



See a Social Security Number? Say Something!  
Report Privacy Problems to <https://public.resource.org/privacy>  
Or call the IRS Identity Theft Hotline at 1-800-908-4490



<b>Form 990</b>  Department of the Treasury Internal Revenue Service	<b>Return of Organization Exempt From Income Tax</b>  <b>Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)</b>  ▶ Do not enter Social Security numbers on this form as it may be made public. By law, the IRS generally cannot redact the information on the form. ▶ Information about Form 990 and its instructions is at <a href="http://www.irs.gov/form990">www.irs.gov/form990</a>	OMB No 1545-0047  <b>2013</b>  <b>Open to Public Inspection</b>

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

<b>B</b> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization HOSPITAL DE LA CONCEPCION INC		<b>D</b> Employer identification number 66-0227304	
	Doing Business As			
	Number and street (or P O box if mail is not delivered to street address) PO BOX 285	Room/suite	E Telephone number (787) 892-1860	
	City or town, state or province, country, and ZIP or foreign postal code SAN GERMAN 006830285 Puerto Rico			
	<b>F</b> Name and address of principal officer GUSTAVO A ALMDOVAR PO BOX 285 SAN GERMAN, PR 006830285		<b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)	
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) (insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>H(c)</b> Group exemption number ▶		
<b>J</b> Website: ▶ N/A				
<b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶			<b>L</b> Year of formation 1956	<b>M</b> State of legal domicile PR

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities THE ORGANIZATION HAS THE MISSION TO PROVIDE HIGH QUALITY HEALTH CARE SERVICES WHICH SATISFY THE PHYSICAL AND SPIRITUAL NEEDS OF THE PATIENTS, IN ACCORDANCE WITH THE CHRISTIAN MORAL		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	9
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	9
	5 Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	709
	6 Total number of volunteers (estimate if necessary)	6	
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
7b Net unrelated business taxable income from Form 990-T, line 34	7b		
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	68,882,817	70,970,575
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	236,820	165,202
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,480,706	2,752,181
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	72,600,343	73,887,958
	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)		0
Expenses	14 Benefits paid to or for members (Part IX, column (A), line 4)		0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	27,941,668	28,678,955
	16a Professional fundraising fees (Part IX, column (A), line 11e)		0
	b Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	41,364,516	43,226,403
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	69,306,184	71,905,358
	19 Revenue less expenses Subtract line 18 from line 12	3,294,159	1,982,600
	Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year
21 Total liabilities (Part X, line 26)		82,497,571	84,177,330
22 Net assets or fund balances Subtract line 21 from line 20		49,543,155	49,555,422
		32,954,416	34,621,908

## Part II Signature Block

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

<b>Sign Here</b>	*****				2014-08-15	
	Signature of officer				Date	
<b>Paid Preparer Use Only</b>	GUSTAVO A ALMODOVAR EXECUTIVE DIRECTOR					
	Type or print name and title					
	Print/Type preparer's name		Preparer's signature		Date 2014-08-15	Check <input type="checkbox"/> if self-employed
	PTIN					
	Firm's name ▶ FPV & GALINDEZ CPAS PSC				Firm's EIN ▶ 66-0703468	
	Firm's address ▶ PO BOX 364152 SAN JUAN, PR 009364152				Phone no	

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

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization’s mission

THE ORGANIZATION HAS THE MISSION TO PROVIDE HIGH QUALITY HEALTH CARE SERVICES WHICH SATISFY THE PHYSICAL AND SPIRITUAL NEEDS OF THE PATIENTS, IN ACCORDANCE WITH THE CHRISTIAN MORAL

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

Yes

No

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

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

Yes

No

If "Yes," describe these changes on Schedule O

4

Describe the organization’s program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a

(Code ) (Expenses \$ 42,890,606 including grants of \$ ) (Revenue \$ 73,722,756 )

DURING THE YEAR ENDED DECEMBER 31, 2013 THE ORGANIZATION PROVIDED IN- PATIENT, OUT-PATIENT AND EMERGENCY SERVICES PRIMARILY TO RESIDENTS OF THE SOUTHWESTERN AREA OF PUERTO RICO THE ORGANIZATION SERVICES CONSISTED OF 8,455 ADMISSIONS, 46,925 PATIENT DAYS AND 43,973 EMERGENCY VISITS, AMONG OTHERS

4b

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

4c

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

(Code ) (Expenses \$ 16,000 including grants of \$ ) (Revenue \$ )

4d

Other program services (Describe in Schedule O )

(Expenses \$ 16,000 including grants of \$ ) (Revenue \$ )

















4e

Total program service expenses

42,906,606

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	No
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 <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4	No
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10	No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f	No
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a Yes	
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b	No
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	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I . . . .</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I . . . .</i>	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, complete Schedule L, Part II . . . .</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III . . . .</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV . . . .</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV . . . .</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV . . . .</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M . . . .</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M . . . .</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I . . . .</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II . . . .</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I . . . .</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1 . . . .</i>	34		No
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2 . . . .</i>	35b		
36	<b>Section 501(c)(3) organizations.</b> 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? <b>Note.</b> 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.	0	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	No
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	2a	709
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).		2b	Yes
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?		3a	No
b If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.		3b	
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a	No
b If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a	No
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b	No
c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		5c	
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		6a	No
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b	
7 Organizations that may receive deductible contributions under section 170(c).			
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		7a	
b If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b	
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c	
d If "Yes," indicate the number of Forms 8282 filed during the year.		7d	
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e	
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f	
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g	
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h	
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8	
9 Sponsoring organizations maintaining donor advised funds.			
a Did the organization make any taxable distributions under section 4966?		9a	
b Did the organization make a distribution to a donor, donor advisor, or related person?		9b	
10 Section 501(c)(7) organizations. Enter			
a Initiation fees and capital contributions included on Part VIII, line 12.		10a	
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		10b	
11 Section 501(c)(12) organizations. Enter			
a Gross income from members or shareholders.		11a	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		11b	
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		12a	
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		12b	
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		13a	
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		13b	
c Enter the amount of reserves on hand.		13c	
14a Did the organization receive any payments for indoor tanning services during the tax year?		14a	No
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		14b	

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	9	
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	9	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	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	No
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	No
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	No
15b	Other officers or key employees of the organization	15b	No
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	No
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input 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 ENTITY ROAD 2 KM 173SAN GERMANRQ00683-0000 (787) 892-1860	

Part VII

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

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

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

**1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) MONS ALVARADO CORRADA DEL RO PRESIDENT	4.00	X						0	0	0
(2) MONS GONZALO DAZ HERNANDEZ VICE-PRESIDE	4.00	X						0	0	0
(3) SOR CLARIBEL CAMACHO TREASURER	4.00	X						0	0	0
(4) FELICITA BONILLA RIVERA ADMINISTRATO	40.00			X				159,253	0	0
(5) LIZMARI CALDERON ARCE FINANCE DIRE	40.00			X				128,791	0	0
(6) ING EDGAR CRESPO PHYSICAL PLA	40.00			X				126,167	0	0
(7) ANGELICA NAZARIO VARGAS SPECIAL PROG	40.00			X				102,176	0	0
(8) ADA N BERMUDEZ VERA HUMAN RESOUR	40.00			X				0	0	0
(9) GUSTAVO A ALMODOVAR EXEC DIRECT	40.00				X			312,128	0	0



