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Form 990



Department of the Treasury  
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

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

Information about Form 990 and its instructions is at [www.IRS.gov/form990](http://www.irs.gov/form990)

OMB No 1545-0047

2013

Open to Public Inspection

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

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization

TOURO INFIRMARY

Doing Business As

Number and street (or P O box if mail is not delivered to street address)

1401 FOUCHER STREET

Room/suite

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

NEW ORLEANS, LA 70115

F Name and address of principal officer

Cynthia Polt

1401 FOUCHER STREET

NEW ORLEANS, LA 70115

H(a) Is this a group return for subordinates?

☐ Yes☒ No

H(b) Are all subordinates included?

☐ Yes☐ No

If "No," attach a list (see instructions)

H(c) Group exemption number

I Tax-exempt status

☒ 501(c)(3) ☐ 501(c) ( ) ☐ (insert no ) ☐ 4947(a)(1) or ☐ 527

J Website:

☒ www.touro.com

K Form of organization

☒ Corporation ☐ Trust ☐ Association ☐ Other ☐

L Year of formation

1852

M State of legal domicile

LA

Part I Summary			
Activities & Governance	1	Briefly describe the organization's mission or most significant activities provision of healthcare services	
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets	
	3	Number of voting members of the governing body (Part VI, line 1a)	17
	4	Number of independent voting members of the governing body (Part VI, line 1b)	12
	5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	2,247
Revenue	6	Total number of volunteers (estimate if necessary)	322
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	0
	b	Net unrelated business taxable income from Form 990-T, line 34	0
		Prior Year	Current Year
	8	Contributions and grants (Part VIII, line 1h)	18,695,768
	9	Program service revenue (Part VIII, line 2g)	258,338,051
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	930,925
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	7,989,861
Expenses	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	285,954,605
	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	32,252,632
	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)	98,197,382
	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)	128,825,767
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	259,275,781
Net Assets or Fund Balances	19	Revenue less expenses Subtract line 18 from line 12	26,678,824
		Beginning of Current Year	End of Year
	20	Total assets (Part X, line 16)	254,094,258
	21	Total liabilities (Part X, line 26)	185,534,778
	22	Net assets or fund balances Subtract line 21 from line 20	68,559,480

Part II Signature Block

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

Sign Here

\*\*\*\*\*

Signature of officer

Cynthia Polt CFO

Type or print name and title

2014-11-17

Date

Prrnt/Type preparer's name

Preparer's signature

Date

Check ☐ if self-employed

PTIN

Firm's name ☐

Firm's EIN ☐

Firm's address ☐

Phone no

May the IRS discuss this return with the preparer shown above? (see instructions)

☐ Yes☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2013)

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

TOURO INFIRMARY IS DEDICATED TO IMPROVING THE HEALTH STATUS AND WELL BEING OF THE PEOPLE IT SERVES THROUGH THE PROVISION OF EFFECTIVE, EFFICIENT AND COMPASSIONATE HEALTHCARE SERVICES

2

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

☐ Yes ☒ No

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

3

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

☐ Yes ☒ No

If "Yes," describe these changes on Schedule O

4

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

4a

(Code ) (Expenses \$ 185,054,174 including grants of \$ ) (Revenue \$ 306,630,220 )

The hospital provides inpatient, outpatient, emergency and critical care, home health and rehabilitation services The hospital has 213 adult beds, 77 rehabilitation beds, 22 ICU beds, and 48 OB beds for a total of 360 licensed beds The hospital treated 14,822 inpatients and had 241,053 outpatient visits in 2013 There were 7,236 surgeries (inpatient, outpatient and ambulatory surgery center), 34,083 emergency department visits and 3,368 deliveries

4b

(Code ) (Expenses \$ 7,357,968 including grants of \$ ) (Revenue \$ 1,853,129 )

Touro Infirmary is a teaching hospital offering medical student and post graduate medical training It has academic affiliations with Louisiana State University Health Sciences Center and Tulane University Health Science Center Touro offered training programs to 522 students, residents and fellows in 2013 in the specialties of Allergy, Cardiology, Gastroenterology, General Surgery, Geriatrics, Infectious Disease, Internal Medicine, Medicine-Pediatrics, Neurology, OB/GYN, Oral and Maxillofacial Surgery, Orthopedics, Otolaryngology, Pediatrics, Pediatric Cardiology, Plastic Surgery, PM&R, Medicine- Emergency Med, Podiatry, Neonatology, NICU, Urogynecology and Urology Touro is also a clinical training site for allied health programs for various metro New Orleans colleges, including Louisiana State University, Delgado Community College, Dillard University, Holy Cross College and William Carey University Touro currently offers training programs to students in respiratory, radiology and nursing Touro staff provided 12,552 hours of support to the 128 students in these programs Touro Rehabilitation Center provides clinical training to physical, occupational, speech therapy and therapeutic recreation students from colleges around the country, including LSU Health Sciences (New Orleans, LA and Shreveport, LA), Delgado Community College (New Orleans, LA), Grambling State University (Grambling, Louisiana), NOVA Southeastern (Fort Lauderdale), Ithaca College (New York), Medical University of South Carolina (MUSC), Old Dominion University (Norfolk, VA), St Augustine University (Florida), University of Massachusetts Lowell, University of Mississippi Medical Center, University of SE Louisiana (Hammond), University of South Alabama (Mobile), Duquesne University (Pittsburgh, PA), Pearl River Community College (Hattiesburg, MS) and Texas Woman’s University (Denton, TX)

4c

(Code ) (Expenses \$ 1,002,188 including grants of \$ ) (Revenue \$ )

Community health services and community benefit operations provide free health education programs and screenings to the community These programs are designed to focus on some of the most prevalent diseases in the New Orleans community, such as diabetes, heart disease and cancer These programs address prevention, early detection, treatment and maintaining healthy lifestyles In 2013, Touro offered or participated in 228 outreach events, which were attended by 5,228 attendees Touro provides meeting space free of charge to local non-profits and other organizations for the benefit of the community In 2013, Touro provided meeting space for 182 meetings Touro offers a Health Career Camp, a five-day program that allows high school students to gain hands-on experience in the medical field The program is an initiative that Touro hopes will encourage students to actively consider a career in medicine in New Orleans Participants come from across the metro area and emphasis is placed on recruiting students from underserved areas who may not otherwise have the opportunity and exposure to healthcare careers

(Code ) (Expenses \$ 4,954,538 including grants of \$ ) (Revenue \$ )

In 2013 Touro supported the System and the contracts that it entered into by contributing \$4,858,783 to provide healthcare services to the low income and needy residents in the community In addition Touro provided \$96,000 to various entities dedicated to improving community health

4d

Other program services (Describe in Schedule O )

















(Expenses \$ 4,954,538 including grants of \$ ) (Revenue \$ )

4e

Total program service expenses

198,368,868

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4	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 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .	21		No
22	Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> . . . . .	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i> . . . . .	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		
25a	<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	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	35b		No
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	Yes	
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.	260	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c			
2a		2,247	
2b		Yes	
3a			No
3b			
4a			No
b			
5a			No
5b			No
5c			
6a			No
6b			
7 Organizations that may receive deductible contributions under section 170(c).			
7a			No
7b			
7c			No
7d			
7e			No
7f		Yes	
7g			
7h			
8			
9 Sponsoring organizations maintaining donor advised funds.			
9a			
9b			
10 Section 501(c)(7) organizations. Enter			
10a			
10b			
11 Section 501(c)(12) organizations. Enter			
11a			
11b			
12a			
12b			
13a			
13b			
13c			
14a			No
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 . . . . .	17	
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 . . . . .	12	
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	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body? . . . . .	8a	Yes
8b	Each committee with authority to act on behalf of the governing body? . . . . .	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . .	9	No

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

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

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 checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization. ▶The Organization 1401 FOUCHER STREET NEW ORLEANS, LA 70115 (504) 897-8344

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) Allan BISSINGER BOARD MEMBER	1 00	X						0	0	0
(2) STEPHEN HKUPPERMAN BOARD MEMBER	1 00	X						0	0	0
(3) STEPHEN L SONTHEIMER BOARD MEMBER	1 00	X						0	0	0
(4) MICHAEL ADINOLFI MD BOARD MEMBER	5 00	X						0	44,996	0
(5) RUTH KULLMAN CHAIRMAN	1 00	X						0	0	0
(6) KIM BOYLE BOARD MEMBER	1 00	X						0	0	0
(7) PETER GLASER BOARD MEMBER	1 00	X						0	0	0
(8) JACK JACOBS BOARD MEMBER	1 00 40 00	X						0	264,257	15,075
(9) HUGH W LONG VICE CHAIRMAN	1 00	X						0	0	0
(10) KNIGHT WORLEY MD BOARD MEMBER	1 00	X						0	0	0
(11) ELLEN ZAKRIS MD BOARD MEMBER	1 00 40 00	X						0	505,104	16,057
(12) JOY BRAUN TREASURER	1 00	X						0	0	0
(13) STEVE WORLEY BOARD MEMBER	1 00 54 00	X						0	2,554,541	425,587
(14) DAVID KUSHNER BOARD MEMBER	1 00	X						0	0	0
(15) LOUIS GOOD III SECRETARY	1 00	X						0	0	0
(16) JAMES MONTGOMERY PRESIDENT	50 00 6 00	X		X				889,131	0	228,480
(17) AWHITFIELD HUGULEYIV BOARD MEMBER	1 00	X						0	0	0



**Part VII**

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees *(continued)*

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) SUSAN PITOSCIA VP - CNO & COO	50 00			X				450,303	0	22,841
(19) PENNY MENGE CNO, VP PATIENT CARE SERVI	50 00			X				323,051	0	20,699
(20) SUZANNE HAGGARD CHIEF FINANCIAL OFFICER	40 00 22 50			X				398,430	0	29,982
(21) LAWRENCE BALYEAT SENIOR VP, CCPI	40 00			X				268,980	0	23,870
(22) SCOTT C LANDRY VP OF FACILITIES	43 00 2 50				X			235,811	0	22,327
(23) CHAD COURREGÉ VP OF HUMAN RESOURCES	40 00				X			278,047	0	30,532
(24) FRANCIS D MERTENS VP OF BUSINESS DEVELOPEMEN	40 00				X			251,868	0	26,830
(25) JEANETTE RAY VP - REHAB SERVICES	40 00				X			250,828	0	26,668
(26) LAWRENCE METEVIER PHYSICIST/DOSIMETRIST	40 00					X		180,999	0	20,734
(27) LEE HANKINS DIRECTOR PHARMACY	40 00					X		167,430	0	10,433
(28) LAWRENCE CHINWUBA PHARMACIST	51 00					X		210,025	0	31,290
(29) HENRY ALEXANDER PHARMACIST	51 00					X		170,238	0	10,554
(30) GARY STEIN CEO/president-former Officer	0 00						X	181,921	943,573	27,422
<b>1b Sub-Total</b>										
<b>c Total from continuation sheets to Part VII, Section A</b>										
<b>d Total (add lines 1b and 1c)</b>								4,257,062	4,312,471	989,381

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▶74

		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 Yes	
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	4 Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>	5	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
	SIEMENS MEDICAL SOLUTIONS C/O MELLON BANK POBOX120001 DEPT 07 DALLAS TX 75312	INFORMATION TECHNOLOGY	10,756,129
	LSUHSC - NEW ORLEANS 433 BOLIVAR STREET RM 619 NEW ORLEANS LA 70112	AFFILIATION/RESIDENCY PROGRAM	5,188,085
	PARISH ANESTHESIA OF NEW ORLEANS LLC 3510 N CAUSEWAY BLVD SUITE 404 METAIRIE LA 70002	PHYSICIAN SERVICES	3,273,705
	JCT CONSTRUCTION CO INC 240 IRIS AVENUE JEFFERSON LA 70121	CONSTRUCTION CONTRACTOR	2,662,249
	REGIONAL RADIOLOGY PO BOX 2189 CHALMETTE LA 70044	PHYSICIAN SERVICES	2,081,859
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 ▶55		

