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





















- 2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No
If "Yes," describe these new services on Schedule O
- 3** Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No
If "Yes," describe these changes on Schedule O
- 4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4b	(Code) (Expenses \$	including grants of \$) (Revenue \$)
	Please see Schedule O for a detailed statement of Program Service Accomplishments Please visit our website for a detailed community benefit report at http //www. ropersaintfrancis. com/about_us/mission_and_community_activities/annualreport. aspx				

[illegible]

4d	Other program services (Describe in Schedule O) (Expenses \$ including grants of \$) (Revenue \$)
4e	Total program service expenses 290,654,741

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 Yes	
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or 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		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	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	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	Yes	
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	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		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.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		
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.		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
3b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.	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)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		
13b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	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	7	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	Yes
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
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	The governing body?	8a	Yes
8b	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	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	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	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	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	The organization's CEO, Executive Director, or top management official	15a	Yes
15b	Other officers or key employees of the organization	15b	Yes
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	Yes
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	Yes

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	SC
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. <input type="checkbox"/> Own website <input checked="" type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> 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 The Finance Department 1483 Tobias Gadson Blvd 101 Charleston, SC 29407 (843) 789-1704	

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

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 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

[illegible]

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	1,384,506	13,215,837	2,351,032

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 124

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Roper Emergency Physicians 639 McCutchen Street Charleston SC 29412	Physician Fees	5,365,867
Morrison Management Specialists PO Box 102289 Atlanta GA 303682289	Cafeteria Management	5,331,911
Anesthesia Assoc of Charleston PO Box 22206 Charleston SC 29413	Anesthesia Services	2,986,995
Palmetto Emergency Physicians of Berkele 1385 Miles Drive Charleston SC 29407	Physician Fees	1,703,357
Angelica Textile Services PO Box 535122 Atlanta GA 30353	Linen Rental	1,360,540

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶73

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns 1a					
	b	Membership dues 1b					
	c	Fundraising events 1c					
	d	Related organizations 1d	4,080,417				
	e	Government grants (contributions) 1e					
	f	All other contributions, gifts, grants, and similar amounts not included above 1f					
	g	Noncash contributions included in lines 1a-1f \$ 188,474					
	h	Total. Add lines 1a-1f	4,080,417				
Program Service Revenue	2a	Net Patient Service	Business Code 621400	379,512,948	378,927,239	585,709	
	b	Clinical Research	900099	620,135	620,135		
	c	Cytology Net Income	900099	295,840	295,840		
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f	380,428,923				
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	55,096			55,096
4		Income from investment of tax-exempt bond proceeds					
5		Royalties					
6a		Gross rents	(i) Real 214,926	(ii) Personal			
		b	Less rental expenses	0			
		c	Rental income or (loss)	214,926			
		d	Net rental income or (loss)	214,926			214,926
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
		b	Less cost or other basis and sales expenses		372,933		
		c	Gain or (loss)		-372,933		
		d	Net gain or (loss)	-372,933			-372,933
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	55,776			
		c	Net income or (loss) from fundraising events	-55,776			-55,776
9a		Gross income from gaming activities See Part IV, line 19	a				
		b	Less direct expenses b				
		c	Net income or (loss) from gaming activities				
10a		Gross sales of inventory, less returns and allowances	a				
		b	Less cost of goods sold b	485,495			
		c	Net income or (loss) from sales of inventory	266,814			
Miscellaneous Revenue		Business Code					
11a	Incentive Payments	900099	3,285,080	3,285,080			
	b	340B Prescription Drug Program	900099	2,590,163	2,590,163		
	c	Cafeteria & Vending	722210	1,548,255		1,548,255	
	d	All other revenue		289,790		289,790	
	e	Total. Add lines 11a-11d	7,713,288				
12	Total revenue. See Instructions		392,282,622	385,718,457	585,709	1,898,039	

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.	443,558	443,558		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	1,193,956	249,554	944,402	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	255,317	255,317		
7	Other salaries and wages.	127,799,761	99,508,397	28,291,364	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	3,535,033	2,754,034	780,999	
9	Other employee benefits.	14,436,122	11,267,336	3,168,786	
10	Payroll taxes.	6,388,169	4,976,823	1,411,346	
11	Fees for services (non-employees):				
a	Management.	4,491,659	3,490,019	1,001,640	
b	Legal.	662,824		662,824	
c	Accounting.	220,414		220,414	
d	Lobbying.	3,459		3,459	
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	25,336,603	23,008,549	2,328,054	
12	Advertising and promotion.	2,140,508	1,626,856	513,652	
13	Office expenses.	21,333,036	16,640,478	4,692,558	
14	Information technology.	200,896		200,896	
15	Royalties.				
16	Occupancy.	10,233,114	9,682,658	550,456	
17	Travel.	438,288		438,288	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	535,894		535,894	
20	Interest.	80,619	80,619		
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	18,069,009	18,069,009		
23	Insurance.	1,767,923	1,054,167	713,756	
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	UBI taxes.	84,866		84,866	
b	Medical supplies.	65,717,823	65,717,823		
c	Bad debt expense.	20,254,241	20,254,241		
d	Medical DSH tax.	10,242,128	10,242,128		
e	All other expenses.	1,610,339	1,333,175	277,164	
25	Total functional expenses. Add lines 1 through 24e.	337,475,559	290,654,741	46,820,818	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		46,004	1	7,425
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		57,937,012	4	53,623,261
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		5,811,029	8	6,201,925
	9	Prepaid expenses and deferred charges		1,024,030	9	2,119,319
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a364,045,664			
	b	Less accumulated depreciation	10b206,004,339	167,960,727	10c	158,041,325
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		343,864,085	13	406,323,920
	14	Intangible assets		11,124,499	14	11,124,499
	15	Other assets See Part IV, line 11		6,871,525	15	6,164,234
	16	Total assets. Add lines 1 through 15 (must equal line 34)		594,638,911	16	643,605,908
Liabilities	17	Accounts payable and accrued expenses		1,323,051	17	1,082,652
	18	Grants payable			18	
	19	Deferred revenue		100,472	19	72,540
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties		1,494,477	24	1,180,821
	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		13,952,518	25	9,189,423
	26	Total liabilities. Add lines 17 through 25		16,870,518	26	11,525,436
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		577,768,393	27	632,080,472
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		577,768,393	33	632,080,472
	34	Total liabilities and net assets/fund balances		594,638,911	34	643,605,908

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	392,282,622
2	Total expenses (must equal Part IX, column (A), line 25)	2	337,475,559
3	Revenue less expenses Subtract line 2 from line 1	3	54,807,063
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	577,768,393
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	150,413
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-645,397
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	632,080,472

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		No
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	Yes	
2c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	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 Roper Hospital Inc	Employer identification number 57-0828733
---	---

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 | | | | | | | | | |
- For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990EZ.

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2013

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	
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SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.**

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

OMB No 1545-0047

2013

Open to Public
Inspection

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

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

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

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

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

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

Name of the organization Roper Hospital Inc	Employer identification number 57-0828733
--	--

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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> 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?	<input type="checkbox"/> Yes <input type="checkbox"/> 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?		<input type="checkbox"/> Yes <input type="checkbox"/> 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?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		3,459
j	Total Add lines 1c through 1i			3,459
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Return Reference	Explanation
Part II-B, Line 1	The organization is a member of the American Medical Rehab Providers Association (ARPA). This organization engages in lobbying efforts on behalf of their membership bodies, and each year a portion of membership dues is allocated to these lobbying expenditures. For 2013, membership dues attributable to lobbying were approximately \$3,459.

[illegible]

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 Roper Hospital Inc	Employer identification number 57-0828733
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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? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	
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? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	

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		3,872,178		3,872,178
b Buildings		247,220,065	132,806,330	114,413,735
c Leasehold improvements		10,384,931	5,777,269	4,607,662
d Equipment		100,936,241	67,420,740	33,515,501
e Other		1,632,249		1,632,249
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) ▶				158,041,325

Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XIII

Supplemental Information

Provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Return Reference	Explanation
Part X, Line 2	Roper Hospital is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from federal and state income taxes. The Lowcountry Surgery Center is a limited liability company. Under current laws, income or loss of limited liability companies is included in the income tax returns of the members. Accordingly, no provision for income taxes is made in the consolidated financial statements. Although [the consolidated group] is generally exempt from federal and state income taxes, it evaluates whether there are any uncertain tax positions that fail to meet the more-likely-than-not threshold for recognition in the consolidated financial statements. Uncertain tax positions may include the characterization of income, such as a characterization of income as passive, a decision to exclude reporting taxable income in a tax return, or a decision to classify a transaction, entity, or other position in a tax return as tax exempt. The tax return benefit from an uncertain tax position is recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. The organization has no unrecognized tax positions as of December 31, 2013 and 2012, and does not expect that unrecognized tax benefits will materially increase within the next 12 months. Tax years 2010 through 2012 are subject to examination by the federal and state taxing authorities, respectively. There are no income tax examinations currently in process. Interest and penalties related to uncertain tax positions, if any, would be recognized in the consolidated financial statements as income tax expense.

[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
Roper Hospital Inc

Employer identification number
57-0828733

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 <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> 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 <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>29900 0000000000 %</u> 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 <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other <u>39900 0000000000 %</u> 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)			27,271,540	11,481,401	15,790,139	4 980 %
b Medicaid (from Worksheet 3, column a)			20,845,427	19,692,473	1,152,954	0 360 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . .						
d Total Financial Assistance and Means-Tested Government Programs . .			48,116,967	31,173,874	16,943,093	5 340 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			550,387		550,387	0 170 %
f Health professions education (from Worksheet 5)			2,227,641	273,598	1,954,043	0 620 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			220,689		220,689	0 070 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			5,198,154	2,381,625	2,816,529	0 890 %
j Total Other Benefits			8,196,871	2,655,223	5,541,648	1 750 %
k Total. Add lines 7d and 7j . .			56,313,838	33,829,097	22,484,741	7 090 %

Part II

Community 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
1	Physical improvements and housing					
2	Economic development					
3	Community support					
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building		133,446		133,446	0.040 %
7	Community health improvement advocacy					
8	Workforce development					
9	Other					
10	Total		133,446		133,446	0.040 %

Part III

Bad 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

No

2

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

2

20,254,241

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

8,101,696

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

118,725,503

6

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

6

143,160,747

7

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

7

-24,435,244

8

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

☐

Cost accounting system

☐

Cost to charge ratio

☒

Other

Section C. Collection Practices

9a

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

9a

Yes

b

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

9b

Yes

Part IV

Management Companies and Joint Ventures

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 1 Lowcountry Surgery Center (DBA Roper St Francis Eye Surgery Center)	Eye Surgery	50.500 %		49.500 %
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)

Roper 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 <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> 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 <input checked="" type="checkbox"/> Hospital facility's website (list url) <u>www.rsfh.com</u>		
b <input type="checkbox"/> Other website (list url) _____		
c <input checked="" type="checkbox"/> Available upon request from the hospital facility		
d <input type="checkbox"/> 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 <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide plan		
d <input type="checkbox"/> Participation in the execution of a community-wide plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7 Yes	
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	No
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No		
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes		
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>299 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes		
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>399 00000000000000</u> % 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 <input checked="" type="checkbox"/> Income level					
b <input type="checkbox"/> Asset level					
c <input checked="" type="checkbox"/> Medical indigency					
d <input checked="" type="checkbox"/> Insurance status					
e <input checked="" type="checkbox"/> Uninsured discount					
f <input type="checkbox"/> Medicaid/Medicare					
g <input type="checkbox"/> State regulation					
h <input type="checkbox"/> Residency					
i <input checked="" type="checkbox"/> 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 <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website					
b <input checked="" type="checkbox"/> The policy was attached to billing invoices					
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms					
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices					
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility					
f <input checked="" type="checkbox"/> The policy was available upon request					
g <input checked="" type="checkbox"/> 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 <input type="checkbox"/> Reporting to credit agency					
b <input type="checkbox"/> Lawsuits					
c <input type="checkbox"/> Liens on residences					
d <input type="checkbox"/> Body attachments					
e <input type="checkbox"/> 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?					No
If "Yes," check all actions in which the hospital facility or a third party engaged					
a <input type="checkbox"/> Reporting to credit agency					
b <input type="checkbox"/> Lawsuits					
c <input type="checkbox"/> Liens on residences					
d <input type="checkbox"/> Body attachments					
e <input type="checkbox"/> 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	Yes	
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		
a	<input type="checkbox"/>	The hospital facility did not provide care for any emergency medical conditions
b	<input type="checkbox"/>	The hospital facility's policy was not in writing
c	<input type="checkbox"/>	The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
d	<input type="checkbox"/>	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	<input type="checkbox"/>	The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
b	<input type="checkbox"/>	The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
c	<input type="checkbox"/>	The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
d	<input checked="" type="checkbox"/>	Other (describe in Part VI)
21		No
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		
22		No
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		

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? 19

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

Part VI Supplemental Information

Provide the following information

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

Form and Line Reference	Explanation
Part I, Line 3c	In addition to using the federal poverty guidelines to determine free and discounted care (see Part I, Lines 3a and 3b), the hospital system offers a 35% discount for patients who are uninsured A 10% prompt payment discount is offered to all self-pay or self pay-after-insurance-patients who pay the balance at one time Medical indigency adjustments are available to those that meet the established guidelines The Hospital will provide free care for patients with a signed charity care application who have income between 0 - 299% of FPG If a signed charity care application is not obtained, after 120 days of collection efforts, the hospital will use the Health Care Advisory Board's self pay compass program to automatically qualify patients for charity care through the use of an electronic scoring technique The hospital will provide free care for patients who have income of 350% and below of FPG as determined by the self pay compass program The Hospital will provide a 90% discount for patients with a signed charity care application who have income between 300 - 399% of FPG If a signed charity care application is not obtained, the hospital will not provide discounted care
Part I, Line 6a	The organization's community benefit report is made available through its corporate parent, CareAlliance Health Services d/b/a Roper St Francis Healthcare

Form and Line Reference	Explanation
Part I, Line 7	Worksheet 2 of the 2013 Schedule H instructions was used to compute a cost-to-charges ratio used to calculate charity care and unreimbursed Medicaid at cost
Part I, Ln 7 Col(f)	The Bad Debt expense included on Form 990, Part IX, Line 25, Column (A), but subtracted for purposes of calculating the percentage in this column is \$ 20,254,241

Form and Line Reference	Explanation
Part I, Line 7(e)	<p> Advantage Programs - \$ 14,559 Aneurysm Support Group - 9,917 Breast Cancer Focus/Suvivor Group - 2,416 Breastfeeding is Best Support Group - 2,299 Community Calendars and Newsletters - 5,834 Enrollment Assistance in Public Programs - 64,556 Families for a Healthy Heart Program - 13,288 Health Education and Lectures by Staff - 12,762 Health Fairs and Career Days - 52,464 House Calls Magazine 175,014 HIV Program and Activities - 12,673 Myeloma Support Group - 174 Perinatal Services for Our Lady of Mercy - 75,233 PSA Screening - 232 SCI Peer Mentor Program - 578 Young Stroke Survivors Support Group - 48 WIC - 30,041 Community Benefit Program Oversight Costs - 58,197 Community Health Needs Assessment - 20,102 Total to Line 7(e), Col (e) - 550,387 </p>
Part II, Community Building Activities	<p> In 2013, the Hospital performed the following activities to build up the community 1 Habitat for Humanity2 Participation in economic development council and chamber of commerce on issues impacting the community's health and safety 3 Collaborative partnerships with community groups to improve economic stability of the community </p>

Form and Line Reference	Explanation
Part III, Line 3	For patients who do not turn in a signed charity care application, after 120 days of collection efforts, RSFH uses the Health Care Advisory Board's self pay compass program to automatically qualify patients for charity care through the use of an electronic scoring technique. The data received through this software is believed to err on the side of denying charity. The estimate of bad debt that could have been charity is based on the system error rate. Please note that patients who complete a full charity care application and qualify for charity under our policy are granted charity regardless of the score in the self-pay compass system.
Part III, Line 4	Bad debts reported on Part III, Line 2 are reported at gross charges per the organization's audited financial statements. Please refer to the second footnote of the organization's audited financial statements for a description of receivables and bad debts.