## Part VII

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
<b>1b</b> Sub-Total . . . . .										
<b>c</b> Total from continuation sheets to Part VII, Section A . . . . .										
<b>d</b> Total (add lines 1b and 1c) . . . . .							828,515			

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ▶5

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

## **Section B. Independent Contractors**

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

(A) Name and business address	(B) Description of services	(C) Compensation
SOUTHWEST EMERGENCY CORPORATION, 40 MUOZ RIVERA STSABANA GRANDERQ00637	MED SERVICES	1,608,404
AMS RADIOLOGOS CSP, 262 RIALTO ENSANCHE RAMIREZMAYAGEZRQ00682	MED SERVICES	1,200,000
SECURITAS SECURITY SERVICES OD PR, PO BOX 714468SAN JUANRQ00936-8568	SECURITY SERV	770,758
QUEST DIAGNOSTIC, 12436 COLLECTION CENTER DRIVE CHICAGO IL 606932436	LABORATORY SERV	456,226
MARAL ENGINEERING CORP, PO BOX 942SAN GERMANRQ00680	CONST SERVICES	327,205

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 ►5

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			
	e	Government grants (contributions)	1e			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f			
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f				
Program Service Revenue	2a	PROGRAM SERVICE REVENUE	Business Code	70,970,575	70,970,575	
	b					
	c					
	d					
	e					
	f	All other program service revenue				
	g	Total. Add lines 2a-2f	70,970,575			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	165,202			165,202
	4	Income from investment of tax-exempt bond proceeds				
	5	Royalties				
	6a	Gross rents	(i) Real	(ii) Personal		
	b	Less rental expenses				
	c	Rental income or (loss)				
	d	Net rental income or (loss)				
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other		
	b	Less cost or other basis and sales expenses				
	c	Gain or (loss)				
	d	Net gain or (loss)				
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a			
	b	Less direct expenses	b			
	c	Net income or (loss) from fundraising events				
	9a	Gross income from gaming activities See Part IV, line 19	a			
	b	Less direct expenses	b			
	c	Net income or (loss) from gaming activities				
	10a	Gross sales of inventory, less returns and allowances	a			
	b	Less cost of goods sold	b			
	c	Net income or (loss) from sales of inventory				
	Miscellaneous Revenue		Business Code			
	11a	OTHER REVENUE		1,364,065	1,364,065	
	b	COFFEESHOP		940,923	940,923	
	c	PARKING		387,193	387,193	
	d	All other revenue		60,000	60,000	
	e	Total. Add lines 11a-11d		2,752,181		
	12	Total revenue. See Instructions		73,887,958	73,722,756	165,202

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.				
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.				
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	24,055,996	16,171,655	7,884,341	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).				
9	Other employee benefits.	2,210,296	149,792	2,060,504	
10	Payroll taxes.	2,412,663	645,534	1,767,129	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	222,305		222,305	
c	Accounting.	36,000		36,000	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	549,853	16,000	533,853	
12	Advertising and promotion.	585,128	585,128		
13	Office expenses.				
14	Information technology.				
15	Royalties.				
16	Occupancy.				
17	Travel.	88,071	86,095	1,976	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.				
20	Interest.	2,075,560		2,075,560	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	3,608,448		3,608,448	
23	Insurance.	639,775		639,775	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	MEDICAL SUPPLIES	17,458,131	16,078,861	1,379,270	
b	OTHER EXPENSE	13,145,840	6,134,773	7,011,067	
c	UTILITIES	2,786,501	2,786,501		
d	REPAIRS	1,250,791	252,267	998,524	
e	All other expenses	780,000		780,000	
25	Total functional expenses. Add lines 1 through 24e.	71,905,358	42,906,606	28,998,752	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		8,127,659	1	7,458,944
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		11,876,516	4	10,864,424
	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		2,894,728	8	2,096,138
	9	Prepaid expenses and deferred charges		1,278,480	9	1,253,468
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a98,244,185			
	b	Less accumulated depreciation	10b43,520,371	49,980,055	10c	54,723,814
	11	Investments—publicly traded securities		2,107,673	11	1,883,515
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		6,232,460	15	5,897,027
	16	Total assets. Add lines 1 through 15 (must equal line 34)		82,497,571	16	84,177,330
Liabilities	17	Accounts payable and accrued expenses		12,229,445	17	12,357,287
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		37,313,710	25	37,198,135
	26	Total liabilities. Add lines 17 through 25		49,543,155	26	49,555,422
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		32,954,416	27	34,621,908
	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		32,954,416	33	34,621,908
	34	Total liabilities and net assets/fund balances		82,497,571	34	84,177,330

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	73,887,958
2	Total expenses (must equal Part IX, column (A), line 25)	2	71,905,358
3	Revenue less expenses Subtract line 2 from line 1	3	1,982,600
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	32,954,416
5	Net unrealized gains (losses) on investments	5	-315,108
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	34,621,908

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	2a	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 checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2b	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	2c	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?	3a	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	3b	

SCHEDULE A  
(Form 990 or 990EZ)

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
HOSPITAL DE LA CONCEPCION INC

Employer identification number  
66-0227304

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

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

1

☐

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

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

An organization that normally receives (1) more than 33<sup>1</sup>/<sub>3</sub>% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33<sup>1</sup>/<sub>3</sub>% 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?

11g(i)

☐

☐

(ii)

A family member of a person described in (i) above?

11g(ii)

☐

☐

(iii)

A 35% controlled entity of a person described in (i) or (ii) above?

11g(iii)

☐

☐

h

☐

Provide the following information about the supported organization(s)

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

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	

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](http://www.irs.gov/form990).**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
HOSPITAL DE LA CONCEPCION INC

Employer identification number  
66-0227304

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

	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 . . . . .

3a(i)

Yes

No

(ii) related organizations . . . . .

3a(ii)

Yes

No

b

If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

3b

Yes

No

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 . . . . .  |                                      | 3,592,093                      |                              | 3,592,093      |
| b Buildings . . . . .  |                                      |                                |                              |                |
| c Leasehold improvements . . . . .   |                                      | 49,595,786                     | 11,807,589                   | 37,788,197     |
| d Equipment . . . . .  |                                      | 44,992,961                     | 31,712,782                   | 13,280,179     |
| e Other . . . . .  |                                      | 63,345                         |                              | 63,345         |
| Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) |                                      |                                |                              | 54,723,814     |
- Schedule D (Form 990) 2013



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	73,572,850
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments . . . . .	2a	-315,108
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	-315,108
3	Subtract line 2e from line 1 . . . . .	3	73,887,958
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	73,887,958

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	71,905,358
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	71,905,358
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	71,905,358

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

[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  
HOSPITAL DE LA CONCEPCION INC

Employer identification number  
66-0227304

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	No
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 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 type="checkbox"/> Other _____ %	3a	No
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 type="checkbox"/> Other _____ %	3b	No
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care		
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? . . . . .	4	No
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . . . .	5a	No
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .	5b	
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? . . . . .	5c	
6a	Did the organization prepare a community benefit report during the tax year? . . . . .	6a	No
b	If "Yes," did the organization make it available to the public? . . . . .	6b	
Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.			