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	23,131			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	452,707			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f . . . . .		475,838			
Program Service Revenue	2a	NET PATIENT SERVICE	Business Code 621400	296,346,207	296,346,207		
	b	NON-PATIENT SERVICE	621400	1,556,512	1,556,512		
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f . . . . .		297,902,719			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .		870,448		870,448
4		Income from investment of tax-exempt bond proceeds . . . . .					
5		Royalties . . . . .		3,136,490	3,136,490		
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		31,797		
		c	Gain or (loss)		0		
		d	Net gain or (loss) . . . . .		31,797		31,797
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	parking income	812930	1,876,040	1,876,040			
b	Electronic Record Funds	900099	1,492,270	1,492,270			
c	cafeteria/catering	900099	1,238,271	1,238,271			
d	All other revenue . . . . .		2,837,559	2,837,559			
e	Total. Add lines 11a-11d . . . . .		7,444,140				
12	Total revenue. See Instructions . . . . .		309,861,432	308,483,349	0	902,245	

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.	3,823,670	1,261,811	2,561,859	
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.	83,166,400	80,218,429	2,947,971	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	3,426,539	3,422,788	3,751	
9	Other employee benefits.	5,067,015	4,926,684	140,331	
10	Payroll taxes.	6,320,878	6,056,699	264,179	
11	Fees for services (non-employees):				
a	Management.	717,285	717,285		
b	Legal.	350,737	259,735	91,002	
c	Accounting.	141,871		141,871	
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).	41,284,943	38,750,736	2,534,207	
12	Advertising and promotion.	762,761	7,226	755,535	
13	Office expenses.	8,410,566	4,963,425	3,447,141	
14	Information technology.	3,464,232	3,458,424	5,808	
15	Royalties.				
16	Occupancy.	4,940,858	4,714,084	226,774	
17	Travel.	118,929	77,722	41,207	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	133,107	107,649	25,458	
20	Interest.	2,028,573		2,028,573	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	16,205,521	78,072	16,127,449	
23	Insurance.	2,599,473	2,599,473		
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	43,875,255	43,752,930	122,325	
b	Capital lease expense	2,789,697	2,774,836	14,861	
c	dues & memberships	409,796	121,312	288,484	
d	Legal settlement	153,688	3,688	150,000	
e	All other expenses	281,232	95,860	185,372	
25	Total functional expenses. Add lines 1 through 24e.	230,473,026	198,368,868	32,104,158	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 . . . . .		37,703,453	1	76,320,587	
	2	Savings and temporary cash investments . . . . .			2		
	3	Pledges and grants receivable, net . . . . .			3		
	4	Accounts receivable, net . . . . .		56,090,074	4	66,615,126	
	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 . . . . .		7,594,493	7	6,876,593	
	8	Inventories for sale or use . . . . .			8		
	9	Prepaid expenses and deferred charges . . . . .		1,826,475	9	1,439,221	
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	426,368,755			
	b	Less accumulated depreciation . . . . .	10b	297,922,006	119,078,790	10c	128,446,749
	11	Investments—publicly traded securities . . . . .		23,338,261	11	18,605,173	
	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 . . . . .		8,462,712	15	8,469,137	
16	Total assets. Add lines 1 through 15 (must equal line 34) . . . . .		254,094,258	16	306,772,586		
Liabilities	17	Accounts payable and accrued expenses . . . . .		30,169,310	17	32,550,347	
	18	Grants payable . . . . .			18		
	19	Deferred revenue . . . . .		70,661	19	123,689	
	20	Tax-exempt bond liabilities . . . . .		74,593,434	20	72,623,872	
	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 . . . . .		80,701,373	25	55,332,689	
	26	Total liabilities. Add lines 17 through 25 . . . . .		185,534,778	26	160,630,597	
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 . . . . .		67,286,719	27	144,661,615	
	28	Temporarily restricted net assets . . . . .		1,272,761	28	1,480,374	
	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 . . . . .		68,559,480	33	146,141,989	
	34	Total liabilities and net assets/fund balances . . . . .		254,094,258	34	306,772,586	

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	309,861,432
2	Total expenses (must equal Part IX, column (A), line 25) . . . . .	2	230,473,026
3	Revenue less expenses Subtract line 2 from line 1 . . . . .	3	79,388,406
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	4	68,559,480
5	Net unrealized gains (losses) on investments . . . . .	5	-430,966
6	Donated services and use of facilities . . . . .	6	
7	Investment expenses . . . . .	7	
8	Prior period adjustments . . . . .	8	-62,851
9	Other changes in net assets or fund balances (explain in Schedule O) . . . . .	9	-1,312,080
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	146,141,989

Part XII Financial Statements and Reporting

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

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

SCHEDULE A

(Form 990 or 990EZ)

Department of the  
Treasury  
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2013

Open to Public  
Inspection

<b>Name of the organization</b> TOURO INFIRMARY	<b>Employer identification number</b>  72-0423659
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Part I

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

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

1	<input type="checkbox"/>	A church, convention of churches, or association of churches described in <b>section 170(b)(1)(A)(i).</b>
2	<input type="checkbox"/>	A school described in <b>section 170(b)(1)(A)(ii).</b> (Attach Schedule E )
3	<input checked="" type="checkbox"/>	A hospital or a cooperative hospital service organization described in <b>section 170(b)(1)(A)(iii).</b>
4	<input type="checkbox"/>	A medical research organization operated in conjunction with a hospital described in <b>section 170(b)(1)(A)(iii).</b> Enter the hospital's name, city, and state _____
5	<input type="checkbox"/>	An organization operated for the benefit of a college or university owned or operated by a governmental unit described in <b>section 170(b)(1)(A)(iv).</b> (Complete Part II )
6	<input type="checkbox"/>	A federal, state, or local government or governmental unit described in <b>section 170(b)(1)(A)(v).</b>
7	<input type="checkbox"/>	An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in <b>section 170(b)(1)(A)(vi).</b> (Complete Part II )
8	<input type="checkbox"/>	A community trust described in <b>section 170(b)(1)(A)(vi)</b> (Complete Part II )
9	<input type="checkbox"/>	An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See <b>section 509(a)(2).</b> (Complete Part III )
10	<input type="checkbox"/>	An organization organized and operated exclusively to test for public safety See <b>section 509(a)(4).</b>
11	<input type="checkbox"/>	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 <b>section 509(a)(3).</b> Check the box that describes the type of supporting organization and complete lines 11e through 11h <b>a</b> <input type="checkbox"/> Type I <b>b</b> <input type="checkbox"/> Type II <b>c</b> <input type="checkbox"/> Type III - Functionally integrated <b>d</b> <input type="checkbox"/> Type III - Non-functionally integrated
e	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons? <b>(i)</b> 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? <b>(ii)</b> A family member of a person described in (i) above? <b>(iii)</b> A 35% controlled entity of a person described in (i) or (ii) above?
h	<input type="checkbox"/>	Provide the following information about the supported organization(s)

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

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

Part II

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here . . . . . ▶						

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

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

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

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

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

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



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

Facts And Circumstances Test

Return Reference	Explanation	
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SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2013

Open to Public Inspection

<b>Name of the organization</b> TOURO INFIRMARY	<b>Employer identification number</b>  72-0423659
--	---

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	7,651,280	7,731,376	7,731,376	7,688,116	7,688,116
b Contributions		-80,096		43,260	
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	7,651,280	7,651,280	7,731,376	7,731,376	7,688,116

- 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

100 000 %

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

☐

b

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

3b

☐ Yes

☐
- 4

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

Part VI

Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	12,238,296			12,238,296
b Buildings	181,826,901		116,624,495	65,202,406
c Leasehold improvements				
d Equipment	226,554,900		180,655,459	45,899,441
e Other	5,748,658		642,052	5,106,606
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				128,446,749



Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

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

Part XII

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

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

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

Part XIII

Supplemental Information

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

Return Reference	Explanation
Part V, Line 4	These endowment funds are administered by Touro Infirmary Foundation and Woldenberg Village, which are controlled by Touro Infirmary. These funds are intended to be used for Touro Infirmary's and Woldenberg Village's exempt purposes.
Part X, Line 2	FIN 48 FOOTNOTE Touro follows the provisions of the Accounting for Uncertainty in Income Taxes Topic of the FASB ASC. Touro recognizes a threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. The interpretation also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Touro's tax filings are subject to audit by various taxing authorities. Touro's open audit periods are 2010 through 2012. There are currently no returns under examination. Management evaluated Touro's tax positions and considered that Touro had taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance.

[illegible]

Additional Data

Software ID:  
Software Version:  
EIN: 72-0423659  
Name: TOURO INFIRMARY

Form 990, Schedule D, Part X, - Other Liabilities

1 (a) Description of Liability	(b) Book Value
Management Fee due LCMC	821,645
Investment in Affiliates	34,140,831
Pension liability	8,698,925
Utility deposits	23,825
Due from restricted funds	1,474,348
Worker's Comp Claims Liability	1,963,500
Professional Liability Claims	6,349,200
Retirement payable long term	1,067,015
Other Liabilities	33,282
Swap Obligation	760,118

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  
TOURO INFIRMARY

Employer identification number  
72-0423659

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1) . . . .			3,888,185	27,990	3,860,195	1 670 %
b Medicaid (from Worksheet 3, column a) . . . . .			40,058,164	117,516,541	-77,458,377	0 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . .			0	0		
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . .			43,946,349	117,544,531	-73,598,182	1 670 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . .			1,002,188		1,002,188	0 430 %
f Health professions education (from Worksheet 5) . . . .			7,357,968	1,853,129	5,504,839	2 390 %
g Subsidized health services (from Worksheet 6) . . . .						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			4,954,538		4,954,538	2 150 %
j <b>Total</b> Other Benefits . . . .			13,314,694	1,853,129	11,461,565	4 970 %
k <b>Total.</b> Add lines 7d and 7j . .			57,261,043	119,397,660	-62,136,617	6 640 %



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

No

2

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

2

2,916,585

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

0

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

50,055,577

6

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

6

50,610,965

7

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

7

-555,388

8

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

Section C. Collection Practices

9a

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

9a

Yes

9b

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

9b

Yes

Part IV

Management Companies and Joint Ventures

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 1 TDV LLC	IMAGING CENTER RENTAL	66.500 %		33.500 %
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V

Facility Information

Section A. Hospital Facilities

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

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

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

Part V

Facility Information (continued)

Section B. Facility Policies and Practices

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

Touro Infirmary

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

Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		Yes	No	
<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>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 checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs <b>h</b> <input checked="" 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>1</b>	Yes		
	<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>	Yes	
	<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>	Yes	
	<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>a</b> <input checked="" type="checkbox"/> Hospital facility's website (list url) <u>http //www.touro.com/upload/assets/PDFs/A</u> <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>5</b>	Yes	
	<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 checked="" 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 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		
<b>9</b> 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?		<b>9</b>	Yes		
<b>10</b> Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>10</b>	Yes		
<b>11</b> Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>11</b>	Yes		
<b>12</b> Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)		<b>12</b>	Yes		
<b>a</b> <input checked="" type="checkbox"/> Income level					
<b>b</b> <input checked="" type="checkbox"/> Asset level					
<b>c</b> <input checked="" type="checkbox"/> Medical indigency					
<b>d</b> <input checked="" type="checkbox"/> Insurance status					
<b>e</b> <input checked="" type="checkbox"/> Uninsured discount					
<b>f</b> <input checked="" type="checkbox"/> Medicaid/Medicare					
<b>g</b> <input type="checkbox"/> State regulation					
<b>h</b> <input type="checkbox"/> Residency					
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)					
<b>13</b> Explained the method for applying for financial assistance? . . . . .		<b>13</b>	Yes		
<b>14</b> 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)		<b>14</b>	Yes		
<b>a</b> <input type="checkbox"/> The policy was posted on the hospital facility's website					
<b>b</b> <input type="checkbox"/> The policy was attached to billing invoices					
<b>c</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms					
<b>d</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices					
<b>e</b> <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility					
<b>f</b> <input checked="" type="checkbox"/> The policy was available upon request					
<b>g</b> <input checked="" type="checkbox"/> Other (describe in Part VI)					
Billing and Collections					
<b>15</b> 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? . . . . .		<b>15</b>	Yes		
<b>16</b> 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					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Section C)					
<b>17</b> 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? . . . . .				<b>17</b>	No
If "Yes," check all actions in which the hospital facility or a third party engaged					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <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 checked="" 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



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? 2

Name and address	Type of Facility (describe)
1 Woldenberg Village Inc 3701 Behrman Place New Orleans, LA 70114	Assisted living community & skilled nursing facility
2 Crescent City Physicians Inc 3600 Prytania St STE72 New Orleans, LA 70115	Physician Medical Practices
3	
4	
5	
6	
7	
8	
9	
10	

