franciscan Care Services, Inc.

Statement of Cash Flows

	Year Ended	
	December 31, 2013	December 31, 2012
Cash Flows from Operating Activities		
Increase in net assets	\$ 4,027,069	\$ 3,734,475
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	3,415,961	2,471,647
Net change in unrealized gains and losses on investments	(846,383)	(804,283)
Restricted contributions	(160,315)	(179,557)
Provision for bad debts	601,817	938,814
Changes in assets and liabilities that (used) provided cash:		
Patient and resident accounts receivable	(1,833,873)	(590,504)
Estimated third-party payor settlements	(435,823)	(1,688,167)
Prepaid expenses and other	(123,572)	(140,488)
Accounts payable and accrued expenses	190,045	309,700
Other liabilities	74,435	72,351
Deferred revenue - EHR meaningful use	1,477,150	-
Net cash provided by operating activities	6,386,511	4,123,988
Cash Flows from Investing Activities		
Purchase of property and equipment	(2,535,891)	(6,842,998)
Purchase of investments	(1,237,373)	(684,173)
Proceeds from sale and maturities of investments	-	239,618
Net cash used in investing activities	(3,773,264)	(7,287,553)
Cash Flows from Financing Activities		
Proceeds from issuance of debt obligations	-	4,680,000
Principal payments on debt obligations	(608,587)	(393,566)
Payments on construction payable	(1,821,773)	-
Contributions for property, plant, and equipment additions	160,315	179,557
Net cash (used in) provided by financing activities	(2,270,045)	4,465,991
Net Increase in Cash and Cash Equivalents	343,202	1,302,426
Cash and Cash Equivalents - Beginning of year	4,980,916	3,678,490
Cash and Cash Equivalents - End of year	\$ 5,324,118	\$ 4,980,916
Supplemental Cash Flow Information		
Cash paid for interest	\$ 562,759	\$ 492,984
Construction payable (property and equipment additions)	-	1,821,773

Franciscan Care Services, Inc.

Notes to Financial Statements December 31, 2013 and 2012

Note I - Nature of Business and Significant Accounting Policies

Reporting Entity and Corporate Structure - Franciscan Care Services, Inc. (the "Organization"), located in West Point, Nebraska, doing business as St. Francis Memorial Hospital and St. Joseph's Retirement Community, is a not-for-profit, non-stock Nebraska corporation. The Organization provides inpatient, outpatient, physician, and assisted-living services to the residents of West Point, Nebraska and the surrounding community.

The Organization is operated by Franciscan Sisters of Christian Charity Sponsored Ministries, Inc. (FSCCM), which is the sole corporate member of the Organization. FSCCM is a not-for-profit healthcare and higher education holding company incorporated to monitor and manage healthcare and higher education operations. Holy Family Convent of Franciscan Sisters of Christian Charity, Inc. is the sole corporate member of FSCCM.

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

Cash and Cash Equivalents - Cash and cash equivalents include cash and investments in highly liquid investments purchased with an original maturity of three months or less, excluding those amounts included in assets limited as to use. As of December 31, 2013 and 2012, the Organization had \$417,927 and \$1,227,438, respectively, of cash held in the bank which exceeded the federal deposit insurance limit.

Franciscan Care Services, Inc.

Notes to Financial Statements December 31, 2013 and 2012

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

Accounts Receivable - Accounts receivable for patients, insurance companies, and governmental agencies are based on gross charges. An allowance for contractual adjustments and interim payment advances is based on expected payment rates from payors based on current reimbursement methodologies. This amount also includes amounts received as interim payments against unpaid claims by certain payors. Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Organization analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Organization records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts in the period they are determined to be uncollectible.

Investments - Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet. Fair value is determined based on the fair value measurement principles described in Note 6. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in excess of revenue over expenses unless the income or loss is restricted by donor or law. Substantially all of the Organization's investments are classified as trading securities due to the investment strategy and investment philosophies used by the Organization. Investment managers may execute purchases and sales of investments without prior approval of management.