Form and Line Reference	Explanation
Part III, Line 8	<p>The entire amount of Medicare shortfall qualifies as community benefit. Our treatment of Medicare patients, as described in IRS Rev. Rul. 69-545, indicates that Roper Hospital operates to promote the health of the community. By taking Medicare patients, the hospital promotes access to healthcare services, which is a community benefit. The organization uses the Medicare cost report to determine the costs reported on Part III, Line 5 and 6. Had we included revenues and costs from all Medicare programs including Medicare Part C, this would have resulted in an additional shortfall of \$7,639,462.</p>
Part III, Line 9b	<p>The hospital uses the Health Care Advisory Board's self-pay compass program to identify a patient's propensity to pay. Accounts with an FPL of 350% and below will be identified once the self-pay AR billing process has been completed and prior to the account being referred to a collection agency. Accounts with FPL of 350% and below will be given a charity adjustment. Once an account has been referred to bad debt, the organization will make every effort to ensure that all self-pay collectors demonstrate consistent, compassionate, and professional service while conducting business on behalf of the health system. This will include, but is not limited to, guarantor notification and contact/collection attempts, discount opportunities, payment plan arrangements, account balance notifications, face-to-face meetings, and detailed bill generation. An outsourced self-pay billing agency will contact the guarantor to set up payment arrangements. Financial assistance discounts are offered to guarantors who meet the charity guidelines. Self-pay patients receive a 35% discount off total charges. They are also eligible for a 10% prompt payment discount if they pay the balance during the discussion. Discounts may be combined if all requirements are met. In pursuit of collections, the hospital and its agents will not attach liens on property, garnish wages, pursue legal actions (unless recommended by the self-pay billing entities), sell accounts, or send bankrupt guarantors to collection agencies.</p>

Form and Line Reference	Explanation
Part VI, Line 2	<p>Roper St Francis Healthcare identified community health needs by undergoing an assessment process in 2013 that complies with IRS Section 501(r) The Needs Assessment is posted on our website http://www.rsfh.com/About_Us/Mission_and_Community_Activities/Needs_Assessment.aspx and we invite the community to review and respond to this document so that our collaborative efforts can make living in our community more enjoyable and healthier As allowed by IRS guidelines, Roper St Francis Healthcare decided to produce a joint CHNA report in collaboration with its three Charleston area hospitals as those facilities define their communities to be the same Each hospital files a Schedule H and has a customized implementation plan attached The community needs assessment process consists of 5 steps data assessment, community input, prioritization and implementation strategy, reporting, and monitoring In the data assessment step, service areas were defined, external data research was completed and key findings were summarized Interviews were conducted with persons with special knowledge of public health, hospital personnel, local organizations, and community outreach advocates Our service area for this assessment is defined as the Tri-County area of Charleston, Berkeley, and Dorchester Counties We used the following sources in the data assessment process Nielson Claritas, 2012 County Health Rankings, Health Indicators Warehouse, The Advisory Board Company, Kids Count Data Center, Truven Health Analytics, and the USDA Data from these sources was used to identify at-risk populations, underserved populations, health need areas, and professional shortage areas See the answer to Schedule H, Part VI, question 4 for a description of the community served Subsequent to the data assessment step, the Community Needs Assessment Team entered into dialogue with key hospital administrators, physicians, those with knowledge/expertise in public health, and those serving underserved and chronic disease populations During the community input phase, the team conducted face-to-face interviews, phone interviews, and surveys in which respondents were able to comment and discuss general community health issues of their specific service area Through these numerous interviews and surveys, a summary of community input was created This summary would eventually be used to help focus in on priorities and ultimately, implementation strategies Respondents who participated in this phase included experts in the field of public health, hospital administration members, community outreach groups, and other local organizations Respondents included Dana Millet, Director of DHEC Lowcountry Region, Joseph Chambers, MD, Public Health expert and consultant, Thaddeus Bell, MD, with Closing the Gap in Healthcare Other respondents were from focus groups in the Charleston Promise Neighborhood (North Charleston), East Cooper Community Outreach (Mt Pleasant), Neighborhood House (Charleston), and Our Lady of Mercy Outreach Center (Johns Island) Collection and analysis of results from the CHNA data assessment, survey, interviews, and focus groups provided a strong foundation for identifying health needs and service gaps In June 2013, Roper St Francis Healthcare held multiple sessions with leading stakeholders to assess initial findings and establish priorities These various constituents included representatives from the Medical University of South Carolinas strategic planning team, leadership of Trident United Way's Health Council and 2-1-1 program, experts from Joseph P Riley Jr Center for Livable Communities at the College of Charleston, and public health consultants Twelve priority areas of need emerged for the Tri-County service area As part of the prioritization process, Roper St Francis Healthcare conducted an inventory of existing system-based outreach programs, community partnerships, and other collaborative resources that currently address each of the priority areas</p> <p>1)Access to Services for Uninsured and Underinsured Access Health Tri-county Network, RSF Financial Assistance Policy and Patient Financial Services staff to assist, partnerships with Free Clinics such as Barrier Island Free Medical Clinic, Our Lady of Mercy Outreach and Crisis Ministries, new RSF Mt Pleasant Hospital and Physician Partners network development 2)Obesity, Nutrition, and Activity RSF Bariatric & Metabolic Services, Diabetes Treatment Center, Cardiac Rehabilitation Centers and related programs, Lowcountry Senior Center programs, Families for Healthy Heart program, Employee "Wellness Works" program with coaching available, partnering with community groups such as City of Charleston's "Lighten Up Charleston" and "Closing the Gap in Healthcare", farmers markets at hospitals 3)Mental Health "Highway to Hope" program with mobile van/partnership with mental health departments, Behavioral Health Unit, case management/assessment through Emergency Departments 4)Alcohol and Drug Abuse Community investment support for community programs, addressed through Behavioral Health Unit and Physician Partners practices 5)Breast Center/Mammography Breast Cancer Center at Roper Hospital, RSF Cancer Center, "Ladies Night Out" community outreach programs 6)Maternal and Child Healthcare/Infant Mortality Prenatal Care programs throughout system, special focus on prenatal care and treatment through RSF Mt Pleasant and Bon Secours St Francis hospitals specifically, with outreach to rural communities, support and partnership with Our Lady of Mercy Outreach, Franklin C Fetter Clinic and others 7)Prevention/Wellness/Outreach Employee "Wellness Works" program with coaching available, Families for Healthy Heart program, Community Screenings and health fairs, partnerships and support for community wellness and prevention programs 8)High Prevalence of Chronic Disease Heart and Vascular treatments and programs, development of Palliative Care program, Cancer Center outreach and support programs 9)Lack of Transportation ITN (Independent Transportation Network), volunteers giving rides for medical appointments, support for CARTA public transportation and use of taxis throughout system when needed, development of Physician Partners network for closer proximity of population areas 10)Low Healthcare Literacy and Distrust Among Those with Limited Access Health Literacy training through Professional Development, Case Management and Nursing focus on discharge planning and instructions, "Closing the Gap in Healthcare" public education programs 11)Coordination of Care Across Settings "Transitions of Care" process throughout RSF, new grant through Duke Endowment for this, Case Management model for Access Health Tri-County Network, RSF Home Health, Palliative Care program and new Hospice program 12)Cultural Awareness and Effective Programs Professional Development programs for cultural competencies, development of Diversity program and educational efforts, support for "Closing the Gap in Healthcare" program, Mandatory on-line program for employees After examining the range of services currently available, the expertise, outreach, and capacity of the RSFH system, and the resources available to best address needs through other community organizations, Roper St Francis Healthcare senior leadership chose the following 6 issues as priorities to implement for its current CHNA Access to Services and Coverage for the Uninsured and Underserved, Mental Health, Maternal and Child Health, Prevention/Wellness/Outreach, High Prevalence of Chronic Disease, and Coordination of Care Across Settings For the needs identified through the CHNA that did not emerge as strategic priority areas of need (Obesity, Nutrition and Activity, Alcohol and Drug Abuse, Breast Cancer/Mammography, Lack of Transportation, Low Healthcare Literacy and Distrust Among Those with Limited Access, Cultural Awareness and Effective Programs), Roper St Francis Healthcare will continue to provide the support and services as listed in the inventory of community outreach and services to address these issues The Roper St Francis Community Needs Assessment Team developed implementation strategies for each health issue identified as a strategic priority This implementation plan (attached) will be rolled out over the next 3 years Strategies are be clearly defined with a matrix of which areas each RSFH hospital will address Some strategies may be addressed by more than one RSFH hospital or the system as a whole The team will develop a monitoring method to provide status and results of these efforts to improve community health RSFH is committed to conducting another health needs assessment in three years The Community Health Needs Assessment for fiscal December 31, 2013 was approved by the Board of Directors at its meeting held on October 12, 2013</p>
Part VI, Line 3	<p>The Hospital shall send anyone who requests information on the hospital's financial assistance program a letter outlining required information and a financial assistance application form Requests for financial assistance may be proposed by sources other than the patient, such as the patient's physician, family members, social service organizations, community or religious groups, or hospital personnel Statements to patients from the Hospital outline our charity care policy and our charity care policy is posted on our website If patients indicate they are not able to pay their bill, we will provide the patient with a charity care application Patients can also meet with a member of our financial counseling department to learn about their financial assistance options Brochures are printed in English and Spanish telling patients to contact the financial counseling department The Hospital wants its patients' focus to be on health and recovery and not financial worry There is absolutely no additional cost for our financial counseling assistance Additionally, patients can meet with staff of the Medicaid program The program staff will meet with patients individually to help them apply for publicly supported programs such as Medicaid, Medicare, and disability Counselors meet with patients in the hospital as well as making home visits as appropriate The staff can also help identify resources to help pay for medication All of this information is posted on our website with the appropriate contact information</p>

Form and Line Reference	Explanation
Part VI, Line 4	<p>The System's primary service area consists of Charleston, Berkeley, and Dorchester counties, and includes the major municipalities of Charleston, North Charleston, Mount Pleasant, and Summerville. Approximately 703,000 residents live within the primary service area, based on Nielsen Claritas estimates for 2013. Population in the primary service area is projected to grow 8.1% between 2013 and 2018 based on Nielsen Claritas projections. In 2013, 14% of households within the primary service area had income less than \$15K, 12% had income between \$15K and \$25K, 26% had income between \$25K and \$50K, 18% between \$50K and \$75K, 12% between \$75K and \$100K, and 18% above \$100K compared to the national rates of 14%, 12%, 25%, 18%, 12%, and 19%, respectively. Within the primary service area, poverty continues to be an issue. According to the US Census Bureau's 2010 Small Area Health Insurance Estimates (SAHIE), an estimated 108,943 Tri-county residents lack health insurance. There is a vast overrepresentation of the uninsured living at or below the Federal Poverty Level. The US Department of Health and Human Services designated 6 medically underserved areas and 1 medically underserved population within our primary service area. From April 2012 to April 2013, the unemployment rate in the primary service area decreased from 7.1% to 5.9%. This is a lower unemployment rate than the national average, which was 7.7% in April 2012 declining to 7.1% in April 2013. The secondary service area includes Colleton, Orangeburg, Georgetown, Hampton, Beaufort, Williamsburg, and Horry counties. In addition to the system's facilities, there are three other non-military hospitals in the primary service area.</p>
Part VI, Line 5	<p>In keeping with our mission of healing all people with compassion, faith, and excellence, Roper St Francis Healthcare strives to enrich the health of our community. We do this by offering charity care to those in need, reaching out to our neighbors with health fairs and educational materials, sponsoring organizations and events that promote wellness and community well-being, and marshalling our resources to advance the health and dignity of each person with whom we come in contact. We are the lowcountry's only non-governmental, not for profit healthcare system. With this distinction, we believe it is our responsibility to advocate for and respond to our neighbors' needs through community benefit. Surplus funds are returned to our community through the development of new facilities to serve population growth, the expansion of existing facilities, subsidizing care for those who are unable to pay, sponsorship of healthcare related activities including outreach clinics and programs for the uninsured, and investing in technology to improve the quality of patient care. The organization is committed to the enrichment of healthcare in our community as evidenced by the composition of our Board of Directors and Open Medical Staff. Our governing body is comprised of a 13-member Board of Directors. At least nine directors must have their primary residence in a community served by the system. Five directors must be physicians actively engaged in the full time practice of medicine. The hospital extends medical staff privileges to all qualified physicians in the area for most of our departments.</p>

Form and Line Reference	Explanation
Part VI, Line 6	CareAlliance Health Services (d/b/a) Roper St Francis Healthcare (RSFH) is a charitable health care delivery system based in Charleston, South Carolina. The 657-bed health system provides services at 90 facilities and doctors' offices conveniently located throughout our region. One of these facilities is Roper Hospital, Inc, an acute care hospital with 368 licensed beds. CareAlliance was formed effective August 1, 1998, through the execution of an affiliation agreement between the following founding members: - The Medical Society of South Carolina, - Bon-Secours Health System, Inc, and - Carolinas Healthcare System. CareAlliance is the sole corporate member and, through its by-laws, has the power to control the financial and business affairs of Roper Hospital, Inc.
Part VI, Line 7, Reports Filed With States	SC

Additional Data

Software ID:
Software Version:
EIN: 57-0828733
Name: Roper Hospital Inc

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

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

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

Name and address	Type of Facility (describe)
1 Roper Hospital Diagn & ER - Northwoods 2233 Northwoods Blvd North Charleston, SC 29406	radiology, pharmacy, lab, and emergency services
2 Roper Hospital Diagn & ER - Berkeley 730 Stoney Landing Road Moncks Corner, SC 29461	radiology, pharmacy, lab, and emergency services
3 Roper Hospital Amb Surgery & Pain Mgmt 325 Folly Road Ste 200 Charleston, SC 29412	radiology, pharmacy, lab, and emergency services
4 Roper Hospital Radiation Oncology - Rope 2085 Henry Tecklenburg Dr Ste 106 Charleston, SC 29414	radiology, pharmacy, lab, and emergency services
5 Roper Hospital Diagn - James Island 325 Folly Road Ste 108 205 Charleston, SC 29412	radiology, pharmacy, lab, and emergency services
6 Roper St Francis Home Health Care 1483 Tobias Gadson Blvd 208 Charleston, SC 29407	radiology, pharmacy, lab, and emergency services
7 Roper Hospital PETCT - Roper St Francis 2085 Henry Tecklenburg Dr Ste 105 Charleston, SC 29414	radiology, pharmacy, lab, and emergency services
8 Roper Hospital Amb Surgery - Berkeley 730 Stoney Landing Road Moncks Corner, SC 29461	radiology, pharmacy, lab, and emergency services
9 Roper Hospital Diagn - Moncks Corner 2061 Highway 52 Moncks Corner, SC 29461	radiology, pharmacy, lab, and emergency services
10 Roper Hospital Diagn - Medical Office B 125 Doughty Street Ste 160 Charleston, SC 29403	radiology, pharmacy, lab, and emergency services
11 Roper Hospital Imaging - Wingo Way 180 Wingo Way Ste 105 Mt Pleasant, SC 29464	radiology, pharmacy, lab, and emergency services
12 Lowcountry Surgery Center dba Roper St 18 Farmfield Avenue Charleston, SC 29407	radiology, pharmacy, lab, and emergency services
13 Roper Hospital Rehab - Berkeley 730 Stoney Landing Road Moncks Corner, SC 29461	radiology, pharmacy, lab, and emergency services
14 Roper Hospital Diagn - Goose Creek 149 St James Avenue Goose Creek, SC 29445	radiology, pharmacy, lab, and emergency services
15 Roper Hospice 1483 Tobias Gadson Blvd 208 Charleston, SC 29407	radiology, pharmacy, lab, and emergency services
16 Roper Hospital Imaging - Wesley Drive 615 Wesley Drive Ste 120 Charleston, SC 29407	radiology, pharmacy, lab, and emergency services
17 Roper Hospital Sleep Lab - Berkeley 730 Stoney Landing Road Moncks Corner, SC 29461	radiology, pharmacy, lab, and emergency services
18 Roper Hospital Diagn - KiawahSeabrook 345 Freshfield Drive Ste J101 Johns Island, SC 29455	radiology, pharmacy, lab, and emergency services
19 Roper Hospital Diagn - Farmfield 16 Farmfield Avenue Ste E Charleston, SC 29407	radiology, pharmacy, lab, and emergency services