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

[illegible]



Form and Line Reference	Explanation
Part III, Line 4	Part VI Line 1 for Part III, line 4 The text of the footnote to the organization's financial statements that describes bad debts expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3 >>>>>>>>>>>>>>>>>>>Note 9 Concentrations of Credit Risk "Touro maintains allowances for uncollectible accounts for estimated losses resulting from a payor's inability to make payments on accounts Touro uses a balance sheet approach to value the allowance account based on historical write-offs and the aging of the accounts Accounts are written off when collection efforts have been exhausted Management continually monitors and adjusts its allowances associated with its receivables "Costing methodology>>>>>>>>>>>>>>>>>>>Touro is costing services using a Ratio of Cost to Charges (RCC) of Adjusted Total Expense as a ratio of Gross Patient Charges We apply the ratio to Gross Charges of the population being measured in order to estimate cost Adjusted Total Expense is Touro Hospital's Total Expense less non-patient revenue and removing Direct Community benefit cost disclosed on Sch H line 7j(c) Touro uses the Ratio of Adjusted Cost to Gross Patient Charges, using Worksheet 2 in the Schedule H instructions
Part III, Line 8	Part VI Line 1 for Part III, line 8 Describe the costing methodology or source used to determine the amount reported on line 6 >>>>>>>>>>>>>>>>>>>Costing methodology>>>>>>>>>>>>>>>>>>>Touro is costing services using a Ratio of Cost to Charges (RCC) of Adjusted Total Expense as a ratio of Gross Patient Charges We apply the ratio to Gross Charges of the population being measured in order to estimate cost Adjusted Total Expense is Touro Hospital's Total Expense less non-patient revenue and removing Direct Community benefit cost disclosed on Sch H line 7j(c) Touro uses the Ratio of Adjusted Cost to Gross Patient Charges, using Worksheet 2 in the Schedule H instructions

Form and Line Reference	Explanation
Part III, Line 9b	Part VI Line 1 for Part III, line 9b Does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance?>>>>>>>>>>>>>>>>>>>>>>>>>The Hospital does not pursue collection of amounts determined to qualify as charity care, and these amounts are not reported as revenue The Hospital also waives collection of charges for patients who have demonstrated economic hardship and inability to pay (From the Audited financial statements Footnote #2, under the "Community Benefit" Section)
Part VI, Line 2	Part VI Line 2 Needs assessment In addition to the CHNAs reported in Part V, Section B, Touro has many ways of understanding health care needs of the communities served These include reviewing administrative data regarding charity and uncompensated care, information about patient needs gathered by the social services department and emergency room, and by insights provided by Board members who live in the communities served by the organization

Form and Line Reference	Explanation
Part VI, Line 3	<p>Part VI Line 3 Patient education of eligibility for assistancePrior to receipt of services, patients are provided the Hospital's "Patient Rights and Responsibilities," which clearly outline the Hospital's payment expectations Touro Infirmary operates an application center that screens patients for possible coverage with Medicaid and Disability programs The application center also provides information regarding free program services within the metropolitan area Inhouse self pay patients are visited by a financial counselor to assist in screening for possible coverage, including financial assistance applications if the patient does not qualify for government sponsored or other third party programs The financial counselor works with the patient and determines his/her ability to pay and discusses the Hospital's Financial Assistance policy All emergency room patients are also screened for possible third party coverage and/or financial assistance All self pay patients who are not screened receive a notice that the Hospital, through its Medical Eligibility Assistance Program (M E A P ), assists patients at Touro Infirmary to determine if they qualify for financial assistance programs, which may also pay for hospital and physician services This is a community service provided by the hospital at no charge to its patients Registration staff, financial counselors and other hospital staff are provided ongoing training regarding the eligibility criteria and programs that are available through various local, state, and federal agencies to ensure that deserving patients are referred to appropriate third parties and/or provided financial assistance, depending on the patients' individual circumstances</p>
Part VI, Line 4	<p>Part VI Line 4 Community informationGeographic service area Touro community includes 20 zip code areas (70001, 70005, 70058, 70072, 70113, 70114, 70115, 70116, 70117, 70118, 70119, 70122, 70124, 70125, 70126, 70127, 70128, 70130, 70131, and 70043) in three parishes (Jefferson, Orleans and one zip code in St Bernard) that represent a large majority (80%) of the inpatient discharges Demographic definition of service area The total population of the following parishes for 2012 Orleans Parish 366,360 (42 83% total pop across the parishes served by Touro), Jefferson Parish 425,199 (49 70% total pop across the parishes served by Touro), St Bernard Parish 39,646 (4 63% total pop across the parishes served by Touro), and Plaquemines Parish 24,267 (2 84% total pop across the parishes served by Touro) Source 2012 Nielson Company, Truven Health2012 Race/Ethnicity by Parish Orleans Parish White/Non Hispanic = 31% (114,011), Black/Non-Hispanic = 58 4% (213,935), Hispanic = 5 6% (20,566), Asian/Isl = 3% (11,029), All Other = 1 9% (6,819) Jefferson Parish White/Non Hispanic = 54 4% (231,481), Black/Non-Hispanic = 26 4% (112,367), Hispanic = 13 3% (56,538), Asian/Isl = 4 0% (16,914), All Other = 1 9% (7,899) St Bernard Parish White/Non Hispanic = 65 9% (26,123), Black/Non-Hispanic = 19 1% (7,590), Hispanic = 9 9% (3,927), Asian/Isl = 2 0% (800), All Other = 3 0% (1,206) Plaquemines Parish White/Non Hispanic = 67 6% (16,415), Black/Non-Hispanic = 19 7% (4,791), Hispanic = 5 2% (1,255), Asian/Isl = 3 3% (806), All Other = 4 1% (1,000) Population of children by Parish (ages 0-17) Children 0-17 make up 22 82 % (195,210) of the total population of the parishes served by Touro Orleans Parish= 79,593, Jefferson Parish=98,204, St Bernard Parish=10,685, Plaquemines Parish=6,728 Income Median household income (2008-2012) for the state compared to parishes served by Touro is Louisiana = \$44,673, Orleans Parish = \$36,681, Jefferson Parish = \$48,522, St Bernard Parish = \$40,590, and Plaquemines Parish = \$57,386 Median Earnings for Workers in 2011 New Orleans=\$25,668, State of Louisiana=\$23,853, Source 2011 US Census QuickFacts Poverty Level Percent of people living below the poverty level (2008-2012) in the state compared to parishes served by Touro is Louisiana = 18 7%, Orleans Parish = 27 2%, Jefferson Parish = 15 3%, St Bernard Parish = 18 2%, and Plaquemines Parish = 11 0% Child Poverty Rates in 2012 New Orleans/Orleans Parish = 42%, Louisiana=27 3%, United States= 22% Source National Center for Children in Poverty (NCCP) &amp; Children's Defense Fund, Jan 2012Louisiana ranks 48th in the nation for the percent of children in poverty, 50th among states in percent of babies born at low birthweight, 44th among states in its infant mortality rate SOURCE Children's Defense Fund, March 2013 press release and the 2012 Annie E Casey foundation Kids Count data center report Uninsured by Parish Percent of Uninsured Adults in December 2011 Orleans=20 7%, Jefferson= 19 9%, St Bernard= 23 5%, Plaquemines=21 1% Source Dec 2011 Louisiana Health Insurance Survey (sponsored by DHH)Percent of Uninsured Children (under 19) in December 2011 Orleans=5 2%, Jefferson= 3 9%, St Bernard= 4 9%, Plaquemines=4 7% Source Dec 2011 Louisiana Health Insurance Survey (sponsored by DHH) Louisiana ranks 5th in the nation for the number of people without health insurance Source Kaiser 2011 Health Insurance coverage of the total population Health Outcomes Source 2014 County Health Rankings &amp; America's Health Rankings by the United Health FoundationHealth ranking of parishes served by Touro (Jefferson, Orleans, Plaquemines and St Bernard) compared to all parishes in Louisiana across several indicators (rank noted is of the total 64 parishes in the state) Outcomes Rank Orleans= 47, Jefferson= 13, St Bernard= 52, Plaquemines= 2Length of Life Orleans= 45, Jefferson= 16, St Bernard= 44, Plaquemines= 10Quality of Life Orleans= 39, Jefferson= 17, St Bernard= 56, Plaquemines= 1Healthy Behaviors Orleans= 13, Jefferson= 5, St Bernard= 23, Plaquemines= 22Percentage of population smoking in parishes served by Touro Orleans= 20%, Jefferson= 21%, St Bernard= 22%, Plaquemines= 23%In Louisiana, obesity is more prevalent among non-Hispanic blacks at 41 6 percent than non-Hispanic whites at 29 3 percent and Hispanics at 28 9 percent (source America's Health Rankings by the United Health Foundation <a href="http://www.americashealthrankings.org/LA/2012">http://www.americashealthrankings.org/LA/2012</a>)Prevalence of obesity Orleans= 32%, Jefferson= 34%, St Bernard= 36%, Plaquemines= 34%Diabetes also varies by race and ethnicity in the state, 12 9 percent of non-Hispanic blacks have diabetes compared to 9 2 percent of non-Hispanic whites and 8 1 percent of Hispanics Louisiana has the 2nd highest diabetes mortality rate in the nation and diabetes is the fifth leading cause for deaths among Louisiana residents (source Louisiana Department of Health and Hospitals Diabetes Prevention and Control program <a href="http://new.dhh.louisiana.gov/assets/oph/pcrh/diabetes/2012_Louisiana_Diabetes_Factsheet.pdf">http://new.dhh.louisiana.gov/assets/oph/pcrh/diabetes/2012_Louisiana_Diabetes_Factsheet.pdf</a>) Louisiana ranks 46th for cardiovascular deaths (source America's Health Rankings by the United Way Health Foundation <a href="http://www.americashealthrankings.org/LA">http://www.americashealthrankings.org/LA</a>) Reducing deaths from circulatory-system diseases is another community need Touro is working with New Orleans EMS to deliver critical cardiac care and stroke services to these patients Cancer rates Louisiana ranks 48th in cancer deaths and has consistently had one of the highest cancer incidence rate and highest cancer mortality rate in the country (source America's Health Rankings by the United Way Health Foundation <a href="http://www.americashealthrankings.org/LA">http://www.americashealthrankings.org/LA</a>) To address this need, Touro has created a comprehensive cancer care program-including a supportive cancer care program providing free support groups and a nurse navigator to help cancer patients and their loved ones in the community free of charge Infant mortality The state of Louisiana currently ranks 49th in infant mortality (source America's Health Rankings by the United Way Health Foundation <a href="http://www.americashealthrankings.org/LA">http://www.americashealthrankings.org/LA</a>) New Orleans has a 7 3% infant mortality rate compared to the State of Louisiana rate of 8 5% (source Louisiana Department of Health and Hospitals Bureau of Family Health Louisiana Child Death Review Report) and the U S rate of 6 15% (Source CDC National Vital Statistics System <a href="http://www.cdc.gov/nchs/deaths.htm">http://www.cdc.gov/nchs/deaths.htm</a>) The other acute care hospitals serving the community are Children's Hospital, Ochsner Medical Center Ochsner Baptist Hospital, Ochsner Kenner Hospital, Ochsner Westbank Hospital, Tulane Medical Center, Interim Louisiana Hospital (LSU Hospital), East Jefferson General Hospital, West Jefferson Medical Center and St Bernard Parish Hospital In 2012, Touro was the main provider of health service in Orleans Parish with 10,403 discharges or 27% of the Orleans Parish market total</p>