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1) . . .						
b Medicaid (from Worksheet 3, column a) . . . . .			25,985,089	15,445,607	10,539,482	14 660 %
c Costs of other means-tested government programs (from Worksheet 3, column b) .			55,885,059	42,431,241	13,453,818	18 710 %
d <b>Total</b> Financial Assistance and Means-Tested Government Programs .			81,870,148	57,876,848	23,993,300	33 370 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . .						
f Health professions education (from Worksheet 5) . . .			1,024,154		1,024,154	1 420 %
g Subsidized health services (from Worksheet 6) . . .						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j <b>Total</b> Other Benefits . . .			1,024,154		1,024,154	1 420 %
k <b>Total.</b> Add lines 7d and 7j .			82,894,302	57,876,848	25,017,454	34 790 %

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					
7	Community health improvement advocacy					
8	Workforce development					
9	Other					
10	Total					

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

2

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

2

1,380,000

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

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

32,085,178

6

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

6

21,924,487

7

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

7

10,160,691

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

No

Part IV

Management Companies and Joint Ventures

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

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



Part V

Facility Information

Section A. Hospital Facilities

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

Name, address, 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 )

HOSPITAL DE LA CONCEPCIN INC

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
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
<b>1</b>	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)	<b>1</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b>	<input checked="" type="checkbox"/> Demographics of the community		
<b>c</b>	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b>	<input checked="" type="checkbox"/> How data was obtained		
<b>e</b>	<input checked="" type="checkbox"/> The health needs of the community		
<b>f</b>	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b>	<input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b>	<input type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b>	<input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
<b>j</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>2</b>	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>13</u>		
<b>3</b>	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 . . . . .	<b>3</b>	
<b>4</b>	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	<b>4</b>	No
<b>5</b>	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)	<b>5</b> Yes	
<b>a</b>	<input type="checkbox"/> Hospital facility's website (list url) _____		
<b>b</b>	<input type="checkbox"/> Other website (list url) _____		
<b>c</b>	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
<b>d</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>6</b>	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)		
<b>a</b>	<input type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
<b>b</b>	<input type="checkbox"/> Execution of the implementation strategy		
<b>c</b>	<input type="checkbox"/> Participation in the development of a community-wide plan		
<b>d</b>	<input type="checkbox"/> Participation in the execution of a community-wide plan		
<b>e</b>	<input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b>	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
<b>g</b>	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
<b>h</b>	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>7</b>	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 . . . . .	<b>7</b>	No
<b>8a</b>	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)? . . . . .	<b>8a</b>	No
<b>b</b>	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .	<b>8b</b>	
<b>c</b>	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	No		
10	Used federal poverty guidelines (FPG) to determine eligibility for providing free care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care __% If "No," explain in Part VI the criteria the hospital facility used	10	No		
11	Used FPG to determine eligibility for providing discounted care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care __% If "No," explain in Part VI the criteria the hospital facility used	11	No		
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	No		
a <input type="checkbox"/> Income level					
b <input type="checkbox"/> Asset level					
c <input type="checkbox"/> Medical indigency					
d <input type="checkbox"/> Insurance status					
e <input type="checkbox"/> Uninsured discount					
f <input type="checkbox"/> Medicaid/Medicare					
g <input type="checkbox"/> State regulation					
h <input type="checkbox"/> Residency					
i <input type="checkbox"/> Other (describe in Part VI)					
13	Explained the method for applying for financial assistance? . . . . .	13	No		
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	No		
a <input type="checkbox"/> The policy was posted on the hospital facility's website					
b <input 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 type="checkbox"/> The policy was available upon request					
g <input 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	No		
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? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged			17	No
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	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . . If "No," indicate why	Yes	
a	<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 type="checkbox"/> Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI		No
22	During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? . . . . . If "Yes," explain in Part VI		No

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

[illegible]

Part V

Facility Information (continued)

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

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

Name and address	Type of Facility (describe)
1	
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
ADDITIONAL INFORMATION	PART I, LINE 1A THE HOSPITAL CURRENTLY DOES NOT HAVE A WRITTEN FINANCIAL ASSISTANCE POLICY, HOWEVER, IT WILL PREPARE IT AS SOON AS POSSIBLE TO PROMPTLY COMPLY WITH THE REQUIREMENT PART III, LINE 2 BAD DEBT EXPENSE THE HOSPITAL MAKES JUDGMENTS AS TO THE COLLECTABILITY OF ACCOUNTS RECEIVABLES BASED ON HISTORICAL TRENDS AND FUTURE EXPECTATIONS MANAGEMENT ESTIMATES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS, WHICH REPRESENTS THE COLLECTABILITY OF PATIENT SERVICE ACCOUNTS RECEIVABLES THIS ALLOWANCE ADJUSTS GROSS PATIENT SERVICE ACCOUNTS RECEIVABLE DOWNWARD TO THEIR ESTIMATED NET REALIZABLE VALUE TO DETERMINE THE ALLOWANCE FOR DOUBTFUL ACCOUNTS, MANAGEMENT REVIEWS SPECIFIC CUSTOMER RISK FOR ACCOUNTS OVER 365 DAYS USING THE HOSPITAL'S ACCOUNTS RECEIVABLE AGING PART III, LINE 4 - BAD DEBT EXPENSE EXPLANATION FINANCIAL STATEMENTS NOTE - "MANAGEMENT ESTIMATES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS, WHICH REPRESENTS THE COLLECTABILITY OF PATIENT SERVICE ACCOUNTS RECEIVABLES THIS ALLOWANCE ADJUSTS GROSS PATIENT SERVICE ACCOUNTS RECEIVABLE DOWNWARD TO THEIR ESTIMATED NET REALIZABLE VALUE TO DETERMINE THE ALLOWANCE FOR DOUBTFUL ACCOUNTS, MANAGEMENT REVIEW SPECIFIC CUSTOMER RISK FOR ACCOUNTS OVER 365 DAYS USING THE HOSPITAL'S ACCOUNTS RECEIVABLE AGING"

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](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
HOSPITAL DE LA CONCEPCION INC

Employer identification number  
66-0227304

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>	1b	
<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>	2	
<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 type="checkbox"/> Compensation committee</div><div><input 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 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>	4a	No
<div><div>b</div><div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div></div>	4b	No
<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>	4c	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>	5a	No
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>	5b	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>	6a	No
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>	6b	No
<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>	7	No
<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>	8	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>	9	



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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)FELICITA BONILLA RIVERA ADMINISTRATOR	(i) (ii)	159,253					159,253	
(2)GUSTAVO A ALMODOVAR EXEC DIRECTOR	(i) (ii)	312,128					312,128	

**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
------------------	-------------

**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](http://www.irs.gov/form990).**

OMB No 1545-0047

**2013****Open to Public  
Inspection**Name of the organization  
HOSPITAL DE LA CONCEPCION INC**Employer identification number**

66-0227304

**990 Schedule O, Supplemental Information**

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 6	YES
FORM 990, PAGE 6, PART VI, LINE 7A	THE BISHOP OF THE DIOCESE OF MAYAGUEZ, AS PRESIDENT OF THE BOARD OF TRUSTEES SELECTS THE MEMBERS OF THE BOARD, THE MEMBERS ARE SELECTED BASED ON THEIR EXPERIENCE IN DIFFERENT BUSINESS AREAS THE POSITION'S TERM IS THREE YEARS
FORM 990, PAGE 6, PART VI, LINE 11B	THE FINANCE DIRECTOR REVIEW AND COMPARED THE FORM ACCORDING WITH AUDITED FINANCIAL STATEMENTS THEN THE RETURN IS DISCUSSED WITH THE EXECUTIVE DIRECTOR AND MEMBERS OF THE FINANCE COMMITTEE
FORM 990, PAGE 6, PART VI, LINE 12C	THE BOARD OF DIRECTORS HAS A COMMITTEE WHICH, THROUGH THE EXECUTIVE DIRECTOR AND THE ADMINISTRATOR, ENFORCES AND MONITORS COMPLIANCE WITH THE POLICY THE ORGANIZATION'S DIRECTORS ARE REQUIRED TO DOCUMENT AND DISCLOSE ANNUALLY ANY CONDITIONS THAT MAY RESULT IN A CONFLICT OF INTEREST
FORM 990, PAGE 6, PART VI, LINE 19	THE ORGANIZATION UPON REQUEST BY VENDORS AND PUBLIC IN GENERAL PROVIDES COPY OF ANY OF ITS FINANCIAL STATEMENTS, GOVERNING DOCUMENTS OR ANY OTHER POLICY

Hospital de la Concepción, Inc.