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
Roper Hospital Inc

Employer identification number
57-0828733

Part I

Questions Regarding Compensation

	Yes	No
<div><div>1a</div><div>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</div><div><div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div></div>		
<div><div>b</div><div>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</div></div>		
<div><div>2</div><div>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?</div></div>	Yes	
<div><div>3</div><div>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</div><div><div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div><div><div><input type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></div></div>		
<div><div>4</div><div>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</div></div>		
<div><div>a</div><div>Receive a severance payment or change-of-control payment?</div></div>		No
<div><div>b</div><div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div></div>	Yes	
<div><div>c</div><div>Participate in, or receive payment from, an equity-based compensation arrangement?</div></div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div>		No
<div><div></div><div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div></div>		
<div><div>5</div><div>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</div></div>		
<div><div>a</div><div>The organization?</div></div>		No
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>		No
<div><div>6</div><div>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</div></div>		
<div><div>a</div><div>The organization?</div></div>	Yes	
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>	Yes	
<div><div>7</div><div>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</div></div>	Yes	
<div><div>8</div><div>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</div></div>		No
<div><div>9</div><div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?</div></div>		

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

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

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

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

Part III Supplemental Information

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

Return Reference	Explanation
Part I, Line 4b	The Vice Presidents, CFO, and CEO participate in the 457(f) Plan. The vesting period changed from 3 to 5 years in 2013, so not all Vice Presidents received payouts in 2013. The following participants received compensation through a 457(f) Plan: Steven Shapiro - 138,861 (from a related organization); Howard Harrison - 14,400 (from a related organization); Bret Johnson - 77,448 (from a related organization); David Dunlap - 65,893 (from a related organization).
Part I, Line 6	Goals are developed each year to support the organization's strategic initiatives for people, quality, financial, growth and service. The Ad Hoc Compensation Committee approves the system goals annually and reports to the full Board of Directors. Progress on each metric is reported to the board each month on the corporate scorecard. At year end, the Ad Hoc Compensation Committee approves the final scorecard number and reports results to the full board. Annual incentives for the executives are based on 60% on the corporate scorecard and 40% on individual performance. Executives maintain an individual scorecard on the leader evaluation manager and discuss results monthly with the President/CEO. The President/CEO approves the individual executive scorecard. System Vice Presidents and the system CEO are eligible to participate in a long term incentive plan (LTIP). An LTIP typically takes place over a three year period and does not vest until the end of the third year. To receive payment, executives must still be employed by the system at the end of the plan period. Each LTIP has a financial and clinical objective that is aligned with the organization's strategic goals. Threshold, target, and maximum performance ranges are established for these objectives and are measured based on performance against similar organizations or compared to an internal metric such as an improvement over prior performance. These targets and objectives are approved by the Ad Hoc Compensation Committee. The incentive is earned based on the satisfaction of the threshold, target, or maximum performance ranges. The Ad Hoc Compensation Committee also approves the final LTIP performance score and the amount paid to executives under the plan. Results are reported to the full board annually.
Part I, Line 7	See the response to Line 6 above.
Part II, Line 1 Compensation from unrelated organizations	Carolinas Healthcare System provides the compensation of David L. Dunlap, CEO, CareAlliance Health Services, Bret D. Johnson, CFO, CareAlliance Health Services, and John Sullivan, CEO, Roper St. Francis Mt. Pleasant Hospital. Mr. Dunlap and Mr. Johnson are employees of Carolinas Healthcare System and their compensation is paid by CareAlliance Healthcare Services, a related organization, through a management fee to Carolinas Healthcare System. Mr. Sullivan is also an employee of Carolinas Healthcare System, and his compensation is paid by Roper St. Francis Mt. Pleasant hospital, a related organization, through a management fee to Carolinas Healthcare System. Additional information: CareAlliance Health Services has board representations from the 3 founding organizations: The Medical Society of SC (6 board members), Bon-Secours Health System, Inc. (6 board members), and Carolinas Healthcare System (1 board member). None of the 13 appointed board members receive compensation for their membership. Additionally, 4 of the 6 board members appointed by the Medical Society of South Carolina also serve on the Board of the Medical Society. None receive compensation for their services as a board member. It is the founding members' intent that the members of the Board of Directors are appointed to such positions because they have a willingness to serve the needs of the system as a whole and not the needs of any individual founding member.

Additional Data

Software ID:
Software Version:
EIN: 57-0828733
Name: Roper Hospital Inc

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
John M Jordan Chair (See Sch O)	(i)	0	0	0	0	0	0	0
	(ii)	278,568	40,000	0	15,298	14,060	347,926	0
Stanley Wilson MD Vice Chair (As of July) (See Sch O)	(i)	0	0	0	0	0	0	0
	(ii)	403,272	192,395	3,719	30,298	30,150	659,834	0
W Blount Ellison MD Vice Chair (Thru June) (See Sch O)	(i)	0	0	167,679	0	0	167,679	0
	(ii)	0	0	0	23,800	0	23,800	0
Shannon Honney MD Board Member (See Sch O)	(i)	0	0	0	0	0	0	0
	(ii)	158,525	62,250	1,821	7,798	8,369	238,763	0
David Dunlap President & CEO Of CAHS	(i)	0	0	0	0	0	0	0
	(ii)	564,253	243,585	119,710	239,566	23,342	1,190,456	147,469
Matthew J Severance CEO / Secretary	(i)	404,868	158,411	6,779	161,638	35,514	767,210	80,348
	(ii)	0	0	0	0	0	0	0
Steven D Shapiro MD CMO & VP Med Affiars	(i)	0	0	0	0	0	0	0
	(ii)	365,522	132,182	139,455	94,178	12,956	744,293	164,373
Bret Johnson CFO & SVP / Treasurer	(i)	0	0	0	0	0	0	0
	(ii)	318,383	126,517	83,120	153,397	29,781	711,198	113,869
Allen Carroll SVP Operations	(i)	0	0	0	0	0	0	0
	(ii)	336,173	130,327	956	135,518	19,987	622,961	61,013
Douglas W Bowling CSO & VP	(i)	0	0	0	0	0	0	0
	(ii)	298,362	107,128	4,908	116,358	22,499	549,255	45,559
John Sullivan VP Operations	(i)	0	0	0	0	0	0	0
	(ii)	221,976	100,766	32,644	154,217	23,083	532,686	41,128
Gregory T Edwards VP & General Counsel	(i)	0	0	0	0	0	0	0
	(ii)	289,786	98,139	5,806	98,514	29,196	521,441	40,386
H Douglas Harrison VP Human Resources	(i)	0	0	0	0	0	0	0
	(ii)	241,994	66,916	29,657	75,118	11,394	425,079	16,069
Michael Taylor CIO & VP	(i)	0	0	0	0	0	0	0
	(ii)	258,079	80,422	15,387	93,278	14,968	462,134	22,217
Lisa Schafer Thru June VP Nursing/Sr Nurse Exec RHI	(i)	101,288	43,025	4,002	27,298	5,690	181,303	10,266
	(ii)	0	0	0	0	0	0	0
R Levern Livingston MD Roper Board Chair	(i)	0	0	0	0	0	0	0
	(ii)	132,929	14,000	7,224	12,798	22,336	189,287	0
Pennie Lynn Peralta VP Nursing/Sr Nurse Exec SFX	(i)	0	0	0	0	0	0	0
	(ii)	163,499	42,003	387	51,703	18,384	275,976	14,215
Diana Topjian VP Nursing/Sr Nurse Exec MPH	(i)	0	0	0	0	0	0	0
	(ii)	145,862	32,158	548	38,240	18,798	235,606	0
Mark Dickson VP Mission	(i)	0	0	0	0	0	0	0
	(ii)	133,914	25,182	2,731	29,926	27,630	219,383	0
John M Grayson MD Dir of Heart Ctr	(i)	66,708	5,040	197	2,205	2,961	77,111	0
	(ii)	320,456	24,210	946	10,593	14,224	370,429	0

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Peter DiNicola Dir of Plant Engineering	(i)	0	0	0	0	0	0	0
	(ii)	192,390	21,764	4,137	13,742	5,139	237,172	0
Wanda Brockmeyer Dir of Emergency Services	(i)	0	0	0	0	0	0	0
	(ii)	143,758	13,694	9,524	9,710	10,575	187,261	0
Joan Wherley Dir of Imaging Services	(i)	0	0	0	0	0	0	0
	(ii)	139,734	17,209	2,809	6,889	8,339	174,980	0
Susan Bennett Asso Nurse Executive	(i)	143,813	13,248	207	6,682	10,368	174,318	0
	(ii)	0	0	0	0	0	0	0
Robert Lowery MD Physician	(i)	11,500	0	0	0	0	11,500	0
	(ii)	758,012	499,340	7,586	30,298	27,491	1,322,727	0
John Steichen MD Physician	(i)	13,500	0	0	0	0	13,500	0
	(ii)	1,131,832	110,053	8,516	30,298	31,705	1,312,404	0
Stephen Rawe MD Physician	(i)	18,000	0	0	0	0	18,000	0
	(ii)	1,221,897	0	12,357	30,298	19,620	1,284,172	0
George Khoury MD Physician	(i)	13,000	0	0	0	0	13,000	0
	(ii)	1,165,933	41,187	6,921	30,298	31,705	1,276,044	0
John Graham MD Physician	(i)	134,551	0	0	0	0	134,551	0
	(ii)	748,718	89,236	10,063	30,298	30,275	908,590	0
Francis Wyckoff Jr Dir of Pharmacy, Former Key Emp	(i)	0	0	0	0	0	0	0
	(ii)	169,277	20,749	3,794	16,965	12,027	222,812	0

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
Roper Hospital Inc

Employer identification number
57-0828733

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
Total ▶ \$											

Part III Grants or Assistance Benefitting Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Coastal Cardiology	Owned in part by Board member W. Blount Ellison, MD	469,561	Provision of cardiology services to organization. Amount of transaction indicates the aggregate payment for services performed.		No
(2) Anesthesia Associates of Charleston	Business relationship with Board member Julius Ivester, MD	3,311,718	Provision of anesthesia services to organization. Amount of transaction indicates the accrued aggregate payment for services performed.		No
(3) Roper Emergency Physicians	Owned in part by Officer Dr. John Walters	5,365,867	Physician Fees		No
(4) Sonde Smith	Family relationship with Board member Julius Ivester, MD	61,659	Compensation as employee		No
(5) Lauri Pendarvis	Family relationship with Board member Julius Ivester, MD	146,521	Compensation as employee		No
(6) Jennifer Dunlap	Family relationship with Officer David Dunlap	47,137	Compensation as employee		No

Part V Supplemental Information

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

Return Reference	Explanation
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SCHEDULE M
(Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

►Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
► Attach to Form 990.

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Roper Hospital Inc

Employer identification number
57-0828733

Part I

Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ► (Special Light)	X	1	183,321	
26 Other ► (Wheelchair)	X	1	2,000	
27 Other ► (Patient Tops/)	X	1	1,653	
28 Other ► (Rehab Equipme)	X	1	1,500	

29

Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement

30a

During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?

b

If "Yes," describe the arrangement in Part II

31

Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

32a

Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?

b

If "Yes," describe in Part II

33

If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II

Yes

No

No

No

No

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

Cat No 51227J

Schedule M (Form 990) (2013)

Part III

Supplemental Information. Provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

Return Reference	Explanation
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SCHEDULE O
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ****Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.****▶ Attach to Form 990 or 990-EZ.****▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at
www.irs.gov/form990.**

OMB No 1545-0047

2013**Open to Public
Inspection**Name of the organization
Roper Hospital Inc**Employer identification number**

57-0828733

**Return
Reference****Explanation**Form 990, Part
VI, Section A,
line 3

Carolinas Healthcare System (CHS), an unrelated organization, provides the compensation of Mr David L Dunlap, CEO, CareAlliance Health Services, Mr Bret D Johnson, CFO, CareAlliance Health Services, and Mr John Sullivan, CEO, Roper St Francis Mt Pleasant Hospital Mr Dunlap and Mr Johnson are employees of CHS and their compensation is paid by CareAlliance Health Services, a related organization, through a management fee to CHS Mr Sullivan is also an employee of CHS, and his compensation is paid through a management fee by Roper St Francis Mt Pleasant Hospital

Return Reference	Explanation
Form 990, Part VI, Section A, line 6	<p>The sole member of the corporation is CareAlliance Health Services, a South Carolina nonprofit, nonstock Corporation, d/b/a Roper St Francis Healthcare CareAlliance Health Services is in turn governed by a Board of Directors appointed by the "founding members" Please see the response to Line 7a below The bylaws of the organization specify certain qualifications of the thirteen member Board of Directors At least nine directors must have their primary residence in a community served by the system Five directors must be physicians actively engaged in the full time practice of medicine Five of the directors are appointed to the Board of Directors by virtue of positions held within MSSC, BSHSI and CHS (ex-officio directors) Each of the five ex-officio directors serves as a director of the organization for so long as such person holds his or her respective elected or appointed office in his or her respective founding member organization Directors serve three-year terms and are limited to three consecutive terms After an absence of at least one year, directors are again eligible for appointment to the Board of Directors for two consecutive complete terms</p>

Return Reference	Explanation
Form 990, Part VI, Section A, line 7a	The organization is governed by a thirteen member Board of Directors appointed by the founding members. Subject to certain nominating and governance committee approvals, six directors are appointed by the Medical Society of South Carolina (MSSC), Bon Secours Health Systems, Inc. (BSHSI) and one director is appointed by Carolinas Healthcare Systems (CHS). It is the founding members' intent that the members of the organization's Board of Directors are appointed to such positions because they have a willingness to serve the needs of the system as a whole and not the needs of any individual founding member.