Form and Line Reference	Explanation
Part VI, Line 5	<p>Louisiana Children's Medical Center ("LCMC") is a Louisiana non-stock, not-for-profit corporation that was incorporated in 2009 LCMC, the sole member of Children's Hospital Inc ("Children's") also became sole member of Touro Infirmary ("Touro") in 2009 to create a two-hospital medical system providing a complete continuum of care from birth to geriatrics Children's provides comprehensive pediatric healthcare that meets the special needs of children through excellence and continuous improvement of patient care, education, research, and research Touro, founded in 1852, serves the Greater New Orleans community as a premier, diverse, multi-specialty hospital, caring for the sick regardless of race, color, creed, religious affiliation, or ability to pay In tax year 2013, following state budget reductions that caused severe cuts to the Louisiana public hospital system and at the request of state officials, LCMC embarked on a cooperative endeavor with the State of Louisiana ("State") for the purpose of creating an academic medical center (1) to serve the State and its citizens as a premier site for graduate medical education and (2) to fulfill the State's historical mission of assuring access to safety net services to all citizens of the State, including its medically indigent, high risk Medicaid and State inmate populations Under this agreement, LCMC agreed to assume responsibility for the management and operations of the Interim LSU Public Hospital (ILH) and the University Medical Center, presently under construction Through this endeavor, LCMC and its affiliates are fulfilling their missions to enhance the health of the Greater New Orleans community by delivering high quality health care services to all patients through a commitment to clinical excellence, education, technology, research and community outreach In tax year 2013, LCMC and its affiliates provided total community benefit expense of \$368.5 million This amount represented 57 percent of the affiliates' combined total expense LCMC and its affiliates provide services to many low-income residents of the Greater New Orleans area In 2013, \$296.0 million in expense (45 percent of the affiliate's combined total expense) was incurred in providing services for Medicaid recipients and in providing financial assistance ---In furtherance of its charitable purpose and mission, Touro provides a wide variety of benefits to the community which it serves Benefits include social service programs, health screenings, in-home caregiver services, support counseling for patients and families, pastoral care, crisis intervention, the donation of space for use by community groups, health and wellness programs, classes about specific medical conditions, and telephone information services In 2013, Touro offered or participated in 228 outreach events, which were attended by 5,228 attendees Outreach events cover a wide variety of health topics that address the health information needs of the community Touro serves, including nutrition, diabetes management, cancer, childbirth, healthy aging, heart health, prostate health, driver safety and more Touro's community outreach program offers a range of events Touro-led seminars and screenings Touro physicians, nurses and other allied health professionals provide informative seminars and offer free screenings on a variety of topics These events are typically hosted on the hospital's campus and are coordinated by Touro staff The Touro Rehabilitation Center staff from a variety of disciplines, including the director of Inpatient Rehabilitation, occupation therapists, physical therapists and rehabilitation educator participated in free community events including home and driver safety for older adults, cognitive health, Sudden Impact Training for local high school students and brain injury specialty training Non-Profit Events Touro regularly partners with non-profit organizations at community health events and screenings These events are hosted at locations throughout the community Touro provides free screenings, health information and clinical staff to administer the screenings and provide clinical consultations Examples of events include the Jefferson Council on Aging Senior Health Fair, Dryades Family YMCA Health Fair and the New Orleans Sheriff's Office Health Fair Sponsorship events Touro sponsors healthcare-related organizations and events in the greater New Orleans community, such as the American Heart Association, Susan G. Komen Race for the Cure, March of Dimes, and the American Diabetes Association Participation in these events entails staffing the event, providing health education materials to attendees and offering free screenings (as requested) to attendees All events are open to the public Employee Health Programs Touro participates in local employer health fairs and provides health information, free screenings and physician consultations Examples of employer health events include the Marriott Health Fair, Ralph Brennan Restaurant Group and the Sheraton Hotel Healthy Aging Programs Touro offers free events and programs designed to help the aging population in the community live healthy and independent lives The Touro Prime Years Program is a free program designed to help adults age 55 years of age and older lead a healthy and active lifestyle The Prime Years program includes a monthly educational health seminar or screening customized to meet the information needs of this population Topics have included heart health, cognitive skills, healthy eating, stroke awareness, fall prevention, osteoporosis, long term care and diabetes Touro is the only hospital in the community to offer a unique program called CarFit, in partnership with local AARP and AAA chapters Developed in collaboration with the American Society on Aging, AAA, AARP and the American Occupational Therapy Association, CarFit is the first program to offer older adults the opportunity to check how their personal car "fits" them People over age 65 are the fastest-growing population in the U.S. Because of their fragility, seniors have the highest crash death rate per mile of any age group except teenagers Trained professionals lead drivers through a 12 point checklist with their vehicle, recommend car adjustments and adaptations and offer resources and activities that could make their car "fit" better or enhance their safety An occupational therapist provides information to older drivers on how to maintain and strengthen driving health Participants receive a one-on-one consultation with the OT and a summary of the checklist Touro offered one CarFit event to seniors in 2013 as well as several seminars/fairs on driver safety for older adults and family caregivers, as well as teenagers A special Teen CarFit presentation was given to senior students at Brother Martin High School Throughout 2013, Touro offered several free health seminars or events on women's health issues from women of childbearing age to mature women topics These seminars were open to the public and held either on-campus or at an offsite location near the hospital The seminars topics included osteoporosis, hysterectomy, and fitness for new mothers Touro OB/GYNs lead the seminars with time for questions following the presentations Quit Smoking Touro offers a regular Smoking Cessation Program, "I Can Quit" open to the community The 4-week support program is designed for those who are serious about quitting smoking Childbirth Education Series Nurse educators from Touro's Family Birthing Center offer free monthly childbirth education classes for expecting parents to help them prepare for childbirth, newborn care and breastfeeding The classes are held on Touro's campus in the evenings or on weekends to accommodate a variety of schedules The classes include the 4-week child birth education series, sibling and lactation classes Diabetes Support Group Touro's Diabetes Center offers a free monthly support program for persons with diabetes entitled "Life Can Still Be Sweet " The class topics rotate each month, covering a variety of diabetes management topics from glucose monitoring, to medication management and diet to maintaining a healthy lifestyle Healthy Lifestyles/Grocery Store Tours Touro dietitians offer a free monthly healthy lifestyles class open to Touro patients and community members The class is designed to teach participants the benefits of a heart healthy diet, including how to make better choices when cooking and dining out, recipe modifications, label reading, and more Touro dietitians also offer free monthly grocery store tours where participants practice label reading, what ingredients to look for and can ask their nutrition questions along the way Topics for healthy lifestyles classes and grocery store tours vary by month to cover a wide range of dietary topics</p>
Part VI, Line 5	<p>Living a Better Life after cancer treatment A program for cancer survivors that helps them address specific issues associated with adjusting to life following treatment Information is provided along with the support and encouragement of a clinical mental health counselor A monthly meeting of women who have survived cancer is held to provide useful information on such topics as stress management, mental health, nutrition and exercise Integrative Health Coaching A goal-oriented approach to helping former patients shift their focus from illness to wellness A board certified health and wellness coach meets with former patients to change their health-related behavior involving eight areas of self-care The purpose of this program is to help participants optimize their health and well-being following cancer treatment</p>

Form and Line Reference	Explanation
Part VI, Line 6	Part VI Line 6 the respective roles of the organization and its affiliates in promoting the health of the communities served Touro Infirmary has the following wholly owned subsidiaries - Crescent City Physicians, Inc operates physician medical practices Touro Infirmary is the sole member of the following not-for-profit entities - Touro Infirmary Foundation performs the fund-raising function for the hospital - Woldenberg Village, Inc operates a 120-bed nursing home, a 60-unit assisted living facility, and a 60-unit independent living facility Touro Infirmary and Woldenberg Village own a 66 5% interest in TIJV, LLC, which is a real estate joint venture Touro Infirmary leases a building from TIJV, LLC in which it operates an off-campus diagnostic imaging center Touro Infirmary is a subsidiary of Louisiana Children's Medical Center, which is also the parent organization for Children's Hospital and sole member of University Medical Center Management Corporation Part VI Line 7 None

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  
TOURO INFIRMARY

Employer identification number  
72-0423659

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 checked="" 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>	1bYes	
<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>	2Yes	
<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 checked="" type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div><div><div><input type="checkbox"/> Written employment contract</div><div><input type="checkbox"/> Compensation survey or study</div><div><input 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>	4bYes	
<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				
See Additional Data Table								

Part III Supplemental Information

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

Return Reference	Explanation
Part I, Line 1a	----- One employee was reimbursed for accounting/tax consulting fees with taxes withheld
Part I, Line 1b	
Part I, Line 3	Part I, Line 3----- Touro's President Base compensation, incentive compensation and all other reportable and non-reportable compensation is reviewed annually by the Executive Committee of the Board of Trustees of Louisiana Children's Medical Center which is Touro's parent. The Executive Committee is a 10 voting-member subset of the Board of Trustees. Decisions made by the Executive committee are documented and reported in summary to the full Board of Trustees. In addition to board review, third-party consultants periodically review compensation and incentive amounts to ensure market reasonableness and competitiveness. Third-party prepared compensation and incentive review is presented to the Executive Committee.
Part I, Line 4b	Part I, Line 4B Supplemental Nonqualified Retirement Plan. Mr. Gary M. Stein - \$280,336 is the 2013 distribution from the Trust. In 1997 Crescent City Physician, Inc. (CCPI) created a Trust under the Gary M. Stein Deferred Compensation Agreement. The Trust is a grantor trust under the Internal Revenue Code. CCPI, as grantor, is deemed to own all items of Income and deduction on the Trust. Income from the Trust is to be reported by CCPI. The assets of the Trust are subject to any claims of CCPI creditors. CCPI receives monthly accountings of all Trust assets. The Deferred Compensation Agreement is a non-qualified deferred compensation plan under which Mr. Stein was allowed to defer a portion of his salary to be paid in the future. The Trust was funded by bonuses paid to Mr. Stein. Retirement benefits commenced on June 1, 2007 over a period of ten years (1/10 each year) based on the value of the fund as determined by Allegheny Investments. The payments are authorized by the Trustee and are disbursed by the Allegheny Financial Group. Crescent City Physician Inc.'s (CCPI's) Supplemental Executive Retirement Plan (SERP) has a balance of \$108,049 on behalf of Mr. Francis Dale Mertens as of December 31, 2013. Effective April 1, 2008 CCPI adopted the SERP plan on Mr. Francis Dale Mertens' behalf. The SERP is not maintained solely for the purpose of providing benefits in excess of the limits in Code Section 415 and the Plan is intended to be covered by ERISA. The plan is intended to comply with Internal Revenue Code Section 409A regulations. The assets of the SERP are subject to any claims of CCPI creditors. The Plan is intended to constitute an unfunded plan that is maintained by CCPI primarily for the purpose of providing deferred compensation for Mr. Francis Dale Mertens within the meaning of ERISA section 201(2). Mr. Francis Dale Mertens is an active employee. Therefore, benefits have not commenced. Benefits will commence when one of the following occurs, death, disability, change of control, or termination of employment.



Additional Data

Software ID:  
Software Version:  
EIN: 72-0423659  
Name: TOURO INFIRMARY

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
JACK JACOBS BOARD MEMBER	(i)	0	0	0	0	0	0	0
	(ii)	222,981	40,000	1,276	6,000	9,075	279,332	0
ELLEN ZAKRIS MD BOARD MEMBER	(i)	0	0	0	0	0	0	0
	(ii)	503,454	0	1,650	8,962	7,095	521,161	0
STEVE WORLEY BOARD MEMBER	(i)	0	0	0	0	0	0	0
	(ii)	868,339	1,619,344	66,858	350,825	74,762	2,980,128	0
JAMES MONTGOMERY PRESIDENT	(i)	683,866	196,091	9,174	13,401	215,079	1,117,611	0
	(ii)	0	0	0	0	0	0	0
SUSAN PITOSCIA VP - CNO & COO	(i)	335,546	105,603	9,154	16,546	6,295	473,144	0
	(ii)	0	0	0	0	0	0	0
PENNY MENGE CNO, VP PATIENT CARE SERVI	(i)	244,799	71,133	7,119	12,964	7,735	343,750	0
	(ii)	0	0	0	0	0	0	0
SUZANNE HAGGARD CHIEF FINANCIAL OFFICER	(i)	297,962	96,268	4,200	21,187	8,795	428,412	0
	(ii)	0	0	0	0	0	0	0
LAWRENCE BALYEAT SENIOR VP, CCPI	(i)	204,091	59,225	5,664	12,936	10,934	292,850	0
	(ii)	0	0	0	0	0	0	0
SCOTT C LANDRY VP OF FACILITIES	(i)	180,146	53,749	1,916	11,433	10,894	258,138	0
	(ii)	0	0	0	0	0	0	0
CHAD COURREGE VP OF HUMAN RESOURCES	(i)	213,542	62,203	2,302	13,944	16,588	308,579	0
	(ii)	0	0	0	0	0	0	0
FRANCIS D MERTENS VP OF BUSINESS DEVELOPEMEN	(i)	194,829	47,800	9,239	19,371	7,459	278,698	0
	(ii)	0	0	0	0	0	0	0
JEANETTE RAY VP - REHAB SERVICES	(i)	199,523	48,620	2,685	13,361	13,307	277,496	0
	(ii)	0	0	0	0	0	0	0
LAWRENCE METEVIER PHYSICIST/DOSIMETRIST	(i)	179,082	0	1,917	15,775	4,959	201,733	0
	(ii)	0	0	0	0	0	0	0
LEE HANKINS DIRECTOR PHARMACY	(i)	162,067	0	5,363	7,933	2,500	177,863	0
	(ii)	0	0	0	0	0	0	0
LAWRENCE CHINWUBA PHARMACIST	(i)	208,821	0	1,204	14,205	17,085	241,315	0
	(ii)	0	0	0	0	0	0	0
HENRY ALEXANDER PHARMACIST	(i)	168,724	0	1,514	10,554	0	180,792	0
	(ii)	0	0	0	0	0	0	0
GARY STEIN CEO /president- former Officer	(i)	0	178,729	3,192	20,093	7,329	209,343	0
	(ii)	0	943,573	0	0	0	943,573	0