Franciscan Care Services, Inc.

Notes to Financial Statements December 31, 2013 and 2012

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

The Organization invests the majority of its funds in the FSCCM pooled investment management program. The pooled investment management program primarily invests in cash and cash equivalents, marketable equity securities, corporate and government bonds, mutual funds, common collective funds, real estate funds, fund of fund hedge funds, and private equity funds. Earnings in the pooled investment program are allocated to the participants based upon each participant's weighted average percentage of the pooled investment fund.

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

Assets Limited as to Use - Assets limited as to use represent funded depreciation assets designated internally for future capital improvement, replacement, and expansion of the Organization's facilities. In addition, funds for St. Joseph Retirement Community have been designated by the board of directors for the purpose of furthering the mission of Franciscan Sisters of Christian Charity to provide healthcare and housing services to the elderly and disabled residents of northeastern Nebraska.

Property and Equipment - Property and equipment amounts are recorded at cost. Donated property and equipment are recorded at the estimated fair value at the time of donation. Depreciation is computed principally on the straight-line basis over the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports the expiration when the assets are placed in service.

Professional and Other Liability Insurance - The Organization and subsidiaries accrue an estimate of the ultimate expense, including litigation and settlement expense, for incidents of potential professional service and other liability claims occurring during the year as well as for those claims that have not been reported at year end. The expected amount of insurance recoveries is recorded as other current assets of approximately \$200,000 and \$203,000 as of December 31, 2013 and 2012, respectively.

Franciscan Care Services, Inc.

Notes to Financial Statements December 31, 2013 and 2012

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

Net Patient Service Revenue - The Organization recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Organization recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Organization's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Organization records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

	2013	2012
Patient service revenue (net of contractual allowances and discounts):		
Third-party payors	\$ 27,282,053	\$ 26,643,026
Self-pay	3,251,812	2,669,081
Total all payors	<u>\$ 30,533,865</u>	<u>\$ 29,312,107</u>

Retroactively calculated adjustments arising under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Management believes that it is in compliance with all applicable laws and regulations. Final determination of compliance of such laws and regulations is subject to future government review and interpretation. Violations may result in significant regulatory action including fines, penalties, and exclusions from the Medicare and Medicaid programs.

Charity Care - The Organization provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Excess of Revenue Over Expenses - The statement of operations includes excess of revenue over expenses. Changes in unrestricted net assets, which are excluded from excess of revenue over expenses, consistent with industry practice, include net assets released from restrictions for the acquisition of long-lived assets.

Franciscan Care Services, Inc.

Notes to Financial Statements December 31, 2013 and 2012

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

Temporarily Restricted Net Assets - Temporarily restricted net assets reflect assets contributed or pledged to the Organization, the use of which is restricted by the donor. Temporarily restricted net assets are restricted for medical education, indigent care, and property and equipment purchases. Investment earnings on temporarily restricted investments may be restricted by donors for specific purposes.

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

Tax Status - The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. With few exceptions, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2009.

Accounting for Uncertainties in Income Taxes - The Organization has evaluated and reviewed uncertain tax positions and found the potential exposure to be insignificant.

Pension Plans - The Organization has a tax-deferred annuity plan which covers all Organization employees meeting certain eligibility requirements. Employees may contribute up to the elective deferral limit set by law and depending on years of service, the Organization will match 100 percent of their salary deferral ranging from 2.5 percent to 5.5 percent. In 2013 and 2012, the Organization incurred \$396,991 and \$394,935, respectively, in expenses under the plan.

Franciscan Care Services, Inc.

Notes to Financial Statements December 31, 2013 and 2012

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

EHR Meaningful Use - The Organization attested to the Centers for Medicare and Medicaid Services (CMS) that Stage I of Meaningful Use has been met. As such, the Organization recognized \$625,400 within other operating revenue for 2013 as electronic health record (EHR) incentive payments from Medicare and Medicaid. In addition, the Organization recorded deferred revenue for the accelerated depreciation of funds which are expected to be received from Medicare for the purchase of the asset. This amount will be recognized over the EHR technology's useful life assigned for depreciating the asset.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including March 10, 2014, which is the date the financial statements were issued.