Return Reference	Explanation
Form 990, Part VI, Section A, line 7b	<p>The following actions shall require the unanimous affirmative approval of all of the founding members (a) to amend the Articles of Incorporation or by-laws, including without limitation, any change in the corporation's purposes, provided, however, that, subject to the procedures and voting requirements with respect to the admission of non-founding members, Schedule 3 1 may be amended with the approval of two (2) of the founding members to reflect the admission of a non-founding member, (b) to dissolve or liquidate the corporation and to determine the distribution of assets upon dissolution, (c) to merge or consolidate the corporation or to sell, convey, transfer, lease, or otherwise dispose of all or substantially all of its assets, (d) to appoint the President and Chief Executive Officer of the corporation in a manner other than that established within the by-laws, (e) to alter or amend the corporation's ethical performance standards (defined below), or (f) to enter into any material agreement whereby a third party will (i) become an equity owner in any joint venture with the corporation or any system participant and will not be legally obligated to support the corporation's ethical performance standards, or (ii) manage a substantial part of the facilities, assets, or operations of the system and will not be legally obligated to comply with and support the corporation's ethical performance standards</p>

Return Reference	Explanation
Form 990, Part VI, Section B, line 11	<p>The 2013 Form 990 was prepared by an independent accounting firm with assistance and oversight by management. Reviews were then conducted by senior management before drafts were sent to each member of the organization's governing body. A transmittal letter accompanied the drafts and provided highlights of the Form 990 to the organization's Board of Directors. After the governing body approved the Form 990 draft, a final version was filed with the Internal Revenue Service.</p>

Return Reference	Explanation
Form 990, Part VI, Section B, line 12c	The directors shall complete and return to the secretary an annual statement that each (a) has received a copy of the conflict of interest policy, (b) has read and understands the policy, (c) agrees to comply with this policy, (d) understands that the policy applies to all committees, and (e) understands that the organization is a charitable organization and must continuously engage primarily in activities which accomplish one or more of its tax-exempt purposes

Return Reference	Explanation
Form 990, Part VI, Section B, line 15	<p>An independent company, Towers Watson, provides research, advice and guidance to the compensation committee and senior leadership to ensure the organization's compensation programs for executives covered by the "Intermediate Sanctions Legislation" (IRC Section 4958) are aligned with its stated philosophy. Base salaries are targeted at the 50th percentile of the established comparator market, Total cash compensation (base salary plus annual incentive payments) are targeted at the 75th percentile of the established comparator market, Total direct compensation (total cash compensation plus long term incentive payments) will not exceed the 90th percentile of the established comparator market, Benefits are targeted at market median, and In aggregate, base salary, total cash compensation, total direct compensation and benefits comprise total compensation for executives. The compensation committee ensures that executive total compensation is reflective of the organization's stated compensation philosophy. The committee, in this process, authorizes and supports an annual three step process utilizing Towers Watson's resources:</p> <ol style="list-style-type: none"> 1) Salary levels, annual bonus targets/payments and long term incentive grants are compared rigorously each year with market data based on comparable positions and organizations. A. Comparable organizations are typically not-for-profit healthcare systems with similar operating revenues. Private sector employer data, when available, are also included in the analysis for "transferable skills positions". B. Historically, performance incentive payouts generally track with a normal bonus payout distribution. Incentive goals are primarily based on formally defined quantitative goals approved by the ad hoc Compensation Committee of the RSFH Board of Directors. 2) All recommended pay decisions are tested against these data and the organization's stated compensation philosophy. 3) A formal opinion letter is prepared by Towers Watson, representing that senior executives are compensated within the reasonableness standards mandated by the IRS. A similar process is performed by Towers Watson for the CEO and CFO positions. This letter provides a "safe harbor" for the organization's "directors" relative to the reasonableness of total executive compensation consistent with IRC Section 4958.

Return Reference	Explanation
Form 990, Part VI, Section C, line 18	Photocopies of the Form 990 are available upon request at the organization's administrative office. In addition, recent filings of the Form 990 are available online at www.guidestar.org

Return Reference	Explanation
Form 990, Part VI, Section C, line 19	The organization's audited financial statements are published annually and are available to the public at www.dacbond.com

Return Reference	Explanation
Form 990, Part VII, Line 1	<p>The following board members were compensated for services performed for the organization (or a related organization) not in the capacity of their positions on the board. No board member is compensated for his services as a board member. John M. Jordan was compensated by the Medical Society of South Carolina for services as Chief Executive Officer. Stanley Wilson was compensated for medical services rendered to a related organization. W. Blount Ellison was compensated for medical services rendered to the organization. Shannon Honney was compensated for medical services rendered to a related organization. Alison E. Dillon was compensated for medical services rendered to a related organization. Wills C. Geils was compensated for medical services rendered to the organization and a related organization.</p>

Return Reference	Explanation
Form 990, Part IX, Line 1	The majority of the grants expense shown on Page 10 of the 990 is an allocation from the parent company, CareAlliance Health Services. All grants meeting disclosure requirements for 2013 have been listed on CareAlliance Health Service's Form 990.

Return Reference	Explanation
Form 990, Part XI, line 9	Funds Released For Capital 831,000 Pension and benefits expense allocation from CAHS -678,472 Capital and Support From Foundation -797,925

Return Reference	Explanation
Form 990, Part XII, Line 2C	The process has not changed from the prior year

Return Reference	Explanation
Form 990, Part III	<p>Creating Life Changing Moments in our Community The Roper St Francis 2013 Community Benefit Report Dear Friends, At Roper St Francis, we believe every moment matters Each moment of providing excellent care, each smile amongst teammates and every moment spent giving back to our community Moments of giving back can be found throughout our organization It's the financial counselor going to a patient's home to help them enroll in Medicaid It's the energized team of walkers at the Heart Walk coming together to raise awareness and dollars And it's the nurse donating her own time to help the uninsured at the Barrier Island Free Clinic In 2013, we gave over \$50 million in community benefit This number represents millions of small moments combined to make an enormous impact on our community I hope you find the moments of giving detailed in this report as inspiring as I do Sincerely, David L Dunlap, FACHE President and Chief Executive Officer * Roper St Francis uses the Voluntary Hospital Association /Catholic Health Association's standardized community benefit valuation methodology</p>

Return Reference	Explanation
Form 990, Part III	<p>Our Community Benefit \$35,107,560 Charity Care at Cost \$6,040,677 Unreimbursed Medicaid Cost \$8,475,021 Community Outreach Programs \$515,347 Community Investment \$50,138,605 Total Community Benefit Expense 6.6% of Roper St. Francis' Net Operating Revenue goes towards Community Benefit.</p> <p>A Teaching Moment We believe that feeling good helps you live every moment to the fullest, that's why we at Roper St. Francis are passionate about reaching out beyond the walls of our facilities to support our communities' health. In 2013, we provided 89,262 hours of staff time in support of wellness initiatives that directly touched 107,277 of our neighbors. This includes participating in over 100 community health fairs.</p> <p>A Moment to Give Back Sponsorships: Monetary contributions, volunteering our time and donating equipment are among the many ways we support community organizations and events that are consistent with our mission. In 2013, we provided \$515,347 in sponsorships.</p> <p>Trident United Way In 2013, Roper St. Francis employees showed their enormous commitment to our Lowcountry community and donated \$370,533 to the Trident United Way.</p> <p>American Heart Association's Heart Walk We walk the walk! Roper St. Francis employees raised \$21,600 for the American Heart Association's Heart Walk.</p> <p>A Moment to Serve Barrier Island Free Clinic: Roper St. Francis helps serve hundreds of uninsured people via our partnership with the Barrier Island Free Medical Clinic. In 2013, we provided financial support along with free lab and imaging tests. In addition, several of our nurses and doctors volunteer their time at the clinic.</p> <p>Crisis Ministries We create moments of wellness and fellowship through our partnership with Crisis Ministries, a place where people can receive a meal, a bed and access to a health clinic. Roper St. Francis sponsors an on-site nurse and makes regular donations of medical equipment, lab tests and medication. We are also supporting the creation of the new health clinic that will open in 2014.</p> <p>East Cooper Community Outreach Roper St. Francis' sponsorship dollars and support helps East Cooper Community Outreach provide case management services, medication assistance and healthcare.</p> <p>Our Lady of Mercy Community Outreach Center Welcoming a new baby into the world is one of life's greatest moments. Roper St. Francis proudly partners with Our Lady of Mercy Community Outreach Center to provide prenatal and wellness care to women in need.</p> <p>A Moment for Advocacy: Medicaid Expansion A large part of our mission is providing care to the poor. The Affordable Care Act gives states the option to accept federal funding to expand Medicaid and provide healthcare coverage to many more people. We believe the acceptance of federal funding available for Medicaid expansion is the moral and right thing to do.</p> <p>Mission Days Lowcountry: In August of 2013, hundreds of our teammates volunteered at a two-day medical clinic for the uninsured. Organized by the South Carolina Hospital Association, and with all local hospitals working together, one thousand people were seen and given primary medical care. Those attending were also put in touch with Tricounty Access Health and other local agencies for follow-up and ongoing care.</p> <p>Community Health Needs Assessment Throughout 2013, Roper St. Francis completed a Needs Assessment for the Tricounty area, utilizing public health data, surveys and focus groups. The assessment identified strategic priorities for our system and an implementation plan was created to address those needs. The six highlighted areas within our scope of care and planning are:</p> <ul style="list-style-type: none"> Access to Services and Coverage for the Uninsured and Underinsured Access to Mental Health Services Infant Mortality and Maternal and Child Health Prevention Wellness Outreach High Prevalence of Chronic Disease <p>Coordination of Care Across Settings</p> <p>A Moment for Recovery The Roper Rehabilitation Hospital is a 52-bed unique hospital within Roper Hospital that is dedicated to rehabilitation and functional recovery. Our excellent team is committed to making every moment of our patients' recovery matter. For generations, Roper St. Francis has been trusted with the health of our community. We understand the importance of your health and that of those you love - it's at the center of everything we do. It's why every moment matters. Why every second saved in the ER is crucial, why every bedside minute gets our full attention, why every moment spent learning about wellness and prevention is time well-spent. We believe that smiles can change lives. We believe in the power of caring. We believe it is the muscle behind medicine and the reason for hope. We believe in the power of community, of reaching out, of extending care and generosity to those who need it most. We believe that every moment matters.</p>

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
Roper Hospital Inc

Employer identification number
57-0828733

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
(1) James Island Surgery Center 1483 Tobias Gadson Blvd 101 Charleston, SC 29407 26-3858266	Surgery Center	SC	31,867,385	5,612,707	Roper Hospital Inc

Part II Identification of Related Tax-Exempt Organizations

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) CareAlliance Health Services 1483 Tobias Gadson Blvd 101 Charleston, SC 29407 57-0831165	Healthcare	SC	501(c)(3)	Line 3	N/A		No
(2) Bon Secours St Francis Xavier Hospital 1483 Tobias Gadson Blvd 101 Charleston, SC 29407 57-1067254	Healthcare	SC	501(c)(3)	Line 3	CareAlliance Health Services		No
(3) Roper St Francis Mt Pleasant Hospital 1483 Tobias Gadson Blvd 101 Charleston, SC 29407 57-0360499	Healthcare	SC	501(c)(3)	Line 3	CareAlliance Health Services		No
(4) Roper St Francis Hospital - Berkeley 125 Doughty Street 720 Charleston, SC 29403 26-3710229	Healthcare (Future)	SC	501(c)(3)	Line 3	CareAlliance Health Services		No
(5) Roper St Francis Physicians Network 125 Doughty Street 760 Charleston, SC 29403 26-2946628	Healthcare	SC	501(c)(3)	Line 3	CareAlliance Health Services		No
(6) Roper St Francis Foundation 125 Doughty Street 790 Charleston, SC 29403 57-1068509	Supporting Org	SC	501(c)(3)	Line 11a, I	CareAlliance Health Services		No
(7) The Medical Society Of South Carolina 69-B Barre Street Charleston, SC 29401 57-0288358	Supporting Org/Founding Member	SC	501(c)(3)	Line 11c, III-FI	N/A		No

Part III

Identification of Related Organizations Taxable as a Partnership

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) Lowcountry Surgery Center LLC (dba Roper St Francis Eye Surgery Center) 1483 Tobias Gadson Blvd 101 Charleston, SC 29407 58-1693021	Ambulatory Surgery Center	SC	Roper Hospital Inc	Related	25,880	599,440		No		Yes		50 500 %

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) CareAlliance Medical Services Organization 225 Doughty Street Charleston, SC 29403 57-1012837	Inactive	SC	N/A	C					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

Yes

1b

No

1c

Yes

1d

Yes

1e

Yes

1f

No

1g

No

1h

No

1i

Yes

1j

Yes

1k

No

1l

Yes

1m

Yes

1n

Yes

1o

Yes

1p

Yes

1q

Yes

1r

Yes

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) Lowcountry Surgery Center LLC	A	104,176	Cash
(2) Lowcountry Surgery Center LLC	L	99,234	Cash

Schedule R (Form 990) 2013

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
------------------	-------------

Additional Data

Software ID:
Software Version:
EIN: 57-0828733
Name: Roper Hospital Inc

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c) (3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
(1) CareAlliance Health Services 1483 Tobias Gadson Blvd 101 Charleston, SC 29407 57-0831165	Healthcare	SC	501(c)(3)	Line 3	N/A		No
(1) Bon Secours St Francis Xavier Hospital 1483 Tobias Gadson Blvd 101 Charleston, SC 29407 57-1067254	Healthcare	SC	501(c)(3)	Line 3	CareAlliance Health Services		No
(2) Roper St Francis Mt Pleasant Hospital 1483 Tobias Gadson Blvd 101 Charleston, SC 29407 57-0360499	Healthcare	SC	501(c)(3)	Line 3	CareAlliance Health Services		No
(3) Roper St Francis Hospital - Berkeley 125 Doughty Street 720 Charleston, SC 29403 26-3710229	Healthcare (Future)	SC	501(c)(3)	Line 3	CareAlliance Health Services		No
(4) Roper St Francis Physicians Network 125 Doughty Street 760 Charleston, SC 29403 26-2946628	Healthcare	SC	501(c)(3)	Line 3	CareAlliance Health Services		No
(5) Roper St Francis Foundation 125 Doughty Street 790 Charleston, SC 29403 57-1068509	Supporting Org	SC	501(c)(3)	Line 11a, I	CareAlliance Health Services		No
(6) The Medical Society Of South Carolina 69-B Barre Street Charleston, SC 29401 57-0288358	Supporting Org/Founding Member	SC	501(c)(3)	Line 11c, III-FI	N/A		No

CareAlliance Health Services

(d/b/a Roper St Francis Healthcare)

Consolidated Financial Statements as of and
for the Years Ended December 31, 2013 and 2012,
and Independent Auditors' Report

CAREALLIANCE HEALTH SERVICES
(d/b/a Roper St. Francis Healthcare)

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1–2
CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012	
Balance Sheets	3
Statements of Operations	4
Statements of Changes in Net Assets	5
Statements of Cash Flows	6–7
Notes to Consolidated Financial Statements	8–32

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
CareAlliance Health Services
(d/b/a Roper St Francis Healthcare)

We have audited the accompanying consolidated financial statements of CareAlliance Health Services (d/b/a Roper St Francis Healthcare) ("CareAlliance"), which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CareAlliance as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Deloitte & Touche LLP

May 21, 2014

CAREALLIANCE HEALTH SERVICES
(d/b/a Roper St. Francis Healthcare)

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 38,459,000	\$ 35,029,000
Patient accounts receivable — less allowances of \$77,146,000 and \$68,581,000 for uncollectible accounts in 2013 and 2012, respectively	103,828,000	104,944,000
Other receivables	12,337,000	14,996,000
Short-term investments	16,586,000	15,075,000
Inventories	10,927,000	10,916,000
Prepaid expenses and other current assets	8,698,000	7,633,000
Total current assets	190,835,000	188,593,000
LONG-TERM INVESTMENTS	169,703,000	144,864,000
ASSETS LIMITED AS TO USE	32,652,000	35,806,000
PROPERTY AND EQUIPMENT — Net	476,531,000	502,543,000
OTHER ASSETS	44,425,000	45,947,000
TOTAL	<u>\$ 914,146,000</u>	<u>\$ 917,753,000</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 26,238,000	\$ 19,096,000
Accounts payable	41,233,000	48,766,000
Accrued expenses	71,223,000	72,696,000
Accrued contribution payable to members — current portion	31,872,000	21,219,000
Total current liabilities	170,566,000	161,777,000
LONG-TERM DEBT — Net	312,171,000	334,939,000
OTHER LIABILITIES	58,487,000	78,950,000
Total liabilities	<u>541,224,000</u>	<u>575,666,000</u>
COMMITMENTS AND CONTINGENCIES (Notes 6, 9, 10, and 16)		
NET ASSETS		
Unrestricted		
CareAlliance Health Services	355,277,000	328,921,000
Noncontrolling interests in Lowcountry Surgery Center, LLC	199,000	159,000
Total unrestricted net assets	355,476,000	329,080,000
Temporarily restricted	10,149,000	6,847,000
Permanently restricted	7,297,000	6,160,000
Total net assets	<u>372,922,000</u>	<u>342,087,000</u>
TOTAL	<u>\$ 914,146,000</u>	<u>\$ 917,753,000</u>