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 TOURO INFIRMARY	Employer identification number 72-0423659
---	--

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part VI, Section A, line 6	
Form 990, Part VI, Section A, line 7a	Louisiana Children's Medical Center (LCMC) has the sole authority to appoint the board of Touro Infirmary
Form 990, Part VI, Section A, line 7b	Louisiana Children's Medical Center (LCMC) reserved the power to approve the decisions of the board
Form 990, Part VI, Section B, line 11	A draft of the Organization's Form 990 was presented at a LCMC board committee meeting. During this meeting the tax return was be reviewed and discussed for accuracy and completeness
Form 990, Part VI, Section B, line 12c	At the time of hire, each employee reviews the conflict of interest form, has an opportunity to ask questions about the policy, and signs a document stating that they have reviewed and understand the policy. This is a part of the employees' permanent record, and applies to all employees. Senior management (directors, vice presidents, CEO) and members of the board of directors are required to review and sign a conflict of interest form on an annual basis
Form 990, Part VI, Section B, line 15	THE ORGANIZATION RELIES ON COMPARABLE DATA FROM unrelated entities TO DETERMINE THE AMOUNT OF COMPENSATION for its executives, AND DOCUMENTATION IS MAINTAINED REGARDING THE DETERMINATION OF THESE AMOUNTS. The final decision regarding the amount of compensation is subject to the approval of the board of directors. In 2007, the organization's compensation committee engaged an outside consultant to assist in the development, analysis and independent review of compensation for the organization's executives. The analysis consisted of a review of a third party compensation survey. Executive Benchmarks were established to positions of similar sized hospitals. After the review, recommendations were provided to the president/ceo and the vice president of human resources
Form 990, Part VI, Section C, line 19	All governing documents, the conflict of interest policy, and financial statements are made available to the public upon request
Form 990, Part XI, line 9	K-1 Income from TJUV LLC & Crescent City Research Consortium LLC -4,551 Losses from Subsidiary Organization -8,119,425 Change in Restricted Net Assets 207,613 Direct Net Asset Adjustment of Pension Liabilities 5,385,695 Remove allocated rent to subsidiary 1,218,588
FORM 990, PART XII, LINE 2C	LCMC's finance committee assumes responsibility for the oversight of the its subsidiaries' (including Touro) financial statements and selection of an independent auditor. This has not changed from the previous year

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
TOURO INFIRMARY

Employer identification number  
72-0423659

Part I

Identification of Disregarded Entities

Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II

Identification of Related Tax-Exempt Organizations

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) Touro Infirmary Foundation  1401 Foucher Street  new orleans, LA 70115 72-1169939	healthcare support	LA	501(c)(3)	509(a)(3)		Yes	
(2) Woldenberg Village  3701 Behrman place  new orleans, LA 70114 72-0540671	healthcare delivery	LA	501(c)(3)	509(a)(2)		Yes	
(3) LOUISIANA CHILDREN'S MEDICAL CENTER (LCMC)  200 Henry Clav Ave  new orleans, LA 70118 94-3480131	healthcare delivery	LA	501(c)(3)	509(a)(3)			No
(4) CHILDREN'S HOSPITAL  200 Henry Clav Ave  New orleans, LA 70118 72-0467503	healthcare delivery	LA	501(c)(3)	170(B)(1)(A)(iii)			No
(5) University Medical Center Management Corporation  2021 Perdido St  New Orleans, LA 70112 25-1925187	healthcare delivery	LA	501(c)(3)	170(B)(1)(A)(iii)			No

Part III

Identification of Related Organizations Taxable as a Partnership

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end- of-year assets	(h) Disproporionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) 1 TIJV llc  1401 Foucher St New Orleans, LA 70115 26-1378361	Imaging Center Rental	LA	Touro Infirmary	Related	43,041	2,568,665		No			No	66 500 %
(2) 2 Crescent City Research Consortium LLC  1111 Medical Center Blvd Ste N701 Marrero, LA 70072 38-3880814	Scientific Research	LA	Non Profit Hospital Consortium	Unrelated	-38,489	74,153		No			No	33 330 %

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) Crescent City Physicians Inc  3600 Prytania Street Suite 72 New Orleans, LA 70115 72-1269878	Healthcare	LA		C	-8,119,426	5,295,796	100 000 %		No
(2) Buckman Medical Office Building Condominium Association  1401 Foucher Street New Orleans, LA 70115 72-1226687	Healthcare	LA		C		170,324	92 000 %		No
(3) Prytania Medical Complex Owners Association  650 Poydras Street Suite 1200 New Orleans, LA 70130 72-0866121	Healthcare	LA		C		178,271	80 000 %		No

Part V

Transactions With Related Organizations

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

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

1

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

a

Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b

Gift, grant, or capital contribution to related organization(s)

c

Gift, grant, or capital contribution from related organization(s)

d

Loans or loan guarantees to or for related organization(s)

e

Loans or loan guarantees by related organization(s)

f

Dividends from related organization(s)

g

Sale of assets to related organization(s)

h

Purchase of assets from related organization(s)

i

Exchange of assets with related organization(s)

j

Lease of facilities, equipment, or other assets to related organization(s)

k

Lease of facilities, equipment, or other assets from related organization(s)

l

Performance of services or membership or fundraising solicitations for related organization(s)

m

Performance of services or membership or fundraising solicitations by related organization(s)

n

Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o

Sharing of paid employees with related organization(s)

p

Reimbursement paid to related organization(s) for expenses

q

Reimbursement paid by related organization(s) for expenses

r

Other transfer of cash or property to related organization(s)

s

Other transfer of cash or property from related organization(s)

Yes

No

1a

No

1b

Yes

1c

Yes

1d

Yes

1e

Yes

1f

No

1g

No

1h

No

1i

No

1j

No

1k

No

1l

No

1m

Yes

1n

No

1o

No

1p

No

1q

No

1r

Yes

1s

Yes

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

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

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

[illegible]

Part VII

Supplemental Information

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

Return Reference	Explanation
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Additional Data

Software ID:

Software Version:

EIN: 72-0423659

Name: TOURO INFIRMARY

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
TOURO INFIRMARY FOUNDATION	C	93,515	
TOURO INFIRMARY FOUNDATION	R	731,936	
Woldenberg Village	S	917,161	
Crescent City Physicians Inc	D	7,422,388	
Crescent City Physicians Inc	A	1,218,588	
TIJV LLC	A	96,963	
TIJV LLC	A	61,945	



Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2013 Category 3 filer statement

Name: TOURO INFIRMARY

EIN: 72-0423659

Amount Of Indebtedness	Type Of Indebtedness	Name	Address	Identifying Number	Number Of Shares
	none				
		Touro Infirmary	1401 Foucher st New Orleans, LA 70115	72-0423659	

# TY 2013 Earnings and Profits Other Adjustments Statement

**Name:** TOURO INFIRMARY

**EIN:** 72-0423659

Description	Amount
Unearned Premium Adjustment	-37,290
Prepaid Expenses	-34,665
Deferred Acquisition Cost	3,955

**TY 2013 Itemized Other Current Liabilities Schedule****Name:** TOURO INFIRMARY**EIN:** 72-0423659

<b>Corporation Name</b>	<b>Corporation EIN</b>	<b>Description</b>	<b>Beginning Amount</b>	<b>Ending Amount</b>
HEALTH CARE CASUALTY INSURANCE LIMITED	98-0606748	Unearned Premiums	4,415,721	4,062,742
HEALTH CARE CASUALTY INSURANCE LIMITED	98-0606748	Reinsurance Premiums Payable	435,620	699,268
HEALTH CARE CASUALTY INSURANCE LIMITED	98-0606748	Losses Payable	292,974	13,325

**TY 2013 Itemized Other Current Assets Schedule****Name:** TOURO INFIRMARY**EIN:** 72-0423659

<b>Corporation Name</b>	<b>Corporation EIN</b>	<b>Other Current Assets Description</b>	<b>Beginning Amount</b>	<b>Ending Amount</b>
HEALTH CARE CASUALTY INSURANCE LIMITED	98-0606748	Premiums Receivable	9,190,741	3,003,342
HEALTH CARE CASUALTY INSURANCE LIMITED	98-0606748	Prepaid Expenses	223,753	258,418
HEALTH CARE CASUALTY INSURANCE LIMITED	98-0606748	Outstanding Losses Recoverable	8,832,557	10,474,969
HEALTH CARE CASUALTY INSURANCE LIMITED	98-0606748	Deferred Acquisition Cost	141,914	137,959
HEALTH CARE CASUALTY INSURANCE LIMITED	98-0606748	Deferred Reinsurance Premium Ceded	1,612,544	1,446,016
HEALTH CARE CASUALTY INSURANCE LIMITED	98-0606748	Due from Reinsurer	0	108,111
HEALTH CARE CASUALTY INSURANCE LIMITED	98-0606748	Funds Withheld by Reinsurer	15,175	47,633

**TY 2013 Other Deductions Schedule****Name:** TOURO INFIRMARY**EIN:** 72-0423659

Description	Foreign Amount (should only be used when attached to 5471 Schedule C Line 16)	Amount
Management Fees		69,981
Audit Fees		35,175
Actuarial Fees		58,862
Insurance Consulting Fees		468,657
Compliance Fees		336,800
Government Fees		14,170
Governance Fees		107,422
Web Hosting Fees		64,325
Insurance Expenses		35,233
Tax Consultancy		11,288
Other Expenses		88,121
Underwriting Expenses		361,032
Legal Fees		22,051

**TY 2013 Itemized Other Investments Schedule****Name:** TOURO INFIRMARY**EIN:** 72-0423659

<b>Corporation Name</b>	<b>Corporation EIN</b>	<b>Other Investments Description</b>	<b>Beginning Amount</b>	<b>Ending Amount</b>
HEALTH CARE CASUALTY INSURANCE LIMITED	98-0606748	Performa International Bond Fund	20,291,942	20,650,591
HEALTH CARE CASUALTY INSURANCE LIMITED	98-0606748	Orbis Capital Optimal USD Fund	2,916,081	3,996,726
HEALTH CARE CASUALTY INSURANCE LIMITED	98-0606748	PIMCO Total Return Bond Fund	9,357,496	9,106,148
HEALTH CARE CASUALTY INSURANCE LIMITED	98-0606748	Orbis Global Equity Fund	954,961	1,660,460
HEALTH CARE CASUALTY INSURANCE LIMITED	98-0606748	Performa High Yield Fund	2,896,991	3,587,064

## **TOURO INFIRMARY AND SUBSIDIARIES**

Consolidated Financial Statements  
and Supplementary Information

December 31, 2013 and 2012

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LaPorte, APAC,  
111 Veterans Blvd Suite 600  
Metairie, LA 70005  
504.835.5522 | Fax 504.835.5535  
LaPorte.com

## **Independent Auditor's Report**

To the Governing Board of Trustees  
Touro Infirmary and Subsidiaries

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Touro Infirmary and Subsidiaries (Touro) which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended and the related notes to the consolidated financial statements

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

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

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

An Independently Owned Member McGladrey Alliance

The McGladrey Alliance is a group of affiliated independent accounting and consulting firms. The McGladrey Alliance does not have a master firm, and each firm is a separate legal entity. The McGladrey Alliance is not a partnership, and each firm is a separate legal entity. The McGladrey Alliance is not a partnership, and each firm is a separate legal entity.