Financial Statements

December 31, 2013 and 2012

## Table of Contents

Independent Auditors' Report	1-2
Financial Statements:	
Balance Sheets	3
Statements of Operations and Changes in Unrestricted Net Assets	4
Statements of Cash Flows	5-6
Notes to Financial Statements	7-26

INDEPENDENT AUDITORS' REPORT

Board of Directors  
Hospital de la Concepción, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Hospital de la Concepción, Inc. which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of operations and changes in unrestricted net assets, and cash flows and the related notes to financial statements for the years then ended.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Board of Directors  
Hospital de la Concepción, Inc.  
Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hospital de la Concepción, Inc. as of December 31, 2013 and 2012, and the results of its operations and changes in unrestricted net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



*Handwritten signature*

San Juan, Puerto Rico  
March 25, 2014

Hospital de la Concepción, Inc.

Balance Sheets

December 31, 2013 and 2012

	2013	2012
Assets		
Current assets		
Cash and cash equivalents	\$ 7,458,944	\$ 8,127,659
Assets set aside under indenture agreement	235,460	235,493
Patient accounts receivable, net of allowance for doubtful accounts of \$5,056,926 in 2013 and \$4,447,967 in 2012	10,864,424	11,876,516
Inventory of supplies	2,096,138	2,894,728
Prepaid expenses	1,253,468	1,278,480
Total current assets	21,908,434	24,412,876
Investments	1,883,515	2,107,673
Due from related parties, net	5,244,137	5,554,173
Property, plant and equipment, net	54,723,814	49,980,055
Debt issuance costs	417,430	442,794
Total assets	<u>84,177,330</u>	<u>82,497,571</u>
Liabilities and Unrestricted Net Assets		
Current liabilities		
Current portion of bonds payable and long-term debts	1,559,784	1,499,784
Current portion of capital lease obligations	190,672	64,897
Accounts payable	8,190,273	7,393,281
Accrued expenses	4,167,014	4,836,164
Estimated third-party payor settlements - Medicare	177,753	346,001
Total current liabilities	14,285,496	14,140,127
Bonds payable and long-term debts, net of current portion	30,637,146	32,196,832
Capital lease obligations, net of current portion	686,584	-
Reserve for claim losses	3,946,196	3,206,196
Total liabilities	49,555,422	49,543,155
Unrestricted net assets	<u>34,621,908</u>	<u>32,954,416</u>
Total liabilities and unrestricted net assets	<u>\$ 84,177,330</u>	<u>\$ 82,497,571</u>

See notes to financial statements



Hospital de la Concepción, Inc.

Statements of Operations and Changes in Unrestricted Net Assets

Years ended December 31, 2013 and 2012

	2013	2012
Unrestricted revenues and other support		
Patient service revenue, net of contractual adjustment	\$ 70,970,575	\$ 68,882,817
Other revenue	2,752,181	2,604,036
Total revenues and other support	<u>73,722,756</u>	<u>71,486,853</u>
Expenses		
Salaries	24,055,996	23,372,374
Fringe benefits	4,622,959	4,569,294
Contracted services	8,595,894	8,065,633
Professional services	808,158	822,717
Drugs	4,698,205	4,780,554
Supplies	12,759,926	11,416,903
Food and diets	432,720	440,779
Maintenance and repairs	1,250,791	778,509
Utilities	2,786,501	2,968,040
Insurance	639,775	672,896
Interests	2,075,560	2,113,837
Provision for claim losses	780,000	1,280,000
Provision for bad debts	1,380,000	1,300,000
Depreciation and amortization	3,608,448	3,418,917
Other	3,410,425	3,305,731
Total expenses	<u>71,905,358</u>	<u>69,306,184</u>
Operating income	<u>1,817,398</u>	<u>2,180,669</u>
Non operating income		
Investment income	91,038	168,318
Interest income	74,164	68,502
Other income	-	876,670
Total non operating income	<u>165,202</u>	<u>1,113,490</u>
Excess of revenues over expenses	1,982,600	3,294,159
Change in unrealized gain (loss) on available-for-sale securities	<u>(315,108)</u>	<u>(68,456)</u>
Changes in unrestricted net assets	1,667,492	3,225,703
Unrestricted net assets, at beginning of year	<u>32,954,416</u>	<u>29,728,713</u>
Unrestricted net assets, at end of year	<u>\$ 34,621,908</u>	<u>\$ 32,954,416</u>
See notes to financial statements		

Hospital de la Concepción, Inc.

Statements of Cash Flows

Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Changes in unrestricted net assets	\$ 1,667,492	\$ 3,225,703
Adjustments to reconcile changes in unrestricted net assets to net cash provided by operating activities:		
Depreciation and amortization	3,608,448	3,418,917
Provision for bad debts	1,380,000	1,300,000
Provision for claim losses	780,000	1,280,000
Estimated uncollectible balance from related party (disclosed as other expenses in the statements of operations)	1,200,000	999,996
Change in unrealized (gain) loss on available-for-sale securities	315,108	68,456
Interest income on investments re-invested	(5,564)	(63,945)
Realized gain on sale of investments (disclosed as investment income in the statements of operations)	-	(14,707)
(Increase) decrease in:		
Patient accounts receivable	(367,908)	(2,173,960)
Inventory of supplies	798,590	(436,323)
Prepaid expenses and other assets	50,376	(126,750)
Increase (decrease) in:		
Accounts payable and accrued expenses	(296,698)	2,391,200
Estimated third-party payor settlements - Medicare	(168,248)	448,821
Reserve for claim losses	(40,000)	-
Total adjustments	<u>7,254,104</u>	<u>7,091,705</u>
Net cash provided by operating activities	<u>8,921,596</u>	<u>10,317,408</u>
Cash flows from investing activities:		
Purchase of property and equipment	(6,900,168)	(4,487,648)
Advances to related party	(889,964)	(847,372)
Acquisition of investments	(85,386)	(315,512)
Proceeds from sale and redemption of investments	-	225,942
Net decrease (increase) in assets set aside under indenture agreement	<u>33</u>	<u>132</u>
Net cash (used in) investing activities	<u>(7,875,485)</u>	<u>(5,424,458)</u>

Hospital de la Concepción, Inc.