See notes to consolidated financial statements

CAREALLIANCE HEALTH SERVICES**(d/b/a Roper St. Francis Healthcare)****CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
UNRESTRICTED REVENUES		
Patient service revenue (net of contractual allowances and discounts)	\$ 774,010,000	\$ 749,917,000
Provision for bad debts	<u>(42,281,000)</u>	<u>(42,207,000)</u>
Net patient service revenue	731,729,000	707,710,000
Other revenue	<u>23,828,000</u>	<u>22,101,000</u>
Total unrestricted revenues	<u>755,557,000</u>	<u>729,811,000</u>
EXPENSES		
Salaries and employee benefits	393,332,000	381,470,000
Supplies	132,974,000	128,838,000
Purchased services	73,148,000	72,340,000
Other expenses	79,018,000	73,043,000
Depreciation and amortization	49,815,000	48,249,000
Interest	<u>10,992,000</u>	<u>12,278,000</u>
Total expenses	<u>739,279,000</u>	<u>716,218,000</u>
OPERATING INCOME	16,278,000	13,593,000
NONOPERATING GAINS (LOSSES)		
Investment gains — net	27,869,000	19,283,000
Change in fair value of interest rate swaps	15,693,000	2,364,000
Loss on extinguishment of debt	(21,000)	(1,266,000)
Other — net	<u>(3,592,000)</u>	<u>(2,455,000)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>56,227,000</u>	<u>31,519,000</u>
INCREASE IN UNRESTRICTED NET ASSETS BEFORE MEMBER TRANSACTIONS	<u>\$ 56,227,000</u>	<u>\$ 31,519,000</u>

See notes to consolidated financial statements

CAREALLIANCE HEALTH SERVICES
(d/b/a Roper St. Francis Healthcare)

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
UNRESTRICTED NET ASSETS		
Increase in unrestricted net assets before member transactions	\$ 56,227,000	\$ 31,519,000
Contribution accrued to members	(31,872,000)	(23,328,000)
Contribution from member for acquisitions of property and equipment	1,185,000	6,287,000
Release of restricted funds for capital expenditures	857,000	3,129,000
Roper St Francis Foundation transfers	<u>(1,000)</u>	<u></u>
Increase in unrestricted net assets	<u>26,396,000</u>	<u>17,607,000</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	6,559,000	5,200,000
Investment gains — net	1,675,000	947,000
Net assets released from restrictions	(3,493,000)	(3,682,000)
Release of restricted funds for capital expenditures	(857,000)	(3,129,000)
Roper St Francis Foundation transfers	<u>(582,000)</u>	<u>(10,000)</u>
Increase (decrease) in temporarily restricted net assets	<u>3,302,000</u>	<u>(674,000)</u>
PERMANENTLY RESTRICTED NET ASSETS		
Contributions	503,000	1,312,000
Investment gains (losses) — net	51,000	(5,000)
Roper St Francis Foundation transfers	<u>583,000</u>	<u>10,000</u>
Increase in permanently restricted net assets	<u>1,137,000</u>	<u>1,317,000</u>
INCREASE IN NET ASSETS	30,835,000	18,250,000
NET ASSETS		
Beginning of year	<u>342,087,000</u>	<u>323,837,000</u>
End of year	<u>\$372,922,000</u>	<u>\$342,087,000</u>

See notes to consolidated financial statements

CAREALLIANCE HEALTH SERVICES
(d/b/a Roper St. Francis Healthcare)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 30,835,000	\$ 18,250,000
Adjustments to reconcile increase in net assets to net cash flows from operating activities		
Depreciation	49,288,000	47,733,000
Amortization	527,000	516,000
Amortization of bond discount and premium — net	(378,000)	(433,000)
Contribution accrued to members	31,872,000	23,328,000
Contributions from member and Foundation for acquisitions of property and equipment	(1,303,000)	(7,107,000)
Provision for uncollectible accounts	42,281,000	42,207,000
Realized and unrealized gains on investments and interest rate swap — net	(41,788,000)	(18,335,000)
Loss on property and equipment disposals	1,891,000	746,000
Loss on extinguishment of debt	21,000	1,266,000
Changes in operating assets and liabilities		
Accounts receivable	(37,635,000)	(46,034,000)
Inventories	(11,000)	326,000
Prepaid expenses and other current assets	(1,065,000)	(1,063,000)
Accounts payable, accrued expenses, and other liabilities	(7,029,000)	2,274,000
Net cash flows from operating activities	<u>67,506,000</u>	<u>63,674,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments and assets limited as to use	(70,470,000)	(105,700,000)
Sales of investments and assets limited as to use	70,140,000	88,822,000
Purchases of property and equipment	(19,684,000)	(38,592,000)
Cash proceeds from sales of property and equipment	<u>1,043,000</u>	<u>60,000</u>
Net cash flows from investing activities	<u>(18,971,000)</u>	<u>(55,410,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt		79,710,000
Principal payments on long-term debt and capital lease obligations	(20,861,000)	(68,362,000)
Debt issuance costs	(253,000)	(468,000)
Contribution paid to members	(23,424,000)	(14,421,000)
Contributions from member and others for acquisitions of property and equipment	1,303,000	7,107,000
Other	<u>(1,870,000)</u>	<u>(2,001,000)</u>
Net cash flows from financing activities	<u>(45,105,000)</u>	<u>1,565,000</u>

(Continued)

CAREALLIANCE HEALTH SERVICES
(d/b/a Roper St. Francis Healthcare)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ 3,430,000	\$ 9,829,000
CASH AND CASH EQUIVALENTS — Beginning of year	<u>35,029,000</u>	<u>25,200,000</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 38,459,000</u>	<u>\$ 35,029,000</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION — Cash paid for interest — net of amounts capitalized	<u>\$ 10,718,000</u>	<u>\$ 12,728,000</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH FINANCING AND INVESTING ACTIVITIES		
Capital additions financed through accounts payable	<u>\$ 1,543,000</u>	<u>\$ 4,230,000</u>
Capital lease obligations incurred	<u>\$ 5,613,000</u>	<u>\$ 984,000</u>
Deemed ownership obligations incurred (Note 6)	<u>\$ 2,825,000</u>	<u>\$ 10,968,000</u>
Lowcountry Surgery Center equipment loan	<u>\$ -</u>	<u>\$ 510,000</u>
See notes to consolidated financial statements		(Concluded)

CAREALLIANCE HEALTH SERVICES

(d/b/a Roper St. Francis Healthcare)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

1. ORGANIZATION

CareAlliance Health Services (d/b/a Roper St. Francis Healthcare (RSFH)) ("CareAlliance") is a charitable health care delivery system based in Charleston, South Carolina. CareAlliance provides services at more than 90 sites in five counties. These facilities include three acute care hospitals with 657 licensed beds, one specialty hospital, 15 centers for outpatient services, including surgery, diagnostics, and rehabilitation (physical, occupational, and speech therapies), three industrial medicine sites, five emergency rooms, and two urgent care centers. CareAlliance employs approximately 200 physicians, with a large primary care base and a variety of specialties.

CareAlliance was formed effective August 1, 1998, through the execution of an affiliation agreement between the following Founding Members, with each member's respective initial membership percentage:

The Medical Society of South Carolina (MSSC)	63 %
Bon-Secours Health System, Inc. (BSHSI)	27
Carolinas HealthCare System (CHS)	10

RSFH is governed by a thirteen (13)-member Board of Directors (the "Board of Directors") appointed by the Founding Members. Subject to certain Nominating Committee approvals, six (6) directors are appointed by each of MSSC and BSHSI, and one (1) director is appointed by CHS. It is the Founding Members' intent that the members of RSFH's Board of Directors are appointed to such positions because they have a willingness to serve the needs of the system as a whole and not the needs of any individual Founding Member.

The By-Laws of RSFH specify certain qualifications of the thirteen (13)-member Board of Directors. At least nine (9) directors must have their primary residence in a community served by the system. Five (5) directors must be physicians actively engaged in the full-time practice of medicine. Five (5) of the directors are appointed to the Board of Directors by virtue of positions held within BSHSI, MSSC, and CHS ("Ex-officio Directors"). Each of the five (5) Ex-officio Directors serves as a director of the corporation for so long as such person holds his or her respective elected or appointed office in their respective Founding Member organization. Directors serve three-year terms and are limited to three consecutive terms. After an absence of at least one (1) year, Ex-officio Directors are again eligible for appointment to the Board of Directors for two consecutive complete terms.

CareAlliance is the sole corporate member and, through its By-Laws, has the power to control the financial and business affairs of the following organizations:

- Roper Hospital, Inc. ("Roper Hospital")
- Bon Secours — St. Francis Xavier Hospital, Inc. ("St. Francis")
- Roper St. Francis Mount Pleasant Hospital, Inc. ("Mount Pleasant")
- Roper St. Francis Foundation ("Foundation")
- Roper St. Francis Physicians Network ("Physician Partners")

CareAlliance, Roper Hospital, St Francis, Mount Pleasant, Foundation, and the Physician Partners are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal and state income taxes

During 2011, CareAlliance sold a 49.5% noncontrolling interest in the Lowcountry Surgery Center LLC (d/b/a Roper St Francis Eye Surgery Center) (LSC) to participating physicians. Operations at the LSC began in 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The consolidated financial statements have been prepared under the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP) as set forth in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Principles of Consolidation — The consolidated financial statements of CareAlliance include the accounts of CareAlliance, Roper Hospital (and subsidiaries), St Francis (and subsidiaries), Mount Pleasant, the Foundation, Physician Partners, and LSC.

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

Cash and Cash Equivalents — For purposes of the consolidated statements of cash flows, CareAlliance considers all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents, excluding amounts included in investments and assets limited as to use. At December 31, 2013 and 2012, cash and cash equivalents include a compensating balance of approximately \$4,487,000 and \$4,484,000, respectively, held on deposit with a bank to secure a portion of CareAlliance's other long-term debt. CareAlliance's deposits exceeded federally insured limits at December 31, 2013 and 2012.

Receivables — Receivables are reported at the net realizable amounts due from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Substantially all CareAlliance's accounts receivable are related to providing healthcare services to patients. Collection of these accounts receivable is CareAlliance's primary source of cash and is critical to operating performance. CareAlliance's primary collection risks relate to uninsured patients and outstanding patient balances for which the primary or secondary insurance has paid some but not all of the outstanding balance, with the remaining outstanding balance (generally deductibles and co-payments) owed by the patient.

The process of estimating the allowance for doubtful accounts requires CareAlliance to estimate the collectability of patient accounts receivable, which is primarily based on our collection history, adjusted for expected recoveries. CareAlliance collects substantially all of third-party insured receivables, which include receivables from governmental agencies. Collections are impacted by the economic ability of patients to pay and the effectiveness of collection efforts. Significant changes in payor mix, business office operations, economic conditions or trends in federal and state governmental healthcare coverage could affect the collection of accounts receivable. CareAlliance also continually reviews overall reserve adequacy by monitoring historical cash collections as a percentage of trailing net revenue, as well as by analyzing current period gross revenue and admissions by payor classification, aged accounts receivable by payor, and days revenue outstanding.

The allowance for doubtful accounts was \$77,146,000 and \$68,581,000, for the years ended December 31, 2013 and 2012, respectively. The increase in the allowance for doubtful accounts between 2012 and 2013 is primarily a result of the increase in the percentage of self-pay accounts within accounts receivables and the amount of aged accounts not yet written off.

Inventories — Inventories are stated at the lower of cost (first-in, first-out method) or market.

Property and Equipment — Property and equipment is stated at cost or, in the case of donated property, at fair market value at the time of donation. Property and equipment held for sale is stated at the lower of cost or fair value. Assets are depreciated using the straight-line method over their estimated useful lives. Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. Routine maintenance, repairs, and replacements are charged to expense when incurred.

CareAlliance capitalizes purchased software that is ready for service and software development costs incurred on significant projects starting from the time that the preliminary project stage is completed and management commits to funding a project until the project is substantially complete and the software is ready for its intended use. Capitalized costs include direct material and service costs and payroll and payroll-related costs. Training and maintenance costs related to software development are expensed as incurred. Capitalized software costs are amortized using the straight-line method over the estimated useful life of the underlying system.

The following is a summary of the estimated useful lives used in computing depreciation:

Buildings	40 years
Building improvements	5–25 years
Equipment and software	3–20 years

Long-Term Investments and Assets Limited as to Use — Long-term investments, including investments classified as assets limited as to use, consist of debt and equity securities held in common collective trust funds, other debt and equity securities and money market funds, and investments in limited partnerships. Investments in common collective trust funds, equity securities with readily determinable fair values, and all investments in debt securities and money market funds are classified as trading securities and measured at fair value at the balance sheet date. Management determined that the

trading security category is appropriate based on CareAlliance's investment strategy and policies. Investment managers may execute individual purchases and sales of investments without prior approval from CareAlliance as long as they comply with CareAlliance's investment strategy and policies. Investment gains or losses on trading securities are included in the excess of revenues over expenses, unless the income or loss is restricted by donor or laws.

CareAlliance has elected the fair value option to account for its investments in limited partnerships, which are not readily marketable and are less liquid than CareAlliance's other investments. Management determined the fair value option is appropriate based on CareAlliance's investment strategy and policies with respect to investments in limited partnerships. Management estimates the fair value of its investments in limited partnerships based on information provided by the fund managers. Investment income or loss from investments in limited partnerships is included in the excess of revenues over expenses. Assets limited as to use primarily include assets held by trustees under indenture agreements and designated net assets set aside by the Board of Directors for future capital improvements, over which the Board of Directors retains control and may at its discretion subsequently use for other purposes.

Short-Term Investments — Short-term investments consist of marketable debt securities, which are intended to be used to meet current liabilities, and, therefore, are reported as current assets in the consolidated balance sheets. Gains and losses on short-term investments are included in the excess of revenues over expenses.

Other Assets — Other assets consist primarily of deferred financing costs incurred during the issuance of revenue bonds, temporarily and permanently restricted assets of the Foundation, and goodwill. Goodwill represents acquisition costs in excess of the fair value of the net identifiable tangible and intangible assets of businesses purchased. Goodwill was \$16,432,000 and \$16,432,000 as of December 31, 2013 and 2012, respectively. CareAlliance subjects goodwill to an impairment evaluation on an annual basis, or more frequently if events or circumstances indicate that assets might be impaired. There was no impairment of goodwill as of or during the years ended December 31, 2013 and 2012.

Contribution Accrued to Members — In accordance with its By-Laws and the terms of the affiliation agreement between its Founding Members, CareAlliance is required to make annual cash contributions to its members, in accordance with their respective membership interest percentages, equal to 50% of System Free Cash Flow as defined in CareAlliance's By-Laws. The determination of System Free Cash Flow and the timing of related cash contributions have been adjusted from time to time by mutual agreement of CareAlliance and its Founding Members. During February 2010, the Founding Members agreed via resolution that MSSC will defer any annual contributions above \$12,600,000 beginning in 2010. Such deferrals will continue until CareAlliance achieves certain balance sheet targets, at which time the cumulative amount of deferred contributions will be payable to MSSC with interest at a rate of 7% per annum. Payments of deferred contributions and related accrued interest are contingent upon CareAlliance maintaining certain liquidity targets. As of December 31, 2013 and 2012, CareAlliance has recorded liabilities for the contribution payable to members of \$31,872,000 and \$23,435,000, respectively, related to the System Free Cash Flow. The contribution payable at December 31, 2012, included deferred contributions of \$2,216,000 payable to MSSC, and is reported within other liabilities in the accompanying consolidated balance sheet. This deferred contribution was paid to MSSC on October 15, 2013. There were no deferred contributions at December 31, 2013.

Derivative Financial Instruments — CareAlliance uses derivative financial instruments primarily to manage its exposure to movements in interest rates. Interest rate swaps are contractual agreements between two parties for the exchange of interest payments on a notional principal amount at agreed-upon fixed or floating rates, for defined periods. Interest rate swaps are stated at fair value in the

accompanying consolidated balance sheets, with the change in fair value recorded as realized gains (losses) and included in nonoperating gains (losses) in the accompanying consolidated statements of operations. CareAlliance does not enter into derivative financial instruments for trading purposes.