**Opinion**

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

**Other Matters**

Our audits were conducted for the purpose of forming and opinion on the consolidated financial statements as a whole. The supplemental consolidating statements of operations for 2013 and 2012 are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental consolidating statements of operations for 2013 and 2012 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental consolidating statements of operations for 2013 and 2012 are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2014 on our consideration of Touro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Touro's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Metairie, LA  
April 22, 2014

**TOURO INFIRMARY AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**December 31, 2013 and 2012 (in Thousands)**

	2013	2012
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 77,469	\$ 38,032
Assets Limited as to Use	1,617	2,219
Patient Accounts Receivable, Net of Allowance for Doubtful Accounts of \$11,166 and \$9,567 in 2013 and 2012, Respectively	31,606	30,769
Other Receivables	3,064	2,951
Inventories	5,467	5,323
Prepaid Expenses	1,820	2,150
<b>Total Current Assets</b>	<b>121,043</b>	<b>81,444</b>
<b>Assets Limited as to Use</b>		
Designated for Capital Projects and Specific Programs	46,254	47,518
Restricted by Bond Indenture, Debt Service Reserve	10,144	10,113
Donor-Restricted Long-Term Investments	11,560	10,493
Restricted Other	625	627
Less Amount Required for Current Obligations	(1,617)	(2,219)
<b>Assets Limited as to Use, Net</b>	<b>66,966</b>	<b>66,532</b>
<b>Property, Plant, and Equipment, Net</b>	<b>145,903</b>	<b>137,032</b>
<b>Other Assets</b>	<b>2,735</b>	<b>3,511</b>
<b>Total Assets</b>	<b>\$ 336,647</b>	<b>\$ 288,519</b>

The accompanying notes are an integral part of these consolidated financial statements

**TOURO INFIRMARY AND SUBSIDIARIES**  
**Consolidated Balance Sheets (Continued)**  
**December 31, 2013 and 2012 (in Thousands)**

	2013	2012
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Trade Accounts Payable	\$ 17,541	\$ 14,214
Accrued Salaries and Wages	10,505	9,457
Current Maturities of Bonds Payable	2,110	1,985
Current Portion of Estimated Employee Health and Workers' Compensation Claims	2,448	2,948
Current Portion of Estimated Professional Liabilities Claims	2,661	2,870
Estimated Third Party Payor Settlements, Net	3,147	4,298
Other	5,248	34,357
<b>Total Current Liabilities</b>	<b>43,660</b>	<b>70,129</b>
 Bonds Payable, Net of Current Portion	 70,514	 72,608
Estimated Employee Health and Workers' Compensation Claims, Net of Current Portion	1,143	1,229
Estimated Professional Liabilities Claims, Net of Current Portion	3,688	4,401
Employee Benefits	10,668	15,924
<b>Total Liabilities</b>	<b>129,673</b>	<b>164,292</b>
 <b>Noncontrolling Interest</b>	 <b>683</b>	 <b>761</b>
 <b>Net Assets</b>		
Unrestricted	192,221	110,422
Temporarily Restricted	6,419	5,393
Permanently Restricted	7,651	7,651
<b>Total Net Assets</b>	<b>206,291</b>	<b>123,466</b>
 <b>Total Liabilities and Net Assets</b>	 <b>\$ 336,647</b>	 <b>\$ 288,519</b>

The accompanying notes are an integral part of these consolidated financial statements

**TOURO INFIRMARY AND SUBSIDIARIES**  
**Consolidated Statements of Operations**  
**For the Years Ended December 31, 2013 and 2012 (in Thousands)**

	2013	2012
<b>Unrestricted Revenues, Gains and Other Support</b>		
Net Patient Service Revenues	\$ 341,754	\$ 302,114
Provision for Doubtful Accounts	7,261	9,707
Net Patient Service Revenues Less Provision for Doubtful Accounts	334,493	292,407
Other Operating Revenues	14,215	13,682
Net Assets Released from Restrictions, Operating	250	105
<b>Total Operating Revenues</b>	<b>348,958</b>	<b>306,194</b>
<b>Operating Expenses</b>		
Employee Compensation and Benefits	136,459	132,219
Purchased Services	62,392	92,925
Supplies and Other	53,246	47,696
Depreciation and Amortization	17,794	16,379
Impairment Losses	2	42
Interest	2,028	2,237
<b>Total Operating Expenses</b>	<b>271,921</b>	<b>291,498</b>
<b>Income from Operations</b>	<b>77,037</b>	<b>14,696</b>
Investment Income	3,752	7,958
Other Nonoperating Income	10	16,125
Community Support, Net	(4,859)	(9,434)
Net Assets Released from Restrictions, Nonoperating	525	585
<b>Excess Revenues over Expenses</b>	<b>\$ 76,465</b>	<b>\$ 29,931</b>

The accompanying notes are an integral part of these consolidated financial statements

**TOURO INFIRMARY AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Net Assets**  
**For the Years Ended December 31, 2013 and 2012 (in Thousands)**

	2013	2012
<b>Unrestricted Net Assets</b>		
Excess Revenues over Expenses	\$ 76,465	\$ 29,931
Noncontrolling Interest in Income of Consolidated Subsidiaries	(49)	(261)
Adjustment to Pension Liability	5,385	1,184
Ownership Revisions of Noncontrolling Interest in TIJV	(2)	-
<b>Increase in Unrestricted Net Assets</b>	<b>81,799</b>	<b>30,854</b>
<b>Temporarily Restricted Net Assets</b>		
Contributions	275	519
Investment Income	1,526	1,199
Net Assets Released from Restrictions	(775)	(690)
<b>Increase in Temporarily Restricted Restricted Net Assets</b>	<b>1,026</b>	<b>1,028</b>
<b>Change in Permanently Restricted Net Assets</b>	<b>-</b>	<b>(80)</b>
<b>Increase in Net Assets</b>	<b>82,825</b>	<b>31,802</b>
<b>Net Assets, Beginning of Year</b>	<b>123,466</b>	<b>91,664</b>
<b>Net Assets, End of Year</b>	<b>\$ 206,291</b>	<b>\$ 123,466</b>

The accompanying notes are an integral part of these consolidated financial statements

**TOURO INFIRMARY AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2013 and 2012 (in Thousands)**

	2013	2012
<b>Cash Flows from Operating Activities</b>		
Increase in Net Assets	\$ 82,825	\$ 31,802
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities		
Adjustment to Pension Liability	(5,386)	(1,184)
Ownership Revisions of Noncontrolling Interest in TIJV	2	-
Noncontrolling Interest in Income of Consolidated Subsidiaries	49	261
Depreciation and Amortization	17,794	16,379
Gain on Sale of Assets	-	(1,085)
Impairment Losses	2	42
Provision for Doubtful Accounts	7,261	9,707
Change in Operating Assets and Liabilities		
Increase in Patient Accounts Receivable	(8,099)	(15,793)
Increase in Other Receivables	(113)	(474)
Increase in Inventories	(143)	(1,104)
Decrease in Prepaid Expenses	330	66
Decrease (Increase) in Other Assets	718	(502)
Increase (Decrease) in Trade Accounts Payable	3,327	(817)
Increase in Accrued Salaries and Wages	1,048	739
(Decrease) Increase in Third Party Payor Settlements	(1,151)	1,495
(Decrease) Increase in Other Liabilities	(30,500)	27,133
<b>Net Cash Provided by Operating Activities</b>	<b>67,966</b>	<b>66,665</b>
<b>Cash Flows from Investing Activities</b>		
Capital Expenditures	(26,594)	(21,698)
Change in Assets Limited as to Use	167	(6,811)
Proceeds from Sale of Asset	-	642
<b>Net Cash Used in Investing Activities</b>	<b>(26,427)</b>	<b>(27,867)</b>
<b>Cash Flows from Financing Activities</b>		
Payments on Capital Lease Obligations	-	(1,139)
Repayments of Bonds Payable	(1,985)	(1,905)
Distributions Paid to Noncontrolling Interests	(117)	(122)
<b>Net Cash Used in Financing Activities</b>	<b>(2,102)</b>	<b>(3,166)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>39,437</b>	<b>35,632</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>38,032</b>	<b>2,400</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 77,469</b>	<b>\$ 38,032</b>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash Paid for Interest	\$ 4,382	\$ 4,494
Property, Plant and Equipment Purchases in Accounts Payable	\$ 4,163	\$ 1,170

The accompanying notes are an integral part of these consolidated financial statements

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 1. Organization

The consolidated financial statements of Touro Infirmary (a not-for-profit corporation) and subsidiaries (Touro) include the accounts of Touro Infirmary (the Hospital), Touro Infirmary Foundation (Foundation), Woldenberg Village, Inc (Woldenberg), the Hospital's wholly owned for-profit subsidiary, Crescent City Physicians, Inc (CCPI), and its majority interest in TIJV, LLC (TIJV). All significant intercompany transactions have been eliminated in consolidation. Touro is located in New Orleans, Louisiana, and CCPI has offices throughout metropolitan area.

The Foundation and Woldenberg are nonstock, not-for-profit corporations whose sole member is the Hospital. The Foundation performs the fundraising function for the Hospital. Woldenberg operates a 120-bed nursing home, a 60-unit assisted living facility, and a 60-unit independent living facility. Crescent City Physicians, Inc. operates physician medical practices. The Hospital also owns a majority of the Buckman Medical Office Building and fully owns the Delachaise Street Garage (Buckman Complex), as well as condominium units and a parking garage in the Touro Medical Office Building that are adjacent to the Hospital. The Hospital also owns the building formerly known as St. Charles General Hospital and parking garage, with a majority ownership of suites in the adjacent medical office building. At December 31, 2013, the Hospital and Woldenberg own 66.5% of the outstanding units of TIJV, with physicians owning the 33.5% remainder. At December 31, 2012, the Hospital and Woldenberg owned 66% of the outstanding units of TIJV, with physicians owning the remaining 34%.

All corporate powers of Touro are vested in the Board of Trustees of Louisiana Children's Medical Center (LCMC) (the System), the Hospital's nonprofit parent.

#### Note 2. Summary of Significant Accounting Policies

##### Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period.

Touro considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its consolidated financial statements, including the following: recognition of net patient revenue, which includes contractual allowances, discounts, provisions for bad debts and charity care, losses and expenses related to the self-insured workers' compensation, professional liabilities and employee health claims, and risks and assumptions for measurement of pension and other postretirement liabilities. Management bases its estimates on historical experience and various other assumptions that it believes are reasonable under the particular facts and circumstances. Actual results could differ from those estimates.



## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

##### **Cash and Cash Equivalents**

Cash and cash equivalents include certain investments in highly liquid debt instruments with a remaining maturity of three months or less when purchased, excluding assets whose use is limited

##### **Inventories**

Inventories are stated at the lower of first-in, first-out cost or market at the date of the consolidated balance sheets

##### **Assets Limited as to Use**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets, based upon quoted market prices. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in unrestricted revenues, gains, and other support, unless the income or loss is restricted by donor or law

Assets whose use is limited primarily include assets held by trustees under indenture agreements, investments restricted by donors, and designated assets set aside by the Governing Board (the Board) for future capital improvements, over which the Board retains control and may, at its discretion, subsequently use for other purposes

Restricted other assets consist of certificates of deposit held by the Workers' Compensation Fund as collateral against the self-insured portion of claims and cash held in trust for residents at Woldenberg. See Note 9 for further details

##### **Property, Plant, and Equipment**

Property, plant, and equipment are stated at cost. Depreciation and amortization, which includes amortization of assets under capital lease, are computed on the straight-line basis over the estimated useful lives, or the shorter of useful life or lease term for capital leases, as follows

Land Improvements	10 - 20 Years
Buildings	15 - 40 Years
Leasehold Improvements	3 - 5 Years
Fixed Equipment	10 - 20 Years
Major Moveable Equipment	4 - 10 Years

##### **Impairment of Long-Lived Assets**

Touro reviews its long-lived assets, including property and equipment and other intangibles, for impairment and determines whether an event or change in facts and circumstances indicates that their carrying amount may not be recoverable

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

##### **Impairment of Long-Lived Assets (Continued)**

Touro determines recoverability of the assets by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate or estimated fair values in the case of nonrevenue generating assets. The impairment loss recognized is the amount by which the carrying amount exceeds the fair market value of the asset. See Note 16 for discussion of impairment losses on Woldenberg.