Statements of Cash Flows (Continued)

Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from financing activities:		
Proceeds from notes payable	-	1,221,999
Payments on bonds payable, long-term debts and capital lease obligations	<u>(1,714,826)</u>	<u>(1,490,905)</u>
Net cash (used in) financing activities	<u>(1,714,826)</u>	<u>(268,906)</u>
Net (decrease) increase in cash and cash equivalents	(668,715)	4,624,044
Cash and cash equivalents, at beginning of year	<u>8,127,659</u>	<u>3,503,615</u>
Cash and cash equivalents, at end of year	<u>\$ 7,458,944</u>	<u>\$ 8,127,659</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	<u>\$ 2,080,628</u>	<u>\$ 2,118,600</u>
Supplemental disclosures of non-cash investing and financing activities:		
Note payable converted into a term loan (See note 5)	<u>\$ -</u>	<u>\$ 2,500,000</u>
Acquisitions of equipment financed by suppliers	<u>\$ 424,539</u>	<u>\$ -</u>
Equipment acquired through capital lease obligation	<u>\$ 1,027,500</u>	<u>\$ -</u>
Retirements of fully depreciated property and equipment	<u>\$ 1,650,295</u>	<u>\$ -</u>

See notes to financial statements

Hospital de la Concepción, Inc.

Notes to Financial Statements

December 31, 2013 and 2012

Note 1 - Organization and summary of significant accounting policies

Organization

Hospital de la Concepción, Inc (the Hospital), located at San Germán, Puerto Rico, is a not-for-profit acute care hospital. The Hospital provides inpatient, outpatient and emergency care services for residents of the southwestern area of Puerto Rico. Admitting physicians are primarily practitioners in the local area. The Hospital was incorporated under the laws of the Commonwealth of Puerto Rico in 1956 and is affiliated to the Diocese of Mayagüez of the Catholic Church of Puerto Rico.

Use of estimates

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

Cash equivalents

For purposes of the statements of cash flows, the Hospital considers all highly liquid debt instruments with maturity of three months or less to be cash equivalents.

Patient accounts receivable

The Hospital makes judgments as to the collectability of accounts receivable based on historical trends and future expectations. Management estimates an allowance for doubtful accounts, which represents the collectability of patient service accounts receivable. This allowance adjusts gross patient service accounts receivable downward to their estimated net realizable value. To determine the allowance for doubtful accounts, management reviews specific customer risk for accounts over 365 days using the Hospital's accounts receivable aging.

Inventory of supplies

Inventory of supplies, consisting of drugs, medicines, food and other is stated at the lower of cost or market on first-in, first-out basis.

Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2013 and 2012

Note 1 - Organization and summary of significant accounting policies - (continued)

Investments and assets set aside under indenture agreement

Investments and assets set aside under indenture agreement are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Hospital follows the requirements of the *Fair Value Measurements Topic of the FASB Accounting Standards Codification*, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under the above mentioned standard are described as follows:

- |         |  |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Hospital has the ability to access.  |
| Level 2 | Inputs to the valuation methodology include <ul style="list-style-type: none"><li>• Quoted prices for similar assets or liabilities in active markets;</li><li>• Quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>• Inputs other than quoted prices that are observable for the asset or liability;</li><li>• Inputs that are derived principally from or corroborated by observable market data by correlation or other means.</li></ul> |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement   |

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for investments and assets set aside under indenture agreement, which are the assets measured at fair value in the accompanying financial statements:

*Money market account, municipal bonds and mutual funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2013 and 2012

Note 1 - Organization and summary of significant accounting policies – (continued)

Investments and assets set aside under indenture agreement – (continued)

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

Premiums and discounts, if any, are amortized as an adjustment to interest income over the life of the related securities using a method that approximates the interest method. When computing realized gains or losses, the cost of securities is determined by the specific identification method.

Income or loss on investments and assets set aside under indenture agreement (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law.

Unrealized gains and losses on investments and assets set aside under indenture agreement are excluded from the excess of revenues and gains over expenses (losses) unless the investments are trading securities, as discussed in note 1 to the financial statements under the subtitle, Performance Indicator.

Assets set aside under indenture agreement include assets held by trustee under indenture agreement (see Note 3). Amounts, if any, required to meet current liabilities of the Hospital are reclassified in the balance sheets as current assets.

Property, plant and equipment

Property, plant and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset (ranging from 3 to 40 years) and is computed using the straight-line method. Equipment under capital lease obligations is amortized under the straight-line method over the shorter period between the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the statements of operations and changes in unrestricted net assets. Also, the Hospital capitalizes property, plant and equipment which acquisition cost is \$500 or over.

The Hospital periodically reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. No evidence of impairment is evident as of December 31, 2013 and 2012 as a result of such review.

Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2013 and 2012

Note 1 - Organization and summary of significant accounting policies - (continued)

Performance indicator

The performance indicator is the excess of revenues and gains over expenses (losses). Changes in unrestricted net assets which are excluded from excess of revenues and gains over expenses (losses), consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

Net patient service revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Revenue under certain third-party payor agreements is subject to audit, retroactive adjustments, and significant regulatory actions. 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.

During 2012, the Hospital adopted the requirements of the FASB *Accounting Standards Update* No. 2011-07 *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts and the Allowance for Doubtful Accounts for Certain Healthcare Entities*. The standard update requires healthcare entities that recognize a significant amount of patient service revenue at the time the services are rendered, even though they do not assess the patient's ability to pay, to present as separate line items on the face of the statement of operations, the provision for bad debts related to patient service revenue, as a deduction from patient revenue (net of contractual allowances and discounts).

The standard update also requires disclosing by major payor source of revenue; the Hospital's policy for assessing collectability in determining the timing and amount of patient service revenue to be recognized, and qualitative and quantitative information about significant changes in the allowance for doubtful accounts related to patient accounts receivable.

Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2013 and 2012

Note 1 - Organization and summary of significant accounting policies - (continued)

Non-operating gains and losses

Peripheral or incidental transactions to the provision of health care services are disclosed in the statement of operations and changes in unrestricted net assets.

Debt issuance costs

Debt issuance costs are deferred and amortized, using the straight-line method, over the term of the related debt.

Unrestricted net assets

Unrestricted net assets include the results of transactions that arise from Hospital's operations without a specified or restricted use.

Provision for claim losses

The provision of estimated medical malpractice costs of claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Income taxes

The Hospital is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Chapter 10, Subchapter A, Section 1101.01(a)(2)(A) of the Puerto Rico Internal Revenue Code. Also, the Hospital enjoys tax exemption under the Sec. 501 (c) 3 of the U.S. Internal Revenue Code.

This Space Was Intentionally Left Blank



Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2013 and 2012

Note 2 - Revenues

Net patient service revenue

The Hospital has an agreement with the Medicare program that provides for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangement with Medicare follows:

Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient capital costs related to Medicare beneficiaries are paid based on a fully prospective method. Medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost report by the Hospital and audits thereof by the Medicare fiscal intermediary. The cost reimbursement report for the year ended December 31, 2013 will be submitted to the Medicare fiscal intermediary no later than May 31, 2014. The cost reimbursement reports for the years ended December 31, 2011 and 2012 are been subject to examination by the fiscal intermediary. Laws and regulations governing the Medicare program 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, but management believes those changes will not be material.

The Hospital has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, capitation amounts, discounts from established charges and prospectively determined daily rates.