Note 2 - Patient Accounts Receivable

The details of patient accounts receivable are set forth below:

	2013	2012
Patient accounts receivable	\$ 6,290,848	\$ 5,082,898
Less allowance for uncollectible accounts	(1,162,000)	(1,200,000)
Less allowance for contractual adjustments	(976,520)	(772,867)
Net patient accounts receivable	4,152,328	3,110,031
Other	528,208	338,449
Total accounts receivable	<u>\$ 4,680,536</u>	<u>\$ 3,448,480</u>

The Organization grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. The composition of receivables from patients and third-party payors was as follows:

	Percentage	
	2013	2012
Medicare	33 %	26 %
Blue Cross/Blue Shield	13	13
Medicaid	4	6
Commercial insurance and HMOs	18	22
Self-pay	32	33
Total	<u>100%</u>	<u>100%</u>

Franciscan Care Services, Inc.

Notes to Financial Statements December 31, 2013 and 2012

Note 3 - Net Patient Service Revenue

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. A summary of the basis of reimbursement with these third-party payors is as follows:

- **Medicare** - The Organization is designated as a critical access hospital under the Medicare program and, as such, receives 101 percent of reasonable, cost-based reimbursement for inpatient and most outpatient services provided to Medicare beneficiaries, less the current mandated sequester. Certain outpatient services are reimbursed on an established fee-screen methodology.
- **Medicaid** - Inpatient and most outpatient services are reimbursed based on a percentage of reasonable cost. Certain outpatient services are reimbursed on an established fee-screen methodology.
- **Blue Cross/Blue Shield of Nebraska** - Services rendered to Blue Cross/Blue Shield of Nebraska subscribers are reimbursed based on a discount of gross charges.

The Medicare and Medicaid reimbursement is based on allowable cost for both programs which does not reflect the true cost of providing healthcare services to these patients. This is due to certain types of expenses incurred by the Organization that are not allowed as reimbursable expenses under the Medicare and Medicaid programs.

Cost report settlements result from the adjustment of interim payments to final reimbursement under these programs and are subject to audit by the fiscal intermediaries. Although these audits may result in some changes in these amounts, they are not expected to have a material effect on the accompanying financial statements.

The Medicare program has initiated a recovery audit contractor (RAC) initiative, whereby claims subsequent to October 1, 2007 will be reviewed by contractors for validity, accuracy, and proper documentation. A demonstration project completed in several other states resulted in the identification of potential significant overpayments. As of December 31, 2013, the Organization is unable to determine the extent of liability for overpayments, if any.

Franciscan Care Services, Inc.

Notes to Financial Statements December 31, 2013 and 2012

Note 4 - Assets Limited as to Use

The detail of assets limited as to use is summarized in the following schedule:

	2013	2012
Board-designated investments:		
Funded depreciation investment included in FSCCM pooled investment management program	\$ 17,267,562	\$ 15,190,721
Repurchase agreements	65,824	65,445
U.S. government securities and fixed-income funds	85,254	78,718
Total	<u>\$ 17,418,640</u>	<u>\$ 15,334,884</u>

Investment income and gains for assets limited as to use, cash equivalents, and other investments are comprised of the following for the years ended December 31, 2013 and 2012:

	2013	2012
Income from pooled funds	\$ 1,230,458	\$ 611,953
Interest income	13,545	12,104
Unrealized gain on trading securities	846,383	804,283
Total income	<u>\$ 2,090,386</u>	<u>\$ 1,428,340</u>

Note 5 - Community Benefit

In support of its mission, the Organization provides various health-related services, at a loss, to the indigent and other residents in its service area. The following is a summary of the Organization's community benefit expense for the years ended December 31, 2013 and 2012:

	2013	2012
Community benefit programs and services (unaudited)	\$ 1,044,696	\$ 1,000,472
Donations/Contributions (unaudited)	53,707	44,256
Charity care	296,798	331,907
Unpaid costs for Medicaid patients (unaudited)	176,973	122,143
Total community benefit before Medicare losses	1,572,174	1,498,778
Unpaid costs for Medicare patients (unaudited)	261,204	208,457
Total community benefit	<u>\$ 1,833,378</u>	<u>\$ 1,707,235</u>

Franciscan Care Services, Inc.