##### **Deferred Financing Costs**

Deferred financing costs, which are included in other assets, are amortized over the period the obligation is outstanding, using a method that approximates the interest method. Deferred financing costs total approximately \$2,500,000 at December 31, 2013 and 2012, and are presented net of accumulated amortization of approximately \$1,301,000 and \$1,225,000, respectively.

##### **Estimated Workers' Compensation, Professional Liability, and Employee Health Claims**

The provisions for estimated workers' compensation, professional liability, and employee health claims include estimates for the ultimate costs for both reported claims and claims incurred but not reported. These estimates incorporate Touro's past experience, as well as other considerations, including the nature of claims, industry data, relevant trends, and/or the use of actuarial information.

##### **Fair Value of Financial Instruments**

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate fair value due to their short-term. The fair value of assets limited as to use, pension plan assets, swap agreements and debt are disclosed in their respective notes.

##### **Derivatives and Financial Instruments**

Touro uses interest rate swap and basis swap agreements to manage interest costs and the risk associated with changing interest rates. While Touro's primary objective for the use of these instruments is to manage its cash flow requirements, unrealized gains and losses in the fair value of such instruments are reflected in investment income or loss in the consolidated statement of operations in accordance with the *Accounting for Derivative Instruments and Hedging Activities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

##### **Net Patient Service Revenues and Related Receivables**

Touro has agreements with third-party payors that provide for payments to Touro at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments.

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### **Note 2. Summary of Significant Accounting Policies (Continued)**

##### **Net Patient Service Revenues and Related Receivables (Continued)**

Net patient service revenues are 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. 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.

Patients accounts receivable are reduced by an allowance for doubtful accounts. In establishing its estimate of collectability of accounts receivable, the Hospital analyzed its past history and collection patterns of its major payor sources of revenue.

For receivables associated with services provided to patients who have third-party coverage, the Hospital estimates, based upon experience, an allowance on the overall value of the receivables at any given point in time adjusting the accounting to reflect these new estimates each month. These estimates are adjusted monthly for volume and service mix and annually for rate increases.

For receivables associated with self-pay patients (which includes both patients without insurance who are not covered by the Hospital's Charity Care program and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Hospital has created a collection model of the patterns of collectability that is based upon the theory of an inverse relationship between age of the debt and its collectability. To estimate the appropriate allowance for doubtful accounts and provision for bad debts a mathematical algorithm based on account type (pure self pay versus self pay after insurance) and age is applied to all accounts.

Touro's total provision for bad debts decreased from approximately \$9,707,000 for the year ended December 31, 2012 to \$7,261,000 for the year ended December 31, 2013.

##### **Advertising Expenses**

Touro expenses advertising costs as incurred. Advertising expense was approximately \$992,000 and \$732,000, for the years ended December 31, 2013 and 2012, respectively.

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

##### **Grants, Contributions and Donor-Restricted Gifts**

From time to time, Touro receives grants and contributions from individuals or private and public hospitals. Revenues from grants and contributions (including contributions of capital assets) are recognized when all the eligibility requirements, including time requirements, are met, and when there is reasonable assurance that the grants or contributions will be received. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts are recorded as either operating revenue or non-operating revenue dependent upon how the transaction is classified on the consolidated statement of cash flows. Cash flows that do not meet the reporting criteria for investing, capital financing or non-capital financing would be reported as operating activities, with their associated revenue reported as operating revenue within the consolidated statement of operations.

Touro records contributions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic, *Accounting for Contributions Received and Contributions Made*, which requires Touro to distinguish between contributions received for each net asset category in accordance with or without donor-imposed restrictions. Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. Gifts that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions.

Temporarily restricted net assets are those whose use is limited by donors to a specific time period or purpose. Temporarily restricted net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors. Permanently restricted net assets have been restricted by donors to be maintained by Touro in perpetuity.

Temporarily restricted gifts greater than \$100,000 used to purchase a depreciable asset are reclassified as unrestricted net assets over the same period of time that the related asset is being depreciated. In accordance with the Louisiana Uniform Prudent Management of Institutional Funds Act (UPMIFA), permanently restricted gifts are reclassified as either unrestricted or temporarily restricted if (i) the value of the gift does not exceed \$100,000, (ii) twenty or more years have elapsed since the gift was received, and (iii) the purpose of the restriction is unlawful, impracticable, impossible, or wasteful.

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

##### **Grants, Contributions and Donor-Restricted Gifts (Continued)**

Contributions for which the restrictions are met in the same period in which the unconditional promise to give is received are recorded as unrestricted revenue in the accompanying consolidated financial statements

##### **Excess of Revenues Over Expenses**

Excess of revenues over expenses includes all changes in unrestricted net assets except for the effect of changes in accounting principles, net assets released from restrictions used for purchase of property and equipment, change in funded status of pension obligations, change in the non-controlling interest in health-related activities, change in accumulated unrealized derivative gains and losses, and funds donated from unconsolidated sources for purchases of property and equipment

##### **Community Benefit**

In the furtherance of its charitable purpose, Touro provides a wide variety of benefits to the community which it serves. Such benefits include health screenings, in-home caregiver services, and seminars on a variety of health topics that are relevant to the health needs of the community, such as healthy eating, diabetes management, healthy aging and cancer support and survivorship programs.

The Hospital provides clinical training to students annually in a variety of training programs and specialties, including medical student and post graduate medical training in various specialties. The Hospital is also a clinical training site for allied health programs for various metropolitan colleges and provides rehabilitative therapy training to students from colleges across the country.

Touro also offers counseling for patients and families, a variety of cancer support groups and supportive cancer care services, pastoral care, the donation of space for use by community groups, health enhancement and wellness programs, classes on specific medical conditions, and telephone information services. Touro staff support area nonprofits and community groups to offer health information and health screenings at community events. The Hospital partners with other healthcare nonprofits to provide healthcare information and education resources to the community. Touro also provides a broad range of clinical services to economically disadvantaged patients, both inpatient and outpatient, through outpatient clinics. In addition, Touro's Governing Board and administration work closely with local civic leaders to address the health care needs of the community.

The Hospital also provides medical care without charge or at reduced costs to residents of its community through the provision of charity care. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as revenue. In addition, the Hospital waives collection of charges for patients who have demonstrated economic hardship and inability to pay. Furthermore, the Hospital provides services to public program enrollees (primarily Medicare and Medicaid). Payments for such services often do not cover all costs incurred.

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

##### Community Benefit (Continued)

During the years ended December 31, 2013 and 2012, estimated costs associated with charity care services provided were approximately \$4,017,000 and \$4,452,000, respectively. Estimated costs of charity care services provided are determined based on Touro's average cost to charge ratio and total charges for provided services determined to qualify as charity care.

Touro formerly collaborated with other healthcare providers (the Hospitals) to ensure the availability of, and to more cost effectively provide, quality healthcare services to low income and needy residents in the community. In order to best address the needs in the community, the collaborative Hospitals became members of four non-profit organizations, Louisiana Clinical Services, Inc (LCS), Southern Louisiana Clinical Services, Inc (SLCS), Eastern Louisiana Clinical Services, Inc (ELCS), and Natchitoches Clinical Services, Inc (NCS), (collectively, the Non-Profits). The Hospitals contributed funds to the Non-Profits, which were then used to support the provisions of hospital and clinical physician services, physician in-training services, physician assistant/nurse practitioner services, specialty physician services and other healthcare services. Touro officially withdrew from these collaborative agreements July 27, 2012.

Effective November 1, 2011, the System entered into a contract with Louisiana Health Sciences Center (LSUHSC) to cover costs of providing physician services to low income and needy patients at the LSU Interim Hospital in New Orleans (LSU-IH). This contract terminated June 30, 2012.

Effective July 1, 2012, the System entered into multiple contracts with LSUHSC, Tulane University School of Medicine, and Van Meter and Associates to cover costs of providing physician services to low income and needy patients at LSU-IH.

For the years ended December 31, 2013 and 2012, Touro supported the System and the contracts that it entered into by contributing approximately \$4,859,000 and \$9,434,000, respectively, to provide healthcare services to the low income and needy residents in the community. These expenses are included within the community support line item on the consolidated statements of operations.

##### New Accounting Pronouncements

Effective January 1, 2012, Touro adopted the provisions of Accounting Standards Update (ASU) 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provisions for Bad Debts and the Allowance for Doubtful Accounts for Certain Health Care Entities*. ASU 2011-07 requires the presentation of the provision for doubtful accounts related to patient service revenue as a deduction from patient service revenue and enhancing the disclosures of Touro's policies related to uncollectible accounts. The provision for doubtful accounts for the subsidiaries are included within the total allowance for doubtful accounts.

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

##### **New Accounting Pronouncements (Continued)**

Effective January 1, 2012, the Hospital adopted ASU 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries*, which clarifies that a health care entity should not net insurance recoveries against a related claim liability. The adoption of ASU 2010-24 did not have a material impact on the 2012 consolidated financial statements.

Effective January 1, 2012, the Hospital adopted ASU 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*, which result in common fair value measurement and disclosure requirements in US GAAP and IFRSs. The adoption of ASU 2011-04 did not have a material impact on the 2012 consolidated financial statements.

##### **Income Taxes**

The Hospital, the Foundation, and Woldenberg are not-for-profit entities under Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxation. Crescent City Physicians, Inc. is a for-profit entity. The operations of the for-profit subsidiary have resulted in cumulative net operating losses for federal income tax purposes at December 31, 2013, of approximately \$30,000,000. These net operating loss carryforwards expire in varying amounts beginning in 2018 through 2033. No tax benefits related to these operating losses have been recognized in the accompanying consolidated financial statements.

##### **Subsequent Events**

The Hospital has evaluated subsequent events occurring between December 31, 2013 and April 22, 2014, the date the financial statements were available to be issued. See Note 21.

#### Note 3. Net Patient Service Revenues

The Hospital has arrangements with third-party payors that provide for payments to Touro at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows.

##### **Medicare and Medicaid**

The Hospital is reimbursed under the Medicare Prospective Payment System (PPS) for acute care inpatient services provided to Medicare beneficiaries and is paid a predetermined amount for these services based, for the most part, on the Diagnosis Related Group (DRG) assigned to the patient. In addition, the Hospital is paid prospectively for Medicare inpatient capital costs based on the federal specific rate.

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 3. Net Patient Service Revenues

##### Medicare and Medicaid (Continued)

The Hospital qualifies as a disproportionate share provider and a teaching hospital under the Medicare regulations. As such, the Hospital receives an additional payment for Medicare inpatients served. Except for Medicare disproportionate share and medical education reimbursement and Medicare bad debts, there is no retroactive settlement for inpatient costs under the Medicare inpatient prospective payment methodology.

In the context of healthcare reform, effective February 1, 2012, Louisiana Medicaid introduced Bayou Health, a state-wide managed care Medicaid initiative. Medicaid recipients enroll in one of five available Bayou Health plans. The plans are all accountable to the Department of Health and Hospitals and to the State of Louisiana (State). There are differences between these plans, including their provider networks, referral policies, health management programs, services and incentives offered to participants. Medicaid recipients can choose which Bayou Health plan to enroll into.

The Hospital's reimbursements from the Bayou Health plans follow the same methodology as Medicaid, that is, DHH's objective is to continue collecting all Medicaid hospital program services and costs through the annual cost report uniformly, whether the service is covered by traditional Medicaid fee for service, a Sharing Savings Plan, or a Prepaid Plan.

Medicare inpatient rehabilitation services are paid through the Inpatient Rehabilitation Facility Prospective Payment. Home health services rendered to Medicare program beneficiaries are reimbursed under a per-episode prospective payment system. Outpatient services rendered to Medicare program beneficiaries are reimbursed by the Outpatient Prospective Payment System (OPPS), which establishes a number of Ambulatory Payment Classifications (APC) for outpatient procedures in which the Hospital is paid a predetermined amount for these procedures. Medicare and Medicaid outpatient clinical lab, physical rehab services, and Medicaid ambulatory surgery services are reimbursed based upon the respective fee schedules.