Donor-Restricted Gifts — Unconditional promises to give cash and other assets to CareAlliance 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. Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported as other revenue in the consolidated statements of operations. Donor-restricted contributions whose restrictions are met within the same year are reported as unrestricted support and are included in other revenue in the consolidated statements of operations.

Net Assets — CareAlliance has three net asset groups as follows:

Unrestricted — Unrestricted net assets consist of all resources of CareAlliance that have no donor-imposed restrictions. Certain of these resources have been designated by CareAlliance's Board of Directors to serve certain long-term program objectives of CareAlliance, or have been limited by contractual agreements with outside parties. These assets are included with assets limited as to use.

Temporarily Restricted — Temporarily restricted net assets consist of contributions and related investment income for which CareAlliance's use is limited through externally imposed stipulations as to a specific time or purpose.

Permanently Restricted — Permanently restricted net assets consist of contributions and related investment income restricted by donors to be maintained by CareAlliance in perpetuity. The portion of a donor-restricted endowment fund that is classified as permanently restricted is not reduced by losses on investments in the fund, except to the extent required by the donor, including losses related to specific investments that the donor requires the organization to hold. Investment income from donor-restricted endowment funds that is not permanently restricted is classified as temporarily restricted until appropriated for expenditure by CareAlliance. Losses on the investments of donor-restricted endowment funds are recorded as a reduction of temporarily restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been met before the loss occurs. Any remaining losses reduce unrestricted net assets and are excluded from the excess of revenues over expenses. Gains that restore the fair value of the assets of the endowment fund to the required level are classified as increases in unrestricted net assets and are excluded from the excess of revenues over expenses.

Net Patient Service Revenue — Net patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. For uninsured patients that do not qualify for charity care, CareAlliance 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 CareAlliance's uninsured patients will be unable or unwilling to pay for the services provided. Thus, CareAlliance records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Electronic Health Records (EHR) Incentives — The American Recovery and Reinvestment Act of 2009 established incentive payments under the Medicare and Medicaid programs for certain professionals and hospitals that meaningfully use certified EHR technology. The EHR incentive payments to hospitals include a base amount, plus a discharge-related portion, which is calculated by the Centers for Medicare and Medicaid Services (CMS) based on the hospital's most recently filed cost report and are subject to adjustment upon settlement of the cost report for the hospital's fiscal year that begins after the beginning of the payment year. A hospital may receive incentive payments for up to four years, provided that it successfully demonstrates meaningful use for each applicable EHR reporting period. CareAlliance recognizes revenue for EHR incentive payments in the period in which it is reasonably assured that it will comply with the applicable EHR meaningful use requirements. EHR incentive revenues are recognized ratably over the applicable meaningful use reporting period and are included in other revenue in the consolidated statements of operations. CareAlliance recognized EHR incentive revenues of \$8,491,000 and \$7,848,000 for the years ended December 31, 2013 and 2012, respectively. CareAlliance's attestations regarding the meaningful use of EHR technology are subject to audit by the federal government or its designee.

Charity Care — CareAlliance provides care to patients who meet certain criteria under its charity care policies without charge or at amounts less than its established rates. Because CareAlliance does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. CareAlliance estimates the direct and indirect costs of providing charity care using a calculated ratio of costs to gross charges for each facility.

Operating Income — Transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as income from operations. Peripheral or incidental transactions are reported as nonoperating gains and losses.

Excess of Revenues over Expenses — The consolidated statements of operations include excess of revenues over expenses. Changes in unrestricted net assets, which are excluded from excess of revenues over expenses, consistent with industry practice, include contributions restricted for purchases of property and equipment and permanent transfers of assets to and from affiliates for other than goods and services.

Income Taxes — CareAlliance, Roper Hospital, St. Francis, Mount Pleasant, the Foundation, and Physician Partners are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code and are generally exempt from federal and state income taxes. The LSC is a limited liability company. Under current laws, income or loss of limited liability companies is included in the income tax returns of the members. Accordingly, no provision for income taxes is made in the consolidated financial statements.

Although CareAlliance is generally exempt from federal and state income taxes, it evaluates whether there are any uncertain tax positions that fail to meet the more-likely-than-not threshold for recognition in the consolidated financial statements. Uncertain tax positions may include the characterization of income, such as a characterization of income as passive, a decision to exclude reporting taxable income in a tax return, or a decision to classify a transaction, entity, or other position in a tax return as tax exempt. The tax benefit from an uncertain tax position is recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. CareAlliance had no unrecognized tax positions as of December 31, 2013 and 2012, and does not expect that unrecognized tax benefits will materially increase within the next 12 months. Tax years from 2010 through 2012 are subject to examination by the federal and state taxing authorities. There are no income tax examinations currently in process.

Interest and penalties related to uncertain tax positions, if any, would be recognized in the consolidated financial statements as income tax expense

Fair Value of Financial Instruments — See Note 15 for classification of CareAlliance's financial assets and liabilities accounted for at fair value

Risks and Uncertainties — CareAlliance's investments consist of various combinations of equity securities, fixed income securities, money market funds, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect CareAlliance's investment balances reported in the consolidated balance sheets

The Patient Protection and Affordable Care Act (PPACA) was signed into law on March 23, 2010. In addition, the Health Care and Education Affordability Reconciliation Act ("Reconciliation Act"), which contains a number of amendments to PPACA, was signed into law on March 30, 2010. These health care bills (collectively, the "Reform Legislation") seek to increase the number of persons with access to health insurance in the United States by requiring substantially all U.S. citizens to maintain medical insurance coverage. The Reform Legislation also provides for material reductions in the growth of Medicare program spending, including reductions in Medicare market basket updates and Medicare disproportionate share hospital (DSH) funding. From time to time, CMS revises the reimbursement systems used to reimburse health care providers, which may include additional changes to the Medicare Severity-Related Group system and other payment systems. These changes may result in reduced Medicare payments.

The Reform Legislation also includes provisions aimed at reducing fraud, waste, and abuse in the health care industry. These provisions allocate significant additional resources to federal enforcement agencies and expand the use of private contractors to recover potentially inappropriate Medicare and Medicaid payments. The Reform Legislation amends several existing federal laws, including the Medicare Anti-Kickback Statute and the False Claims Act, making it easier for government agencies and private plaintiffs to prevail in lawsuits brought against health care providers. These amendments also make it easier for potentially severe fines and penalties to be imposed on health care providers accused of violating applicable laws and regulations.

Management is in the process of assessing the impact the Reform Legislation may have on CareAlliance's consolidated financial position, results of operations, or cash flows.

Subsequent Events — CareAlliance has evaluated subsequent events from the end of the most recent fiscal year through May 21, 2014, the date the consolidated financial statements were issued.

Recently Issued Accounting Guidance — In May 2012, the FASB issued amendments to the classification of the sale proceeds of donated financial assets in the statement of cash flows. The amendments require not-for-profit (NFP) entities to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without the NFP imposing any limitations for sale and were converted nearly immediately into cash. The new guidance is effective for fiscal years beginning after June 15, 2013. CareAlliance has not determined the impact on its consolidated financial statements from the adoption of these amendments.

In February 2013, the FASB issued guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the

obligation within the scope of this guidance is fixed at the reporting date. The new guidance requires entities to measure these obligations as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. The new guidance is effective for nonpublic entities for fiscal years ending after December 15, 2014. CareAlliance has not determined the impact on its consolidated financial statements from the adoption of this guidance.

3. CHARITY CARE

In accordance with CareAlliance's mission to improve the health of its communities, CareAlliance facilities accept patients regardless of their ability to pay. CareAlliance offers financial assistance to patients who meet established financial assistance guidelines. Patients with an annual income of 399% or less of the federal poverty guidelines may be eligible for charity adjustments. CareAlliance offers Medical Indigency Adjustments for patients, whose medical expenses outweigh their ability to pay, constituting a financial hardship. CareAlliance also offers flexible payment plans, charity adjustments to patients who are homeless, and discounts for uninsured patients who do not qualify for its charity care program.

The estimated cost of traditional charity care provided by CareAlliance under its charity care policy was \$35,108,000 and \$33,499,000 for the years ended December 31, 2013 and 2012, respectively.

In addition to traditional charity care, management estimates the unpaid cost of services provided under the Medicaid program to be \$6,041,000 and \$9,647,000 for the years ended December 31, 2013 and 2012, respectively. CareAlliance also provides community benefit programs and services for the general community, mainly for indigent patients but also for people with chronic health risks. Examples of these programs include health promotion and education, free clinics and screenings, and other community services. Management estimates the unreimbursed costs of community benefit programs and services to be \$8,990,000 and \$9,571,000 for the years ended December 31, 2013 and 2012, respectively.

4. NET PATIENT SERVICE REVENUE

CareAlliance has agreements with third-party payors that provide for payments to CareAlliance at amounts different from its established rates. A summary of the payment arrangements with major third-party payors is as follows:

Medicare and Medicaid — Inpatient acute care services rendered to program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute care services, certain outpatient services, and defined capital and medical education costs related to beneficiaries are paid based on a cost reimbursement methodology. Outpatient services are paid at prospectively determined rates. CareAlliance is reimbursed for cost-reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by CareAlliance and audits thereof by the fiscal intermediary. CareAlliance's cost reports have been audited by the Medicare intermediary through December 31, 2009.

Other — CareAlliance has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payments to CareAlliance under these agreements includes prospectively determined rates per day or discharge and discounts from established charges.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Final determination of amounts due from Medicare and Medicaid programs is subject to review by these programs. Changes resulting from final determination are reflected as changes in estimates, generally in the year of determination. In the opinion of management, adequate provision has been made for adjustments, if any, that may result from such reviews. Net patient service revenue increased by approximately \$2,847,000 and decreased by \$586,000 for the years ended December 31, 2013 and 2012, respectively, due to the effect of settlement adjustments. There were no settlements with commercial payors during the years ended December 31, 2013 and 2012. During the years ended December 31, 2013 and 2012, CareAlliance established liabilities of \$1,157,000 and \$1,893,000, respectively, for estimated future settlements related to net patient service revenue recognized during those years. These liabilities are included in accrued expenses in the accompanying consolidated balance sheets.

During 2006, the state of South Carolina (the "State") implemented changes to the method of funding the Medicaid disproportionate share and upper payment limit programs. Under the new plan, providers are assessed a quarterly tax and receive periodic Medicaid disproportionate share and upper payment limit payments from the State. The tax assessment was \$15,623,000 and \$15,517,000 for the years ended December 31, 2013 and 2012, respectively, and is recorded as an operating expense in the accompanying consolidated statements of operations. CareAlliance received approximately \$22,200,000 and \$23,728,000 of disproportionate share and upper payment limit payments from the State in 2013 and 2012, respectively, which are recorded in patient service revenue (net of contractual allowances and discounts) within the accompanying consolidated statements of operations. Funds received under the upper payment limit program may be subject to a retroactive settlement process. Management continues to evaluate the settlement process related to the upper payment limit payment program and has recorded adequate liabilities as of December 31, 2013 and 2012, in accrued expenses in the accompanying consolidated balance sheets. Future receipts of the Medicaid disproportionate share and supplemental payment program reimbursement are not guaranteed.

Payments received or to be received under these and other payment arrangements with third-party payors were less than amounts due at established rates by approximately \$1,387,992,000 and \$1,400,212,000 for the years ended December 31, 2013 and 2012, respectively.

Patient service revenue (net of contractual allowances and discounts) for the years ended December 31, 2013 and 2012, is summarized as follows:

	2013	2012
Third-party payors	\$ 726,636,000	\$ 698,885,000
Self-pay	<u>47,374,000</u>	<u>51,032,000</u>
Total patient service revenue (net of contractual allowances and discounts)	<u>\$ 774,010,000</u>	<u>\$ 749,917,000</u>

5. INVESTMENTS AND ASSETS LIMITED AS TO USE

Investments and assets limited as to use as of December 31, 2013 and 2012, are summarized as follows

	2013	2012
Marketable equity securities	\$ 21,166,000	\$ 15,635,000
Debt securities — short-term investments	16,586,000	15,075,000
Debt securities — self-insurance trust	1,504,000	1,505,000
Bond trustee held funds — short-term investments	31,148,000	34,301,000
Investments in common collective trust funds		
Marketable domestic equity securities	50,333,000	37,835,000
Marketable international equity securities	29,791,000	24,990,000
Marketable debt securities	30,323,000	30,617,000
Investments in limited partnerships		
Private real estate fund	16,108,000	13,965,000
Private hedge funds	<u>38,220,000</u>	<u>33,019,000</u>
Total	<u>\$235,179,000</u>	<u>\$206,942,000</u>

The investments were included in the captions in the consolidated balance sheets as of December 31, 2013 and 2012, as follows

	2013	2012
Short-term investments	<u>\$ 16,586,000</u>	<u>\$ 15,075,000</u>
Long-term investments	<u>169,703,000</u>	<u>144,864,000</u>
Assets limited as to use		
Board designated — self-insured trust	1,504,000	1,505,000
Bond trustee held funds	<u>31,148,000</u>	<u>34,301,000</u>
Total assets limited as to use	<u>32,652,000</u>	<u>35,806,000</u>
Other assets	<u>16,238,000</u>	<u>11,197,000</u>
Total	<u>\$235,179,000</u>	<u>\$206,942,000</u>

Investment gains from long-term investments and assets limited as to use for the years ended December 31, 2013 and 2012, consist of the following

	2013	2012
Interest and dividend income — net of investment fees	\$ 1,774,000	\$ 3,311,000
Net realized gains on sales of investments	3,543,000	1,515,000
Net change in unrealized gains on investments	<u>22,552,000</u>	<u>14,457,000</u>
Total investment gains — net	<u>\$27,869,000</u>	<u>\$19,283,000</u>

CareAlliance had no unfunded commitments with respect to these funds as of December 31, 2013 and 2012

6. PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2013 and 2012, is as follows

	2013	2012
Land	\$ 36,505,000	\$ 37,370,000
Land improvements	8,947,000	8,947,000
Buildings and improvements	515,485,000	490,361,000
Equipment	287,084,000	291,946,000
Leased equipment under capital lease obligations	<u>19,308,000</u>	<u>15,135,000</u>
	867,329,000	843,759,000
Less accumulated depreciation	<u>395,117,000</u>	<u>368,979,000</u>
	472,212,000	474,780,000
Construction in progress	<u>4,319,000</u>	<u>27,763,000</u>
Total property and equipment — net	<u>\$476,531,000</u>	<u>\$502,543,000</u>

Depreciation expense and capital lease-related amortization expense for the years ended December 31, 2013 and 2012, amounted to approximately \$49,815,000 and \$48,249,000, respectively. Accumulated amortization for equipment under capital lease obligations as of December 31, 2013 and 2012, was \$12,056,000 and \$10,759,000, respectively.

In July 2009, Roper Hospital entered into an agreement with RSFH West Ashley Cancer Center, LLC (WACC) to lease a portion of a medical office building (WACC MOB) located on the St. Francis campus. CareAlliance owns a 9.26% interest in WACC (following a sale of 116.67 units effective August 2013) that is accounted for under the equity method and has guaranteed a portion of WACC's construction loan up to 200% of its equity investment in WACC. CareAlliance's equity method investment in WACC was \$72,000 and \$231,000 as of December 31, 2013 and 2012, respectively, and is included in other assets in the consolidated balance sheets. CareAlliance has determined that it is the deemed owner of the WACC MOB under GAAP due to its ownership interest in and continuing involvement with WACC. Accordingly, CareAlliance recorded an asset (included in property and equipment — net) amounting to \$14,770,000 at December 31, 2013, and a corresponding liability (included in other liabilities) amounting to \$16,252,000 at December 31, 2013, for the cost of construction of the WACC MOB. Construction of the WACC MOB was completed in 2010.