Notes to Financial Statements December 31, 2013 and 2012

Note 5 - Community Benefit (Continued)

Community Benefit Programs and Services - Community benefit programs include programs provided to people with inadequate healthcare resources or for other groups within the community that need special services and support. Examples include programs related to the poor and elderly, substance abuse programs, child abuse programs, and programs for others with specific healthcare needs. Examples of services include initiatives such as health promotion, education, and screening.

Donations/Contributions - Donations/Contributions include cash and in-kind donations that are made on behalf of the poor and needy to community agencies and to special funds for charitable activities as well as resources contributed directly to programs, organizations, and foundations.

Charity Care - The Organization provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Charity care is determined based on established policies, using patient income and assets to determine payment ability. The amount reflects the cost of free or discounted health services, net of contributions and other revenues received, as direct assistance for the provision of charity care. The estimated cost of providing charity services is based on a calculation which applies a ratio of cost to charges to the gross uncompensated charges associated with providing care to charity patients. Charity care does not include bad debts.

Unpaid Costs for Medicaid Government Program Patients - The Organization is a licensed Medicaid provider with approximately 5 percent of its patient base qualifying for this program. At present, the reimbursement rate for the Medicaid program does not fully cover the cost of care to these patients. This represents the estimated shortfall created when a facility receives payments below the costs of treating Medicaid and other public program beneficiaries.

Unpaid Costs for Medicare Government Program Patients - The Organization is a licensed Medicare provider with approximately 46 percent of its patient base qualifying for this program. At present, the reimbursement rates for the Medicare programs do not fully cover the cost of care to these patients. This represents the estimated shortfall created when a facility receives payments below the costs of treating Medicare beneficiaries.

Note 6 - Fair Value

Accounting standards require certain assets be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Franciscan Care Services, Inc.

Notes to Financial Statements December 31, 2013 and 2012

Note 6 - Fair Value (Continued)

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The following tables present information about the Organization's assets held directly by the Organization, excluding its investment in the pooled investment program, measured at fair value on a recurring basis at December 31, 2013 and 2012 and the valuation techniques used by the Organization to determine those fair values.

Fair Value Measurements

	Total Investment Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2013				
Assets limited as to use:				
Repurchase agreements	\$ 65,824	\$ -	\$ 65,824	\$ -
U.S. government securities and fixed-income funds	85,254	-	85,254	-
Total	<u>\$ 151,078</u>	<u>\$ -</u>	<u>\$ 151,078</u>	<u>\$ -</u>
December 31, 2012				
Assets limited as to use:				
Repurchase agreements	\$ 65,445	\$ -	\$ 65,445	\$ -
U.S. government securities and fixed-income funds	78,718	-	78,718	-
Total	<u>\$ 144,163</u>	<u>\$ -</u>	<u>\$ 144,163</u>	<u>\$ -</u>

Franciscan Care Services, Inc.

Notes to Financial Statements December 31, 2013 and 2012

Note 6 - Fair Value (Continued)

The fair value of money market securities, U.S. government securities, and fixed-income funds at December 31, 2013 was determined primarily based on Level 2 inputs. The Organization estimates the fair value of these investments based upon the amortized value of bonds and the readily determinable fair value of the underlying investments in fixed-income investments.