A summary of patient service revenue, net of contractual allowances and discounts, for the years ended December 31, 2013 and 2012 follows:

	<u>2013</u>	<u>2012</u>
Third-party payors	\$68,665,226	\$66,757,124
Self-pay patients	<u>2,305,349</u>	<u>2,125,693</u>
Patient service revenue (net of contractual allowances and discounts)	<u>\$70,970,575</u>	<u>\$68,882,817</u>

Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2013 and 2012

Note 2 - Revenues – (continued)

Net patient service revenue – (continued)

Changes in allowance for doubtful accounts on patients' accounts receivable for the years ended December 31, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$4,447,967	\$3,894,115
Provision charged to operations	1,380,000	1,300,000
Write-off of uncollectible accounts	<u>(771,041)</u>	<u>(746,148)</u>
Balance, end of year	<u>\$5,056,926</u>	<u>\$4,447,967</u>

Net patient service revenue from third-party payors is estimated fully collectible and it is recorded when the health care services are provided. Also, health care services provided to uninsured patients is recorded when the services are provided. The Hospital records provision for bad debts, as an operating expense in the accompanying statements of operations, for accounts with balances over 365 days, for which collection efforts have been followed in accordance with the Hospital policies, particularly amounts receivable from third-party payors. Provision for bad debts related to receivables for patients for whom it was assessed the patient does not has the ability to pay is recorded as a deduction of net patient service revenue in the accompanying statements of operations. At December 31, 2013 and 2012, 48% and 49%, respectively, of the amounts reserved as uncollectible are related to third-party payors, and 52% and 51%, respectively, are related to self-pay patients, which includes deductibles and co-insurance which the Hospital accounts for as patient balance. Also, during the years 2013 and 2012, the Hospital accounted for \$771,041 and \$746,148, respectively, for accounts written-off, of which \$301,458 and \$266,126, respectively, correspond to third-party payors, and \$469,583 and \$480,022, respectively, correspond to self-pay patients.

This Space Was Intentionally Left Blank

Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2013 and 2012

Note 2 - Revenues – (continued)

Other revenues

Other revenues derived from operations, other than those related to patient care, for the years ended December 31, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Pharmacy	\$ 726,165	\$ 752,759
Cafeteria	940,923	910,023
Parking	387,194	418,414
Rent income	60,000	85,000
Telephone and TV rentals	105,997	91,877
Advertising billboard	134,913	-
Unrestricted donations	38,244	38,244
Other miscellaneous income	<u>358,745</u>	<u>307,719</u>
	<u>\$2,752,181</u>	<u>\$2,604,036</u>

Note 3 - Investments and assets set aside under indenture agreement

Investments at December 31, 2013 and 2012 consist of:

2013:

	<u>Fair market value</u>	<u>Cost</u>	<u>Unrealized gain (loss)</u>
Mutual funds	\$ 817,459	\$ 724,004	\$ 93,455
Municipal bonds	1,051,766	1,413,707	(361,941)
Money Market Account	<u>14,290</u>	<u>14,290</u>	<u>-</u>
Total	<u>\$1,883,515</u>	<u>\$2,152,001</u>	<u>\$(268,486)</u>

2012:

	<u>Fair market value</u>	<u>Cost</u>	<u>Unrealized gain (loss)</u>
Mutual funds	\$ 652,141	\$ 635,552	\$ 16,589
Municipal bonds	1,443,737	1,413,704	30,033
Money Market Account	<u>11,795</u>	<u>11,795</u>	<u>-</u>
Total	<u>\$2,107,673</u>	<u>\$2,061,051</u>	<u>\$ 46,622</u>

Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2013 and 2012

Note 3 - Investments and assets set aside under indenture agreement – (continued)

At December 31, 2013 and 2012, the contractual maturities for municipal bonds range from February 1, 2017 through July 1, 2038, respectively. Mutual funds and money market accounts do not have contractual maturities.

Assets set aside under indenture agreement at December 31, 2013 and 2012, consist of interest deposits amounting to \$235,460 and \$235,493, respectively.

Income on investments and assets set aside under indenture agreement

At December 31, 2013 and 2012, income on investments and assets set aside under indenture agreement were comprised of the following:

	2013	2012
Income:		
Interest and dividend income	\$ 91,038	\$153,611
Realized gains on sale of securities	<u>-</u>	<u>14,707</u>
	<u>\$ 91,038</u>	<u>\$168,318</u>
Other changes in unrestricted net assets:		
Change in net unrealized gain on other than trading securities	<u>\$(315,108)</u>	<u>\$(68,456)</u>

Pursuant to *FASB Accounting Standards Codifications Topic of "Fair Value Measurements"*, the Hospital measures the fair value of the above investments and assets set aside under indenture agreement based on "Level 1" which consists of observable inputs such as quoted prices in active markets for identical assets and liabilities.

The fair value of investments and assets set aside under indenture agreement approximate their acquisition cost.

The Hospital reviews each investment in an unrealized loss position for other-than-temporary impairment, in accordance with *FASB ASC topic 320-10-35-17, Impairment of Individual Available-for-Sale and Held-to-Maturity Securities*. The review takes into consideration current market conditions, failure of the issuer to distribute monthly dividends, the Hospital's intent to sell the security or whether it is more likely than not that the Hospital will be required to sell the debt security before its anticipated recovery, as well as other qualitative factors.

Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2013 and 2012

Note 3 - Investments and assets set aside under indenture agreement – (continued)

Income on investments and assets set aside under indenture agreement – (continued)

The unrealized losses in the Hospital's investment in municipal bonds at December 31, 2013 were caused by credit loss issues, which have negatively impacted the value of the underlying debt securities. Management has assessed the expectation of recoverability provided by a broker-dealer and has concluded that these investments are not other-than-temporarily impaired at December 31, 2013. In addition, based on the Hospital's explicit ability and intent to hold these investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the Hospital does not consider these investments to be other-than-temporarily impaired as of December 31, 2013.

Note 4 - Property, plant and equipment

A summary of property, plant and equipment at December 31, 2013 and 2012 follows:

	<u>2013</u>	<u>2012</u>
Land	\$ 3,592,093	\$ 570,702
Building and improvements	49,595,786	47,840,703
Equipment	43,965,461	41,447,551
Equipment under capital lease obligations	<u>1,027,500</u>	<u>1,683,317</u>
	98,180,840	91,542,273
Less: accumulated depreciation and amortization	<u>43,520,371</u>	<u>41,562,218</u>
	54,660,469	49,980,055
Construction in progress	<u>63,345</u>	<u>-</u>
Property, plant and equipment, net	<u>\$54,723,814</u>	<u>\$49,980,055</u>

The Hospital is currently in the construction and implementation of certain projects and improvements. As a part of such projects, as of December 31, 2013, the Hospital has entered into certain agreement with an independent contractor, which amounted to approximately \$74,000. The remaining commitment on such project amounted to approximately \$15,000 at December 31, 2013.

During the year ended December 31, 2013 the Hospital retired fully depreciated property amounting to \$1,650,295, as approved by the Board of Trustees.

Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2013 and 2012

Note 5 - Bonds payable, long-term debts and capital lease obligations

At December 31, 2013 and 2012, bonds payable, long-term debts and capital lease obligations consist of:

Bonds payable and long-term debts

	<u>2013</u>	<u>2012</u>
Term loan, payable in fifty-nine principal monthly installments of \$41,750 plus interest at an interest rate per annum equal to the 30-days LIBOR rate (approximately .17% at December 31, 2013), but in no event less than 100 basis points (1.00%) plus 3.50%, and a final installment for the then outstanding balance plus accrued interest due in August 2017. (a)	\$ 1,832,000	\$ 2,333,000
5.29% to 6.25% 2000 Series A Hospital Tax-Exempt Revenue Bonds, principal maturing in varying annual amounts due on November 15, 2030. The payment of the principal and interest on the bonds is guaranteed by Ascension Health Obligated Group. (b)	29,240,000	30,185,000
Note payable to bank in three-hundred sixty principal monthly installments of \$4,482 plus interest at prime rate (3.25% at December 31, 2013) less 0.625% through May 2035. The note is collateralized with real estate.	<u>1,124,930</u>	<u>1,178,616</u>
Total bonds payable and long-term debts	32,196,930	33,696,616
Less current portion	<u>1,559,784</u>	<u>1,499,784</u>
Bonds payable and long-term debts, net of current portion	<u>\$30,637,146</u>	<u>\$32,196,832</u>

Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2013 and 2012

Note 5 - Bonds payable, long-term debts and capital lease obligations – (continued)

	<u>2013</u>	<u>2012</u>
<u>Capital lease obligations</u>		
Capital lease obligations at a rate of imputed interest of approximately 6%, collateralized by leased equipment with an amortized cost of \$856,250 and \$56,111 at December 31, 2013 and 2012, respectively.	\$ 877,256	\$ 64,897
Less: current portion	<u>190,672</u>	<u>64,897</u>
Capital lease obligations, net of current portion	<u>\$ 686,584</u>	<u>\$ -</u>

Scheduled principal repayments on bonds payable, long-term debts and capital lease obligations are as follows:

<u>Year Ending December 31,</u>	<u>Bonds Payable and Long-Term Debts</u>	<u>Capital Lease Obligations</u>
2014	\$ 1,559,784	\$239,040
2015	1,624,784	239,040
2016	1,694,784	239,040
2017	1,592,784	239,040
2018	1,343,784	39,840
Thereafter	<u>24,381,010</u>	<u>-</u>
	<u>\$ 32,196,930</u>	<u>\$996,000</u>
Less: amount representing interest under capital lease obligations		<u>118,744</u>
		<u>\$877,256</u>

Additional information on the aforementioned capital leases follows:

	<u>2013</u>	<u>2012</u>
Amortization expense	<u>\$227,361</u>	<u>\$ 336,663</u>
Interest expense	<u>\$ 49,962</u>	<u>\$ 16,758</u>
Accumulated amortization	<u>\$171,250</u>	<u>\$1,627,206</u>

Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2013 and 2012

Note 5 - Bonds payable, long-term debts and capital lease obligations – (continued)

(a) Note payable

The credit agreement also provides for an additional revolving credit facility for \$3,000,000 to finance the general corporate and working capital requirements of the Hospital. At December 31, 2013 and 2012, no advances have been received from the revolving credit facility. The credit agreement requires the Hospital to comply with certain financial and operating covenants.

(b) Bonds payable

On May 15, 2000, the Puerto Rico Industrial, Medical, Higher Education and Environmental Pollution Control Facilities Financing Authority (AFICA), issued on behalf of Hospital de la Concepción, Inc., Hospital Revenue Bonds, 2000 Series A for \$37,215,000.

On the date of the issuance of the Bonds, Ascension Health Obligated Group (as Guarantor) and Hospital de la Concepción, Inc. executed a Reimbursement Agreement, in favor of AFICA and the Trustee to guarantee the payment of the principal and interest on the bonds. In consideration of the issuance of the guaranty, the Hospital pledged a security interest to the Guarantor of all now owned or hereafter acquired gross revenues, accounts receivable, inventory, contract rights, rights under Deed of Trust, equipment and general intangibles of the Hospital, together with proceeds and products thereof to secure the performance by the Hospital of its obligations under the Reimbursement Agreement.

In addition and in consideration of the guaranty issued by Ascension Health, the Hospital created a Trust, constituted on the real estate property and on new construction developed on such property as part of the construction of the new hospital facilities, for the benefit of Ascension Health in the event of default by the Hospital on the Reimbursement Agreement mentioned above.

Under the terms of the revenue bond indentures, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included in assets set aside under indenture agreement in the accompanying financial statements. The revenue bond indenture also places limits on the incurrence of additional borrowings and requires that the Hospital satisfies certain measures of financial performance as long as the bonds are outstanding.



Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2013 and 2012

Note 5 - Bonds payable, long-term debts and capital lease obligations – (continued)

(b) Bonds payable – (continued)

Scheduled sinking fund requirements on bonds payable as of December 31, 2013, follow:

<u>Fiscal Year</u> <u>Ending September 30,</u>	<u>Sinking Fund</u> <u>Requirements</u>
2014	\$ 1,005,000
2015	1,070,000
2016	1,140,000
2017	1,210,000
2018	1,290,000
Thereafter	<u>23,525,000</u>
	<u>\$29,240,000</u>

The bonds, at the time outstanding and maturing after November 15, 2011, are subject to redemption, at the option of the Hospital, in whole or in part, at the redemption price set forth in the table below, plus accrued interest at the redemption date:

<u>Period During which Redeemed</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Price</u>
November 15, 2011 and thereafter	100%

Note 6 - Concentration of credit risk

Cash and cash equivalents, and investments

The Hospital maintains its cash and cash equivalents in bank accounts at various financial institutions. At December 31, 2013 and 2012 accounts at each institution were insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2013 and 2012, cash balances exceeded federal insured limits for approximately \$8,050,000 and \$7,800,000, respectively. The Hospital has not experienced any losses in such accounts.

Investments at December 31, 2013 and 2012, represent financial instruments that potentially subject the Hospital to concentration of credit risk. The Hospital invests in a variety of financial instruments, which by policy, limits the amount of credit exposure with any one financial institution or commercial issuer. The Hospital has not experienced material credit losses on its investments.

Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2013 and 2012

Note 6 - Concentration of credit risk – (continued)

Patient accounts receivable

The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The Hospital maintains allowances for potential credit losses which, when realized, have been within the range of management expectations.

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

	<u>2013</u>	<u>2012</u>
Medical Card System	8%	9%
International Medical Card	7%	8%
Preferred Medicare Choice	12%	11%
Medicare	9%	11%
Triple S & Triple C	28%	27%
MMM Healthcare	15%	11%
American Health	6%	5%
Other third-party payors	<u>15%</u>	<u>18%</u>
	<u>100%</u>	<u>100%</u>

Note 7 - Related party transactions

Salus Infirmorum, Inc. (Salus), also affiliated to the Diocese of Mayagüez of the Catholic Church of Puerto Rico, is the owner and in charge of the operation of the medical office building adjacent to the new Hospital's facilities. During 2013 and 2012, the Hospital incurred expenditures for \$889,964 and \$847,372, respectively, on behalf of Salus in the development and administration of the office building.

Patronato de la Inmaculada Concepción, Inc. (Patronato), a trust organized by the Diocese of Mayagüez, is the owner of certain real estate facilities which were transferred by the Hospital. Such facilities consist of land, buildings and equipment of the old hospital's facilities. Up to December 31, 2009, the Hospital incurred in expenditures on behalf of the Patronato related to Patronato's operations in the transferred facilities.

Hospital de la Concepcion, Inc.