In June 2011, CareAlliance entered into an agreement with MSSC related to the relocation of CareAlliance's existing data facilities to land owned by MSSC in the city of North Charleston, South Carolina. MSSC has agreed to borrow up to \$18,000,000 for the acquisition of the land and construction and equipping of the new data center to be leased to CareAlliance upon completion. CareAlliance has determined that it is the deemed owner of the data center under GAAP due to its involvement in the construction of the asset. Accordingly, CareAlliance recorded an asset (included in property and equipment — net) amounting to \$17,700,000 at December 31, 2013, and a corresponding liability (included in other liabilities) amounting to \$17,640,000 at December 31, 2013 for the cost of the land and construction of the data center. Construction of the data center was complete as of May 1, 2013.

7. ACCRUED LIABILITIES

Accrued liabilities as of December 31, 2013 and 2012, consist of the following

	2013	2012
Accrued compensation	\$ 44,862,000	\$ 41,483,000
Self-insurance liabilities	9,939,000	10,425,000
Interest	1,526,000	1,724,000
Estimated third-party liabilities	12,979,000	17,299,000
Other accrued liabilities	<u>1,917,000</u>	<u>1,765,000</u>
Total accrued expenses	<u>\$ 71,223,000</u>	<u>\$ 72,696,000</u>

8. LONG-TERM DEBT

Long-term debt as of December 31, 2013 and 2012, consists of the following

	2013	2012
Tax-Exempt Fixed Rate Serial Bonds ("Series 1999A"), bearing interest at a rate of 5.125%, maturing in 2015 and 2016	\$ 13,165,000	\$ 13,165,000
Tax-Exempt Variable Rate Bonds ("Series 1999B"), bearing interest at an auction rate of 0.195% at December 31, 2012, redeemed in 2013		1,125,000
Tax-Exempt Fixed Rate Serial Bonds ("Series 2004A"), bearing interest at rates ranging from 4.25%-5.50%, maturing through 2013		1,705,000
Tax-Exempt Variable Rate Direct Purchase Bonds ("Series 2004B-1"), bearing interest at a rate of 1.119% at December 31, 2013, maturing through 2030	20,475,000	20,475,000
Tax-Exempt Fixed Rate Term Bonds ("Series 2004B-1"), bearing interest at rates ranging from 4.50%-5.00%, maturing in 2013 through 2024	30,510,000	31,710,000
Tax-Exempt Variable Rate Demand Bonds ("Series 2004B-2"), bearing interest at a rate of 0.02% at December 31, 2013, maturing through 2033	19,000,000	19,000,000
Tax-Exempt Fixed Rate Serial Bonds ("Series 2007A"), bearing interest at a rate of 5.0%, maturing in 2013 through 2017	19,520,000	25,070,000
Tax-Exempt Variable Rate Direct Purchase Bonds ("Series 2007B"), bearing interest at a rate of 1.119% at December 31, 2013, maturing through 2037	80,000,000	80,000,000
Tax-Exempt Variable Rate Revenue Note ("Series 2009"), bearing interest at an adjusted LIBOR rate of 2.2557% at December 31, 2013, maturing in 2014	7,187,000	8,437,000
Tax-Exempt Variable Rate Revenue Note ("Series 2010"), bearing interest at an adjusted LIBOR rate of 1.415% at December 31, 2013, maturing in 2021	30,000,000	30,000,000
Tax-Exempt Fixed Rate Serial Bonds ("Series 2011"), bearing interest rates ranging from 1.70%-2.74%, maturing in 2014 through 2019	28,475,000	34,305,000
Tax-Exempt Fixed Rate Bonds ("Series 2012A"), bearing interest at a rate of 2.26%, maturing in 2020 through 2025	31,935,000	31,935,000
Tax-Exempt Variable Rate Bonds ("Series 2012B"), bearing interest at a rate of 1.012%, maturing in 2022 through 2028	47,265,000	47,265,000
Other debt	9,816,000	8,404,000
	<u>337,348,000</u>	<u>352,596,000</u>
Less unamortized discount	(239,000)	(255,000)
Plus unamortized premium	<u>1,300,000</u>	<u>1,694,000</u>
	338,409,000	354,035,000
Less current maturities	<u>(26,238,000)</u>	<u>(19,096,000)</u>
Total long-term debt — net	<u>\$ 312,171,000</u>	<u>\$ 334,939,000</u>

Revenue Bonds — All of the bonds outstanding at December 31, 2013 and 2012, are governed by a Master Trust Indenture (the "Master Indenture") and related agreements. CareAlliance, Roper Hospital, St. Francis Hospital, Mount Pleasant Hospital, and the Physician Partners (the "Obligated Group") are jointly and severally liable for the obligation. The bonds are collateralized by a pledge of the Obligated Group's gross revenue and the funds and accounts established under the Master Indenture. Additionally, the periodic payment of interest and principal is unconditionally guaranteed through municipal bond insurance for all obligations. Among other financial covenants, the Master Indenture requires the Obligated Group to maintain a debt service coverage ratio of not less than 1.1 to 1.0, debt-to-capitalization ratio of no more than 65%, and days cash on hand of not less than 75 days. The

Supplemental Master Indentures for the Series 2004 bonds and after require the Obligated Group to maintain a debt service coverage ratio of 1.25 to 1.0, the Series 2009 and 2010 require a debt service coverage ratio of 1.75 to 1.0. In addition, the supplemental master indentures for each bond series contain certain provisions which provide for establishment of reserve funds, funded by CareAlliance, and collateralization of the bonds through CareAlliance's property and equipment in the event that certain minimum financial covenants and credit ratings are not maintained. The Obligated Group was in compliance with all such provisions of the Master Indenture and related agreements as of and during the year ended December 31, 2013. The net assets of the Obligated Group are in excess of 90% of the net assets of CareAlliance. All of CareAlliance's debt can be prepaid without penalty with the exception of the Series 2012A bonds which, if prepaid, are subject to a redemption premium determined based on the difference between the stated interest rate of the bonds and the bond equivalent yield for United States Treasury securities with similar maturities.

The Series 1999A and 1999B, and Series 2004A and 2004B bonds are limited obligations of Charleston County, South Carolina (the "County"), payable by the County solely from the loan repayments to be made by the Obligated Group. The Series 2007A, 2007B, 2011, and 2012 bonds are limited obligations of the South Carolina Jobs-Economic Development Authority (the "Authority"), payable by the Authority solely from the loan repayments of the Obligated Group.

On September 1, 2012, the Authority issued \$31,935,000 Series 2012A tax-exempt fixed rate revenue bonds pursuant to a Bond Purchase and Loan Agreement (the "Agreement") dated September 1, 2012, among the Authority, TD Bank, N.A., and CareAlliance. The bond proceeds were loaned to the Obligated Group for the purpose of (i) refunding \$31,935,000 of the outstanding principal amount of the Series 1999A bonds, and (ii) to pay costs of issuing the Series 2012A bonds. The bonds bear interest at 2.26% per annum.

On September 1, 2012, the Authority issued \$47,265,000 Series 2012B tax-exempt variable rate revenue bonds pursuant to a Bond Purchase and Loan Agreement dated September 1, 2012, among the Authority, TD Bank, N.A., and CareAlliance. The bond proceeds were loaned to the Obligated Group for the purpose of (i) refunding \$17,265,000 of the outstanding principal amount of the Series 1999A bonds, and defraying the cost of certain capital improvements, and (ii) to pay costs of issuing 2012B bonds. The bonds bear interest at 75% multiplied by the sum of (i) the London InterBank Offered Rate (LIBOR) plus (ii) 1.18% per annum.

As a result of the refunding of the Series 1999A Bonds described above, CareAlliance recorded a loss on extinguishment of debt of \$1,266,000.

On April 23, 2013, CareAlliance redeemed the outstanding Series 1999B bonds, resulting in a loss on extinguishment of debt of \$21,000.

On August 31, 2011, the Authority issued \$39,855,000 Series 2011 tax-exempt fixed rate revenue bonds pursuant to a Note Purchase and Loan Agreement dated August 1, 2011, among the Authority, Wells Fargo Bank, and CareAlliance. The bond proceeds were used for the purpose of refunding that portion of the \$145,910,000 Charleston County, South Carolina Revenue Bonds, Series 1999A maturing on August 15 in the years 2012, 2013, 2014, and 2019.

On February 3, 2011, CareAlliance converted \$20,475,000 of the Series 2004B-1 bonds and \$80,000,000 of the Series 2007B bonds from variable rate demand bonds to direct purchase bonds.

On February 3, 2011, the irrevocable, standby letter of credit agreement with a financial institution to provide credit and liquidity support for the Series 2004B-2 bonds was restated and amended. The

amended letter of credit was renewed in September 2012 for a three-year term expiring in August 2015, and is subject to extension at the option of the financial institution. In the event that any or all of the bonds are tendered for purchase and cannot be remarketed, the letter of credit provides that the financial institution will provide funds to purchase the unremarketed bonds. Bonds purchased with letter of credit funds bear interest during a 120-day remarketing period at a variable rate equal to the Prime Rate per annum during the first 90 days, and at the Prime Rate, plus 2% per annum for days 91 through 120. Bonds that are not remarketed after 120 days (the "Term Loan Conversion Date") convert to a term loan payable to the financial institution with interest at a variable rate equal to the Prime Rate, plus 2% per annum. Principal payments are due in 24 equal monthly installments commencing on the first day of the month beginning 367 days after the Term Loan Conversion Date. The letter of credit has a fee of 88 basis points per annum based on the available commitment and is generally subject to the same financial and operating covenants provisions contained in the Master Trust Indenture, however, the letter of credit requires the Obligated Group to maintain a debt service coverage ratio of 1.75 to 1.0. CareAlliance was in compliance with all such provisions as of December 31, 2013. In the event that the letter of credit is not extended or replaced prior to expiration, the Master Trust Indenture provides for mandatory tender of the bonds.

On August 10, 2010, the Authority issued a \$30,000,000 Series 2010 tax-exempt variable rate revenue note pursuant to a Note Purchase and Loan Agreement dated August 1, 2010, among the Authority, Branch Banking and Trust Company, and CareAlliance. The note proceeds were loaned to CareAlliance for the purpose of partially refunding the \$41,450,000 Charleston County, South Carolina Variable Rate Demand Bonds, Series 1999B (CareAlliance Health Services). The loan bears interest at the Adjusted LIBOR. All outstanding principal and interest are due in full at maturity on August 15, 2021.

On September 1, 2009, the Authority issued a \$12,500,000 Series 2009 tax-exempt variable rate revenue note pursuant to a Note Purchase and Loan Agreement dated September 1, 2009, among the Authority, Branch Banking and Trust Company, and CareAlliance. The note proceeds were loaned to Obligated Group for the purpose of expanding Physician Partners through the acquisition of the assets of Lowcountry Medical Associates. The note bears interest at a variable rate based on LIBOR, with a minimum rate of 2.26%. The principal is payable in fixed monthly installments of \$104,000. All outstanding principal and interest are due in full at maturity on September 15, 2014.

On November 1, 2007, the Authority issued \$130,000,000 of revenue bonds, Series 2007A and 2007B. The bond proceeds were loaned to the Obligated Group for the acquisition, constructing, and equipping of the new 85-bed Mount Pleasant hospital facility in Mount Pleasant, South Carolina.

On July 1, 2004, the County issued \$99,480,000 of Revenue Bonds, Series 2004A, 2004B-1, and 2004B-2. The bond proceeds were loaned to the Obligated Group for construction of a patient care tower and a parking garage at Roper Hospital. The Series 2004B-1 Bonds are subject to mandatory sinking fund payments beginning in 2010. The Series 2004B-2 Bonds are subject to mandatory sinking fund payments beginning in 2030. The Series 2004A Bonds fully matured on August 15, 2013.

On January 26, 1999, the County issued \$187,360,000 of Revenue Bonds, Series 1999A and 1999B. The bond proceeds were loaned to the Obligated Group for hospital construction projects and the defeasance of the outstanding long-term debt of members of the Obligated Group. The Series 1999B bonds of \$0 and \$1,125,000 at December 31, 2013 and 2012, respectively, are subject to mandatory sinking fund payments beginning in 2021 and bear interest at auction rates not to exceed 150% of the index rate on AA rated commercial paper.

Other Long-Term Debt — Other long-term debt consists of notes payable and various capital lease obligations. At December 31, 2013 and 2012, notes payable consists of 2.53% to 6.30% notes payable

and a variable rate term loan totaling \$2,419,000 and \$3,903,000, respectively. At December 31, 2013 and 2012, capital lease obligations, which are collateralized by leased equipment, amount to \$7,397,000 and \$4,499,000, respectively, at an interest rate of approximately 6%. CareAlliance's capital lease obligations expire in 2014 through 2016.

Scheduled maturities of all long-term debt as of December 31, 2013, are as follows:

**Years Ending
December 31**

2014	\$ 26,238,000
2015	20,520,000
2016	19,335,000
2017	17,336,000
2018	15,410,000
Thereafter	<u>238,509,000</u>
Total	<u>\$ 337,348,000</u>

During 2013 or 2012, CareAlliance capitalized no interest costs related to borrowings for capital projects.

9. DERIVATIVE FINANCIAL INSTRUMENTS

During 2004, CareAlliance entered into an interest rate hedge related to \$19,000,000 of its variable rate debt. The effect of this hedge is to convert the variable rate of this amount of the debt to a fixed rate of 3.81%. At December 31, 2013 and 2012, the fair value of the hedge was \$(3,667,000) and \$(6,302,000), respectively, and is recorded in other liabilities in the accompanying consolidated balance sheets.

During 2006, CareAlliance entered into an interest rate hedge related to \$80,000,000 of the \$130,000,000 debt issued in 2007. The effect of this hedge is to convert the variable rate of this amount of the debt to a fixed rate of 3.56%. At December 31, 2013 and 2012, the fair value of the hedge was \$(12,702,000) and \$(25,555,000), respectively, and is recorded in other liabilities in the accompanying consolidated balance sheets.

During 2010, CareAlliance entered into an interest rate hedge related to the \$30,000,000 debt issued in 2010. The effect of this hedge is to convert the variable rate of this amount of the debt to a fixed rate of 3.06%. At December 31, 2013 and 2012, the fair value of the hedge was \$(795,000) and \$(1,853,000), respectively, and is recorded in other liabilities in the accompanying consolidated balance sheets.

During 2011, CareAlliance entered into interest rate hedges related to the outstanding fixed rate bonds Series 1999A, 2004 B-1, and 2007A. The effect of these hedges is to retain the basis risk between paying a tax-exempt floating rate (SIFMA) and receiving a taxable rate (LIBOR) through a basis swap. At December 31, 2013 and 2012, the fair value of these hedges was \$(97,000) and \$756,000, respectively, and is recorded in other liabilities in the accompanying consolidated balance sheets.

The change in fair value of interest rate hedges for the years ended December 31, 2013 and 2012, was \$15,693,000 and \$2,364,000, and is recorded as a realized gain and included within nonoperating gains (losses) in the accompanying consolidated statements of operations for the years ended December 31, 2013 and 2012, respectively.

Payments of fixed rate interest to be made by CareAlliance under its interest rate hedges are insured by financial guaranty insurance policies issued by Assured Guaranty Ltd (AG). CareAlliance's interest rate hedge agreements contain provisions that require CareAlliance's debt to maintain certain credit ratings from Standard & Poor's Rating Group (S&P) and Moody's Investors Services, Inc. ("Moody's"). If the credit ratings for CareAlliance's debt were to fall below "BBB-" for S&P or "Baa3" for Moody's, it would be in violation of these provisions, and the counterparties to the interest rate hedges could demand settlement of the interest rate hedges. In addition, the interest rate hedge agreements contain provisions that require AG to maintain a credit rating of "A-" or higher from S&P or "A3" or higher from Moody's. If AG's credit rating were to fall below these levels, then the counterparties to the interest rate hedges could require CareAlliance to post collateral on interest rate hedges in a net liability position in excess of certain thresholds that are determined based on the credit ratings for CareAlliance's debt. The threshold in effect for each interest rate hedge agreement as of December 31, 2013, is \$2,000,000 based on CareAlliance's credit rating as of December 31, 2013. CareAlliance was not required to post collateral on any of its interest rate hedge agreements as of December 31, 2013 or 2012, based on AG's credit ratings as of those dates.