As described in Note 4, the Organization participates in the FSCCM's pooled investment program. As of December 31, 2013 and 2012, the Organization has \$17,267,562 and \$15,190,721, respectively, of investments at market value in the pool. The fair value of the investment in the pooled investment program is determined based on Level 3 inputs, estimated based on the Organization's percentage share of ownership based on original value of contributions. There are no restrictions on redemption from the pooled investment program for the Organization.

Within the FSCCM pooled investment management program, the underlying investments in the pooled program are comprised of assets with valuation techniques that result in 64 percent as Level 1, 25 percent as Level 2, and 11 percent as Level 3 inputs as of December 31, 2013 and 59 percent as Level 1, 28 percent as Level 2, and 12 percent as Level 3 inputs as of December 31, 2012. The fair values of real estate funds and private equity funds at December 31, 2013 were determined primarily based on Level 3 inputs, which were estimated based upon the net asset value per share (or its equivalent) of the investment company. The fair value of fund of funds hedge funds was determined primarily based on Level 2 inputs, which were estimated based upon the net asset value per share (or its equivalent) of the investment company. The details of fair value and unfunded commitments are described at length in the financial statements of FSCCM.

The Organization's pro-rata share of unfunded commitments is approximately \$566,000 and \$526,000 at December 31, 2013 and 2012, respectively.

Franciscan Care Services, Inc.

Notes to Financial Statements December 31, 2013 and 2012

Note 6 - Fair Value (Continued)

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended December 31, 2013 and 2012 are as follows:

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis

	Pooled Investments
Balance at January 1, 2013	\$ 15,190,721
Total gains included in excess of revenue over expenses	2,076,841
Balance at December 31, 2013	<u>\$ 17,267,562</u>
Balance at January 1, 2012	\$ 13,774,485
Total gains included in excess of revenue over expenses	1,416,236
Balance at December 31, 2012	<u>\$ 15,190,721</u>

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets. As a result, the unrealized gains for these assets presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

Note 7 - Property and Equipment

The cost of property, plant, and equipment and depreciable lives are summarized as follows:

	2013	2012	Depreciable Life - Years
Land and land improvements	\$ 2,234,244	\$ 2,195,897	0-25
Buildings	19,358,530	18,192,557	10-40
Furniture, fixtures, and equipment	36,621,207	30,880,187	5-20
Construction in progress	17,490	4,804,791	-
Total cost	58,231,471	56,073,432	
Accumulated depreciation	<u>(25,865,581)</u>	<u>(22,827,472)</u>	
Total property and equipment	<u>\$ 32,365,890</u>	<u>\$ 33,245,960</u>	

The renovation of existing patient rooms, hospital rehab department, and the Dinklage Medical Clinic was completed in 2013 along with the implementation of a new information technology software system. Both the renovations and implementation of the new information technology software system were financed from cash reserves and current operations.

Franciscan Care Services, Inc.

Notes to Financial Statements December 31, 2013 and 2012

Note 8 - Long-term Debt

Long-term debt at December 31, 2013 and 2012 consisted of the following:

	2013	2012
Hospital Authority of Cuming County, Nebraska, Bonds Payable, Series 2009, interest at 4.75 percent, due in installments to 2019	\$ 1,283,428	\$ 1,493,832
Hospital Authority of Cuming County, Nebraska, Bonds Payable, Series 2010, interest at 4.25 percent, due in installments to 2032	11,408,951	11,807,134
Total	12,692,379	13,300,966
Less current portion	635,955	608,587
Long-term portion	<u>\$ 12,056,424</u>	<u>\$ 12,692,379</u>

The Series 2009 and 2010 Bonds were issued under a master trust indenture through FSCCM. The master trust indenture provides that all members of the Obligated Group (which consists of the Organization, FSCCM, Holy Family Memorial, Inc., Good Samaritan Medical Center of the Franciscan Sisters of Christian Charity, and St. Paul Elder Services, Inc.) jointly and severally guarantee the payment of all indebtedness issued under the indenture. The aggregate outstanding balance of the notes issued under the master trust indenture as of December 31, 2013 and 2012 was approximately \$67,762,000 and \$71,440,000, respectively. Indebtedness issued under the indenture is collateralized by a security interest in the pledged revenue of the Obligated Group members.