Notes to Financial Statements (Continued)

December 31, 2013 and 2012

Note 7 - Related party transactions -- (continued)

At December 31, 2013 and 2012 significant related party transactions are reported in the Hospital's financial statements as follows:

	<u>2013</u>	<u>2012</u>
Due from related parties		
Salus Infirmorum, Inc.	\$6,942,621	\$6,052,657
Patronato de la Inmaculada Concepción, Inc.	<u>                    -</u>	<u>1,520,652</u>
	6,942,621	7,573,309
Less: estimated uncollectible balance	<u>1,698,484</u>	<u>2,019,136</u>
	<u>\$5,244,137</u>	<u>\$5,554,173</u>

During 2013, the Hospital wrote off the balance due from Patronato de la Inmaculada Concepción, Inc. amounting to \$1,520,652, as approved by the Executive Committee. At December 31, 2013 and 2012, the Hospital estimated as uncollectible \$1,200,000 and \$999,996, respectively, of the amounts due from related parties, as disclosed above. Such estimate was accounted for as other expense in the statements of operations for the years ended December 31, 2013 and 2012.

The above balances are unsecured, non-interest bearing and there are no specified repayment terms.

Note 8 - Commitments and contingencies

Commitments

Employee Benefit Plan

The Hospital has a non-contributory defined contribution retirement plan that covers substantially all the Hospital's employees after one year of employment. The Hospital's maximum contribution for any participant is determined by the Board of Trustees at December 31 of every year on the basis of the employee's compensation and the investment results of the Retirement Trust. During 2013 and 2012, the Hospital incurred \$300,000, respectively, of expenses related to the retirement plan.

Primary supplier and purchase agreement

As part of its routine operations, the Hospital has entered into various supply agreements with several companies for the purchase of medical-surgical and medical-pharmaceutical products. Under the terms of such agreements, the Hospital must use the contracted companies as its first supplier option and must purchase a minimum monthly dollar amount of supplies.

Hospital de la Concepcion, Inc.

Notes to Financial Statements (Continued)

December 31, 2013 and 2012

Note 8 - Commitments and contingencies- (continued)

Contingencies

As part of its operations, the Hospital is defendant in several lawsuits related to malpractice cases. It is the opinion of the Hospital's legal counsel and management that the ultimate liability in excess of insurance coverage will not exceed the reserves recognized on books. Based on a review of the current facts and circumstances, management has provided for what is believed to be a reasonable estimate of the exposure to loss associated with pending or threatened litigation. The Hospital has established a reserve for malpractice claims losses in the amount of \$3,946,196 and \$3,206,196 at December 31, 2013 and 2012 respectively. The provision for claims losses for the years ended December 31, 2013 and 2012 was \$780,000 and \$1,280,000, respectively.

The Hospital has malpractice policy insurance with coverage of \$300,000 per case and \$1,000,000 in the aggregate.

Regulatory issues

The healthcare industry is subject to numerous laws and regulations which include, among other things, matters such as government healthcare participation requirements, various license and accreditations, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Government action has increased with respect to investigations and/or allegations concerning possible violations of fraud and abuse and false claims statutes and/or regulations by healthcare providers. Providers that are found to have violated these laws and regulations may be excluded from participating in government healthcare programs, subjected to fines or penalties or required to repay amounts received from government for previously billed patient services. While management of the Hospital believes its policies, procedures and practices comply with governmental regulations, no assurance can be given that the Hospital will not be subjected to governmental inquiries or actions.

HIPAA

The Health Insurance Portability and Accountability Act (HIPAA) was enacted in August 1996 to assure health insurance portability, reduce healthcare fraud and abuse, guarantee security and privacy of health information and enforce standards for health information. Organizations are subject to significant fines and penalties if found not to be compliant with the provisions outlined in the regulations. The Hospital's management believes to be in compliance.

Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2013 and 2012

Note 8 - Commitments and contingencies- (continued)

HIPAA – (continued)

Also, in order to be in compliance with HIPAA provisions, the Hospital must adopt the 10th revision of the International Statistical Classification of Diseases and Related Health Problems (ICD-10), on or before October 1, 2014. ICD-10 consists of a medical classification list revised by the World Health Organization (WHO) used in diagnosis coding and procedure coding system for inpatient hospital procedure coding that will enable a significant extension of the codes allowing an improved tracking of many new diagnoses. The Hospital is currently under the implementation of ICD-10 and expects to complete such before the due date.

Implementation requirements of an Electronic Health Record System

The Health Information Technology for Economic and Clinical Health Act set meaningful use of interoperable Electronic Health Record (EHR) adoption in the health system as a critical national goal and incentivize the EHR adoption. Its goal is not adoption alone but meaningful use of EHRs, that is, their use by providers to achieve significant improvements in care. Meaningful use compliance is required before the Federal Fiscal Year 2016 or otherwise the hospital will incur penalties for non-compliance that may reduce future Medicare payments and potentially Medicare Advantage program payments.

The Centers for Medicare and Medicaid Services (CMS) manages and has implemented an incentive program for those hospitals that implement EHR and that also, comply with certain specific requirements. CMS EHR Incentive Programs provide incentive payments to eligible hospitals as they adopt, implement, upgrade or demonstrate meaningful use, as defined by CMS, of certified EHR technology. As of December 31, 2013 and 2012, the Hospital is under the implementation of its EHR system. During 2012, the Hospital qualified to participate of the incentive program under the Medicaid provisions and received an incentive amounting to \$876,670, which is accounted for as other non operating income in the statements of operations. The incentive program terminates on the fiscal year 2016.

Cumulative rebate liability on bonds

According to Part E Section 4 of the Tax Certificate of the 2000 Series A Bonds, the Hospital is entitled to perform the calculation necessary to comply with the rebate requirement as set forth in Section 148(f) of the Internal Revenue Code and the Treasury Regulation. This rebate calculation is required for each 5 anniversary of such bonds.

Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2013 and 2012

Note 8 - Commitments and contingencies- (continued)

Cumulative rebate liability on bonds -- (continued)

The last calculation was due on June 15, 2010. The Hospital was required to pay any accumulated rebate requirements to the IRS not later than 60 days after June 15, 2010. The bond and redemption funds are not taken into account in determining cumulative rebate liability for a bond year if aggregate earnings on these funds do not exceed \$100,000 in that bond year. Since the last computation date and through June 15, 2010, aggregate earnings of these funds did not exceed \$100,000 in any of the bond years. Also, the bond and redemption funds comprised the assets set aside under indenture agreement during such period. Therefore, no calculation was required to be performed at June 15, 2010. The next rebate liability calculation, if applicable, should be made for the end of the fifteen bond year ending June 15, 2015. The noncompliance with the above mentioned requirement could affect the tax-exempt status of the bonds.

Note 9 - Functional expenses

The Hospital 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:

	<u>2013</u>	<u>2012</u>
Health care services	\$42,906,606	\$40,941,300
General and administrative	<u>28,998,752</u>	<u>28,364,884</u>
	<u>\$71,905,358</u>	<u>\$69,306,184</u>

Note 10 - Reclassifications

Certain reclassifications have been made to the 2012 financial statements to conform them to the 2013 presentation.

Note 11 - Subsequent events

On March 4, 2014, the Hospital entered into an agreement with a construction contractor for the surgical suite expansion, amounting to \$1,777,446, which is expected to be substantially completed during 2014.

Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2013 and 2012

Note 11 - Subsequent events – (continued)

The Hospital evaluated subsequent events through March 25, 2014, which is the date the financial statements were available to be issued. Except for the event described in the preceding paragraph, no events have occurred subsequent to the balance sheet date and to the date the financial statements were available to be issued, that would require additional adjustment to, or disclosure in, the financial statements.