10. LEASE OBLIGATIONS

CareAlliance leases various equipment and buildings used in its operations. Future lease payments on operating leases that have initial or remaining noncancelable lease terms in excess of one year and deemed ownership obligations (Note 6) as of December 31, 2013, are as follows:

Years Ending December 31	Operating Leases	Deemed Ownership Obligations (Note 4)	Total
2014	\$15,257,000	\$ 1,478,000	\$16,735,000
2015	12,447,000	1,507,000	13,954,000
2016	9,193,000	1,536,000	10,729,000
2017	5,895,000	1,566,000	7,461,000
2018	5,285,000	1,596,000	6,881,000
Thereafter	<u>9,640,000</u>	<u>25,609,000</u>	<u>35,249,000</u>
Total minimum future rentals	<u>\$57,717,000</u>	<u>\$ 33,292,000</u>	<u>\$91,009,000</u>

Rent expense for building space for the years ended December 31, 2013 and 2012, was approximately \$18,773,000 and \$16,970,000, respectively.

The future operating lease payments above include approximately \$10,470,000 payable to MSSC under a 10-year master lease for medical office building space that began in fiscal 2010. Also included in the deemed ownership obligations above is approximately \$17,640,000 payable to MSSC under a lease for CareAlliance's data center that began in fiscal 2013.

CareAlliance also leases office space to physicians. The rental income from these leases for the years ended December 31, 2013 and 2012, was approximately \$1,689,000 and \$1,593,000, respectively, and is included in other nonoperating income in the consolidated statements of operations.

11. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2013 and 2012, are available for the following purposes

	2013	2012
Building and equipment	\$ 3,592,000	\$ 3,035,000
Indigent care	2,538,000	1,369,000
Hospital service lines	1,540,000	803,000
Education	1,456,000	1,058,000
Community health improvement	766,000	282,000
Sponsorships	<u>257,000</u>	<u>300,000</u>
Total temporarily restricted	<u>\$ 10,149,000</u>	<u>\$ 6,847,000</u>

Net assets were released from temporary restrictions by incurring expenses satisfying the restriction purposes as follows

	2013	2012
Hospital service lines	\$ 631,000	\$ 462,000
Education	441,000	360,000
Indigent care, community health, and other	2,175,000	2,537,000
Other	<u>246,000</u>	<u>323,000</u>
Total net assets released from restrictions	<u>\$ 3,493,000</u>	<u>\$ 3,682,000</u>

12. PERMANENTLY RESTRICTED NET ASSETS AND BOARD-DESIGNATED FUNDS

CareAlliance's endowment funds consist of approximately 30 donor-restricted individual funds established for a variety of purposes and board-designated funds set aside for capital expenditures and self-insurance

On an annual basis, CareAlliance requests funds from the Foundation for reimbursement of expenditures incurred specifically related to unrestricted or temporarily restricted purposes. The Foundation has developed an investment policy for all its investable assets whose general purpose is to preserve the capital and purchasing power of the Foundation and to produce sufficient investment earnings for current and future spending needs. The Foundation has adopted a total return strategy whose asset allocation is designed to give balance to the overall structure of the Foundation's investment program over a long-term period.

The endowment net asset composition by fund type as of December 31, 2013, is composed of the following

Endowment Net Asset Composition by Fund Type as of December 31, 2013				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated —				
Self-insurance trust	\$ 1,504,000	\$ -	\$ -	\$ 1,504,000
Donor-restricted				
Undesignated			440,000	440,000
Building and equipment		199,000	502,000	701,000
Indigent care		68,000	230,000	298,000
Hospital service lines		1,451,000	443,000	5,864,000
Education		1,067,000	1,489,000	2,556,000
Community health improvement		80,000	223,000	303,000
Total funds	<u>\$ 1,504,000</u>	<u>\$ 2,865,000</u>	<u>\$ 7,297,000</u>	<u>\$ 11,666,000</u>

The endowment net asset composition by fund type as of December 31, 2012, is composed of the following

Endowment Net Asset Composition by Fund Type as of December 31, 2012				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated —				
Self-insurance trust	\$ 1,505,000	\$ -	\$ -	\$ 1,505,000
Donor-restricted				
Undesignated			394,000	394,000
Building and equipment		62,000	504,000	566,000
Indigent care		16,000	230,000	246,000
Hospital service lines		448,000	3,446,000	3,894,000
Education		771,000	1,481,000	2,252,000
Community health improvement		22,000	105,000	127,000
Transfers	(18,000)			(18,000)
Total funds	<u>\$ 1,487,000</u>	<u>\$ 1,319,000</u>	<u>\$ 6,160,000</u>	<u>\$ 8,966,000</u>

Changes in endowment assets for the years ended December 31, 2013 and 2012, consisted of the following

Year Ended December 31, 2013	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets — beginning of year	\$ 1,487,000	\$ 1,319,000	\$ 6,160,000	\$ 8,966,000
Investment (loss) income	(1,000)	1,786,000	19,000	1,804,000
Contributions			503,000	503,000
Appropriations of endowment assets for expenditure		(222,000)		(222,000)
Other changes — change in value of split-interest agreements			31,000	31,000
Transfers	<u>18,000</u>	<u>(18,000)</u>	<u>584,000</u>	<u>584,000</u>
Endowment net assets — end of year	<u>\$ 1,504,000</u>	<u>\$ 2,865,000</u>	<u>\$ 7,297,000</u>	<u>\$ 11,666,000</u>
Year Ended December 31, 2012	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets — beginning of year	\$ 886,000	\$ 932,000	\$ 4,843,000	\$ 6,661,000
Investment income	499,000	947,000	6,000	1,452,000
Contributions			1,312,000	1,312,000
Appropriations of endowment assets for expenditure		(458,000)		(458,000)
Other changes — change in value of split-interest agreements			(11,000)	(11,000)
Transfers	<u>102,000</u>	<u>(102,000)</u>	<u>10,000</u>	<u>10,000</u>
Endowment net assets — end of year	<u>\$ 1,487,000</u>	<u>\$ 1,319,000</u>	<u>\$ 6,160,000</u>	<u>\$ 8,966,000</u>

13. RETIREMENT PLANS

CareAlliance has established the FutureSaver 403(b) Retirement Plan, a matching savings plan for all employees who have attained the age of 20-1/2, are paid for 1,000 hours or more, and are employed on December 31 of that plan year. Employer-matching contributions shall be made at a rate equal to 50% of the elective deferrals of each employee, up to 4% of annual compensation, for a total possible matching contribution of 2% of compensation.

The plan administrator is the Retirement Committee. Employer contributions for the FutureSaver 403(b) Retirement Plan for the years ended December 31, 2013 and 2012, were approximately \$10,241,000 and \$10,191,000, respectively, and are included in salaries and employee benefits in the accompanying consolidated statements of operations.

14. CONCENTRATION OF CREDIT RISK

Roper Hospital, St. Francis Hospital, and Mount Pleasant Hospital provide services primarily to the residents of the greater Charleston, South Carolina, area without collateral or other proof of ability to pay, most of whom are insured by third-party payor agreements.

The mix of receivables from patients and third-party payors as of December 31, 2013 and 2012, is as follows

	2013	2012
Medicare	34 %	37 %
Medicaid	12	11
Commercial and others	31	30
Patients	<u>23</u>	<u>22</u>
Total	<u>100 %</u>	<u>100 %</u>

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with GAAP, certain assets and liabilities are required to be measured at fair value on a recurring basis. For CareAlliance, the assets and liabilities that are adjusted at fair value on a recurring basis are short- and long-term investments, assets whose use is limited, and interest rate swaps.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 — Valuations based on unadjusted quoted prices for identical instruments in active markets that are available as of the measurement date.

Level 2 — Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

There were no transfers of investments between levels for the years ended December 31, 2013 and 2012.

The fair value hierarchy of investments and assets limited as to use as of December 31, 2013 and 2012, is as follows

Fair Value Measurement at Reporting Date Using				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of December 31, 2013				
Marketable equity securities	\$ 21,166,000	\$21,166,000	\$ -	\$ -
Debt securities	18,090,000	1,981,000	16,109,000	
Bond trustee held funds — short-term investments	31,148,000		31,148,000	
Investments in common collective trust funds	110,447,000		110,447,000	
Investments in limited partnerships	54,328,000			54,328,000
Total	<u>\$ 235,179,000</u>	<u>\$23,147,000</u>	<u>\$ 157,704,000</u>	<u>\$ 54,328,000</u>
Fair Value Measurement at Reporting Date Using				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of December 31, 2012				
Marketable equity securities	\$ 15,635,000	\$15,635,000	\$ -	\$ -
Debt securities	16,580,000	1,617,000	14,963,000	
Bond trustee held funds — short-term investments	34,301,000		34,301,000	
Investments in common collective trust funds	93,442,000		93,442,000	
Investments in limited partnerships	46,984,000			46,984,000
Total	<u>\$ 206,942,000</u>	<u>\$17,252,000</u>	<u>\$ 142,706,000</u>	<u>\$46,984,000</u>

CareAlliance estimates the fair value of investments in common collective trust funds, which do not have readily determinable fair values, using the reported net asset value as a practical expedient for fair value. The use of net asset value as a practical expedient for fair value is permitted under GAAP for investments in entities that meet the description of an investment company and whose underlying investments are measured at fair value. The common collective trust funds held by CareAlliance invest primarily in marketable debt and equity securities with readily determinable fair values.

CareAlliance estimates the fair value of its investments in limited partnerships based on information provided by the fund managers. Because CareAlliance's investments in limited partnerships are not readily marketable and do not transact frequently, their estimated fair value is subject to uncertainty and, therefore, may differ from the fair value that would have been used had a ready market for such investments existed. Such differences could be material.

A reconciliation of changes in beginning and ending balances for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2013 and 2012, is as follows

	Fair Value Measurements Using Significant Unobservable Inputs Level 3 — Limited Partnerships	
	2013	2012
Beginning balance — January 1	\$46,984,000	\$31,253,000
Purchases	1,398,000	13,234,000
Net change in unrealized gains in limited partnerships	<u>5,946,000</u>	<u>2,497,000</u>
Ending balance — December 31	<u>\$54,328,000</u>	<u>\$46,984,000</u>
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	<u>\$ 5,946,000</u>	<u>\$ 2,497,000</u>

The redemption frequency and redemption notice period for investments in common collective trust funds and limited partnerships as of December 31, 2013 and 2012, is as follows

	2013	Redemption Frequency	Redemption Notice Period
Investments in common collective trust funds			
Marketable debt and domestic equity securities	\$ 80,656,000	Daily	1 day
Marketable international equity securities	29,791,000	Daily	1 day
Private real estate fund	16,108,000	Quarterly	60 days
Private hedge fund	23,872,000	Quarterly	70 days
Private hedge fund	<u>14,348,000</u>	Committed through 11/1/2015 with rolling 2 year commitments thereafter	95 days
Total	<u>\$ 164,775,000</u>		
	2012	Redemption Frequency	Redemption Notice Period
Investments in common collective trust funds			
Marketable debt and domestic equity securities	\$ 68,452,000	Daily	1–5 days
Marketable international equity securities	24,990,000	Monthly, Semi-Monthly	5 days
Private real estate fund	13,965,000	Quarterly	45 days
Private hedge fund	20,839,000	Quarterly	70 days
Private hedge fund	<u>12,180,000</u>	Committed through 11/1/2015 with rolling 2 year commitments thereafter	95 days
Total	<u>\$ 140,426,000</u>		

Management estimates the fair value of interest rate hedges based primarily on Level 2 inputs. Management also considers the creditworthiness of CareAlliance and its counterparties in estimating the

fair value of interest rate hedges, however, the effect of credit valuation adjustments was not significant to the fair value measurements as of December 31, 2013 or 2012

As of December 31, 2013 and 2012, the carrying amounts reported in CareAlliance's consolidated balance sheets for cash equivalents, receivables, accounts payable, and accrued expenses approximate fair value. At December 31, 2013 and 2012, the fair value of CareAlliance's long-term debt was approximately \$314,999,000 and \$339,898,000, respectively. Management estimates the fair value of long-term debt based primarily on Level 2 inputs.

16. COMMITMENTS AND CONTINGENCIES

CareAlliance is self-insured for professional malpractice claims exposures. The laws of the State currently limit the amount that can be received from certain nonprofit medical facilities for damages for medical services rendered by the facility or the facility's employees to \$300,000 per claim and an aggregate of \$600,000 per occurrence. CareAlliance's provision for estimated medical malpractice claims includes estimates of the ultimate costs for reported claims and claims incurred but not reported. CareAlliance's liability for professional malpractice is based on actuarially projected estimates discounted to present value at a rate of 4% at December 31, 2013.

CareAlliance is also self-insured for employee health insurance claims and employee workers' compensation claims. Liabilities for asserted and unasserted claims under each of these self-insurance programs have been recorded and included in accrued expenses in the consolidated balance sheets.

CareAlliance is involved in litigation arising in the ordinary course of business. It is the opinion of management, based on consultation with legal counsel, that these cases will be resolved without material adverse effect on CareAlliance's financial position, results from operations, or cash flows.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers.

Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that CareAlliance is in compliance with fraud and abuse statutes and regulations, as well as other applicable government laws and regulations.

CareAlliance has entered into an agreement with MSSC which grants CareAlliance the unilateral option, through October 25, 2017, to purchase approximately 66 acres of land in Berkeley County, South Carolina, at an amount equal to the initial purchase price paid by MSSC of \$8,902,700, plus increases of 6% cumulatively on each subsequent anniversary of the purchase date (the "Estimated Projected Value of the Property"). If CareAlliance does not purchase the property by October 25, 2017, MSSC shall have the right to retain or sell the property at its own cost and expense, provided that CareAlliance shall pay MSSC a termination payment equal to the difference between the actual sales price and the Estimated Projected Value of the Property. Management has estimated the value of the termination payment to be approximately \$3,625,000 and \$2,894,000 as of December 31, 2013 and 2012, respectively.

17. FUNCTIONAL EXPENSES

CareAlliance provides general health care services to residents within its geographic location. Expenses related to providing these services for the years ended December 31, 2013 and 2012, are as follows:

	2013	2012
Health care services	\$657,620,000	\$638,325,000
Supporting services	<u>81,659,000</u>	<u>77,893,000</u>
Total expenses	<u>\$739,279,000</u>	<u>\$716,218,000</u>

18. RELATED-PARTY TRANSACTIONS

Payments to the Founding Members for management fees and services were approximately \$11,632,000 and \$8,701,000 for the years ended December 31, 2013 and 2012, respectively.

At December 31, 2013, CareAlliance had other receivables of \$1,184,000 due from MSSC reflecting unpaid member contributions for reimbursement of expenses. In addition, CareAlliance received \$1,185,000 from MSSC for acquisition of property and equipment during the year ended December 31, 2013.

19. SUBSEQUENT EVENTS

The System's Founding Members have entered into a liquidity replenishment agreement whereby the Founding Members agreed to contribute cash to the System if days cash on hand (as defined in the agreement) is below 75 days as of any biannual measurement date (measured as of June 30 and December 31) or if below 85 days as of any biannual measurement date and 90 days thereafter. In either event, the Founding Members agree to contribute cash to the System so that it maintains a minimum of 85 days cash on hand. The Founding Members have also agreed to limit the System's total annual cash contribution to the Founding Members to \$14.8 million. The Medical Society of South Carolina has the right to remove the limit on the annual distribution, but must give the System at least a three-year notice prior to removing the limit on the annual distribution.

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