On behalf of the Obligated Group, FSCCM obtained a line of credit with a bank with interest due monthly at LIBOR, plus 2.5 percent. The line of credit has a maximum borrowing capacity of \$5,000,000 and matures on December 31, 2014. The Obligated Group has an obligation to make payments on the line of credit bank for unmarketed bonds by the expiration date of the line of credit. There were no borrowings on this line of credit as of December 31, 2013.

Franciscan Care Services, Inc.

Notes to Financial Statements December 31, 2013 and 2012

Note 8 - Long-term Debt (Continued)

In July 2010, Series 2010 Bonds in the amount \$12,000,000 were issued in the form of Loan Funding Revenue Notes (Franciscan Care Services, Inc., Project), Series 2010. The principal amount of \$12,000,000 was advanced upon request for reimbursement by the Organization, with the full amount of the notes being advanced on June 30, 2012. The Series 2010 Bonds bear interest at 4.25 percent, fixed for the first seven years. Interest is to be reset for five-year periods thereafter until maturity based upon the five-year Federal Home Loan Bank of Des Moines fixed advance rate with the rate change not to exceed the prior effective rate by 1.5 percent with a 4 percent floor. Annual installments on the Series 2010 Bonds began in September 2012 ranging from \$446,848 to \$893,695.

Under the terms of the bond indentures, the Obligated Group is required to comply with certain financial covenants, including debt service coverage ratios and maintenance of other certain financial ratios.

Minimum principal payments on the long-term debt to maturity as of December 31, 2013 are as follows:

2014	\$	635,955
2015		664,557
2016		694,450
2017		725,691
2018		758,343
Thereafter		<u>9,213,383</u>
Total	\$	<u>12,692,379</u>

Note 9 - Functional Expenses

The Organization is a general acute-care and assisted-living facility that provides inpatient and outpatient healthcare services and assisted-living services in West Point, Nebraska. Expenses related to providing these services for the years ended December 31, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Healthcare services	\$ 25,570,865	\$ 23,487,381
General and administrative	<u>3,498,480</u>	<u>3,058,662</u>
Total	<u>\$ 29,069,345</u>	<u>\$ 26,546,043</u>

Franciscan Care Services, Inc.

Notes to Financial Statements December 31, 2013 and 2012

Note 10 - Medical Malpractice Claims

Based on the nature of its operations, the Organization is at times subject to pending or threatened legal actions, which arise in the normal course of its activities.

The Organization is insured against medical malpractice claims under a claims-based policy, whereby only the claims reported to the insurance carrier during the policy period are covered, regardless of when the incident giving rise to the claim occurred. Under the terms of the policy, the Organization bears the risk of the ultimate costs of any individual claims exceeding policy limits for claims asserted in the policy year.

Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on the occurrences during the claims-made term, but reported subsequently, will be uninsured.

The Organization is not aware of any medical malpractice claims, either asserted or unasserted, that would exceed the policy limits. No claims have been settled during the past three years that have exceeded policy coverage limits. The cost of this insurance policy represents the Organization's cost for such claims for the year, and it has been charged to operations as a current expense.

Note 11 - Related Party Transactions

The Organization paid \$145,320 and \$122,400 in 2013 and 2012, respectively, to FSCCM for administrative services performed. In addition, the Organization employs the services of Sisters in the Order of The Franciscan Sisters of Christian Charity.

During the years ended December 31, 2013 and 2012, the Organization received \$86,896 and \$165,417, respectively, from St. Francis Memorial Hospital Foundation and \$75,000 and \$30,000, respectively, from St. Joseph's Retirement Community Foundation. These funds were used to fund property additions and charity care for the assisted living facility. The foundations are 501(c)(3) organizations whose purpose is to support the Organization; however, the Organization does not have control over the foundations and, accordingly, their financial position and results of operations are not included in the accompanying financial statements.