Retroactive cost settlements based upon annual cost reports are estimated for those programs subject to retroactive settlement and recorded in the consolidated financial statements. Final determination of retroactive cost settlements to be received under the Medicare and Medicaid regulations is subject to review by program representatives. The difference between a final settlement and an estimated settlement in any year is reported as an adjustment of net patient service revenue in the year the final settlement is made. Touro's Medicare cost reports have been audited by the Medicare fiscal intermediary through December 31, 2009. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through December 31, 2006.

Net revenues from government health care programs included in net patient service revenues approximated \$171,838,000 and \$142,100,000, in the year ended December 31, 2013 and 2012, respectively.



## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 3. Net Patient Service Revenues

##### Medicare and Medicaid (Continued)

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is a possibility that recorded estimates will change by a material amount in the near term.

Net patient service revenue increased in 2013 and 2012 by approximately \$2,430,000 and \$3,383,000, respectively, due to changes in estimates resulting from the removal of allowances previously estimated that are no longer necessary as a result of final settlements, years that are no longer subject to audits, reviews, and investigations, revision of allowance estimates recorded in prior years relating to expected retroactive adjustments, and revisions based on updated information from the fiscal intermediary.

During 2013 and 2012, the Hospital received approximately \$499,000 and \$431,000, respectively, from the State of Louisiana in the form of a Graduate Medical Education Supplement Payment.

##### Managed Care

Touro has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. Inpatient and outpatient services rendered to managed care subscribers are reimbursed at prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates. Net revenues derived from managed care contracts included in net patient service revenues approximated \$115,400,000 and \$108,900,000, in December 31, 2013 and 2012, respectively.

#### Note 4. Assets Limited as to Use

Assets limited as to use are investments that are accounted for in invested portfolios.

At December 31, 2013 and 2012, assets limited as to use consist of the following (in thousands):

	2013	2012
Marketable Equity Securities	\$ 35,324	\$ 33,463
U S Treasury Notes, Bonds, and Bills	1,599	1,600
Cash	-	6
State of Israel Bonds	500	500
Other Fixed Income Securities	19,004	21,093
Mortgage-Backed Securities	945	854
Money Market Funds	11,211	11,235
<b>Total</b>	<b>\$ 68,583</b>	<b>\$ 68,751</b>

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 4. Assets Limited as to Use (Continued)

Fair value estimates are made at a specific point in time, based on market conditions and information about the investments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The investments in marketable alternative investments are valued by management at their equity in the net assets of the investment, which approximates fair value, utilizing the net asset valuation provided by the underlying investment companies unless management determines some other valuation is more appropriate. Such fair value estimates do not reflect early redemption penalties or redemption restrictions as Touro does not intend to sell such investments before the expiration of the early redemption periods.

Touro has no future commitments to current or additional marketable alternative (hedge fund) managers. Some marketable alternative managers have withdrawal restrictions established upon entering their funds which limit an investor's ability to withdraw amounts as a protection for their investments.

There also may be fees associated with early withdrawal that generally lapse over defined time periods. These restrictions generally allow for quarterly withdrawals, however, in no case does the withdrawal limitation extend beyond one year.

Investment income at December 31, 2013 and 2012, including both unrestricted and restricted activity, comprises the following (in thousands):

	2013	2012
Interest and Dividend Income	\$ 1,368	\$ 1,519
Net Gains		
Realized Gains on Securities	2,198	358
Unrealized Gains on Securities	1,712	7,280
<b>Total</b>	<b>\$ 5,278</b>	<b>\$ 9,157</b>

Investment income is reported net of investment fees. Investment fees were approximately \$95,000 and \$86,000, for the years ended December 31, 2013 and 2012, respectively.

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 5. Derivative Instruments

At December 31, 2013 and 2012, derivative instruments consist of the following interest rate and basis swap agreements

Trade Date	Maturity	Notional Amount	Hedged Rate	Derivative Rate
August 15, 2005 (and Amended September 29, 2011)	January 1, 2015	\$ 27,970,000	6 125%	Variable rate based on SIFMA Index
September 29, 2011	January 1, 2015	\$ 19,167,200	5 625%	Variable rate based on SIFMA Index
September 30, 2011	January 1, 2015	\$ 20,200,000	82% of LIBOR	0 692%
September 30, 2011	January 1, 2015	\$ 26,760,000	82% of LIBOR	0 625%

In relation to the swap agreements, Touro's investment income included an unrealized (loss) gain of approximately (\$989,000) and \$3,306,000 in 2013 and 2012, respectively. Interest expense associated with the debt instruments was reduced by the realized gains and interest earnings from the swaps' effectiveness by approximately \$2,327,000 and \$2,240,000 in 2013 and 2012, respectively. At December 31, 2013, these agreements had a carrying value (which approximates fair value) of approximately (\$760,000) and were recorded in other current liabilities. At December 31, 2012, these agreements had a carrying value of approximately \$229,000 and were recorded in other receivables.

As mentioned in Note 19, Children's Hospital has assumed the role of guarantor of the above mentioned swap agreements. As guarantor, Children's Hospital unconditionally guarantees the prompt payment of all liabilities associated with those agreements. This guarantee shall remain in force until such time as Touro Infirmary has fully satisfied its obligations under the swap agreements.

Touro purchases and sells interest rate options to enhance the overall return on its investment portfolio. Interest rate options grant the purchaser, for a premium payment, the right to either purchase or sell to the writer a specified financial instrument under agreed-upon terms. The premium compensates the seller for bearing the risk of unfavorable interest rate changes. Touro's options on Eurodollar futures, U.S. Treasury bond futures and U.S. Treasury notes settle in cash and generally expire within one year of inception.

Futures contracts are sold or purchased to provide incremental value and to hedge or reduce market price risks. Interest rate futures contracts are commitments to either purchase or sell designated financial instruments at a future date for a specified price and may either be settled in cash or through delivery. Futures contracts have little credit risk due to daily cash settlement of the net change of open contracts.

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 5. Derivative Instruments (Continued)

Futures on U S Treasury notes, U.S Treasury bonds, and Eurodollar deposits are used due to their liquidity and credit risk advantages. Investments held by Touro in the amount of \$1,000,000 are pledged as collateral to secure the initial margins on futures contracts purchased.

With respect to the derivative instruments held at December 31, 2013 and 2012, Touro's exposure to credit-related losses in the event of nonperformance by counterparties is minimized because investment managers for Touro deal almost exclusively in exchange-traded futures and options. These securities are extremely liquid, are subject to rigorous exchange and government regulation, involve limited counterparty risk, have no hidden embedded risks, and have daily available public prices.

All derivative instruments are subject to market risk, which is the risk that future changes in market conditions may make an instrument less valuable or more onerous. Exposure to market risk is managed in accordance with risk limits set by the finance committee of the LCMC Board of Trustees and by monitoring performance by investment managers in accordance with specified investment guidelines.

#### Note 6. Property, Plant, and Equipment

At December 31<sup>st</sup>, property, plant, and equipment consisted of the following (in thousands)

	2013	2012
Land and Land Improvements	\$ 18,359	\$ 18,326
Leasehold Improvements	471	144
Buildings	208,984	200,576
Fixed Equipment	89,235	87,172
Major Moveable Equipment	160,640	147,080
	<u>477,690</u>	<u>453,298</u>
Less Accumulated Depreciation	(336,590)	(318,867)
Construction in Progress	4,803	2,601
	<u>4,803</u>	<u>2,601</u>
Property, Plant, and Equipment, Net	<u>\$ 145,903</u>	<u>\$ 137,032</u>

Depreciation expense on depreciable assets was approximately \$17,722,000 and \$16,270,000, for the years ended December 31, 2013 and 2012, respectively.

All lease payments and buyout options were completed on all capital leases during the year ended December 31, 2013, and the assets are fully owned by Touro at December 31, 2013. The net book value of assets under capital lease arrangements was approximately \$2,634,000 at December 31, 2012. Depreciation expense related to these assets was approximately \$1,054,000 for the year ended December 31, 2012.

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 7. Bonds Payable

At December 31<sup>st</sup>, bonds payable consist of the following tax-exempt revenue and refunding bonds issued by the Louisiana Public Facilities Authority on behalf of the Hospital (in thousands)

	2013	2012
Series 1993, issued September 1993, due in sinking fund installments through 2023, annual interest rate of 6 1/2% at December 31, 2013	\$ 27,960	\$ 29,945
Series 1999, issued May 1999, due in sinking fund installments through 2029, annual interest rate of 5 6/25% at December 31, 2013	45,295	45,295
Less Current Maturities	(2,110)	(1,985)
Less Unamortized Original Issue Discount	(631)	(647)
<b>Non-Current Portion of Bonds Payable</b>	<b>\$ 70,514</b>	<b>\$ 72,608</b>

The Series 1993 bonds were issued in order to advance refund and redeem previously issued bonds, and to finance capital expenditures of the Hospital.

The Series 1999 bonds were issued in order to provide funds to finance the cost of the construction, furnishing, and equipping of a 120-bed nursing home and a 60-bed assisted living facility at Woldenberg, the addition of a private room floor at the existing hospital campus, and for the funding of routine capital improvements and equipment

In July 2005, the Hospital distributed, to bondholders, notices of intent to engage in a Tender Offer and Redemption of \$35,245,000 of Series 1993 bonds, which was the long-term portion of the \$44,785,000 Series 1993 bonds outstanding. As interest rates declined significantly since the issuance of the bonds, this transaction was structured to reduce the borrowing cost of the existing fixed rate of approximately 6 1/2%. On August 15, 2005, there was a call for full redemption of the bonds (at 100%) remaining outstanding that were not tendered to the Hospital by August 1 (at 101%). This call for redemption resulted in \$1,190,000 of the bonds being redeemed with the balance of \$34,055,000 being tendered. The tendered bonds were concurrently placed with Merrill Lynch in exchange for interest rate swap agreements (see Note 5 for further details on the swap).

On September 28, 2011, the Hospital engaged in a tender offer of \$56,040,000 of Series 1999 bonds which resulted in \$3,385,000 of the bonds being tendered (at 100%). As discussed in Note 5, \$20,200,000 of the remaining Series 1999 bonds were placed with Merrill Lynch in exchange for various interest rate and basis swap agreements, maturing January 1, 2015. On November 5, 2011, the Hospital called and repurchased \$6,355,000 of these outstanding Series 1999 bonds.

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 7. Bonds Payable (Continued)

Terms of the interest rate swap agreements obligate the Hospital to put aside collateral in favor of Merrill Lynch based on a predetermined formula. As of December 31, 2013 and 2012, the collateral account totaled approximately \$573,000 and \$543,000, respectively, and such amounts are included in assets limited as to use-restricted by bond indenture on the consolidated balance sheets. As mentioned in Notes 5 and 19, Children's Hospital is unconditionally guaranteeing the prompt payment of all liabilities associated with the interest rate swap agreements.

At December 31, 2013, scheduled repayments of principal and sinking fund installments to retire the bonds are as follows (in thousands):

2014	\$ 2,110
2015	2,240
2016	2,375
2017	2,520
2018	2,675
Thereafter	<u>61,335</u>
<b>Total</b>	<u><u>\$ 73,255</u></u>

The Series 1993 and 1999 bonds are general obligations of the Hospital, and future revenues are pledged to repayment of the bonds. Additionally, as mentioned above, under the terms of the indenture agreement, the Hospital is required to maintain certain deposits with a trustee. The related debt agreements also place limits on the incurrence of additional borrowings and require that the Hospital satisfy certain measures of financial performance as long as the bonds are outstanding. In 2013, the Hospital met all measures of financial performance as defined in the loan agreements.

#### Note 8. Employee Retirement Plans

##### Defined Contribution Plan

The Hospital and Woldenberg each sponsor a Section 403(b) defined contribution employee benefit plan. Employees who are at least 21 years of age and have completed 1,000 hours of service during a 12-month period are eligible to participate.

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### **Note 8. Employee Retirement Plans (Continued)**

##### **Defined Contribution Plan (Continued)**

Employees of the Hospital who participate may make tax-deferred contributions of up to applicable IRS limitation. The Hospital will make qualified matching contributions of 50% of employee contributions up to 4% of the employees eligible earnings. An employee of the Hospital wishing to contribute more may do so up to applicable Internal Revenue Service (IRS) limitations, however, the Hospital does not match any portion of these additional contributions. Participants fully vest in the Hospital's matched contributions immediately. During the years ended December 31, 2013 and 2012, Touro's matching contributions approximated \$687,700 and \$638,500, respectively.

Employees of Woldenberg who participate may make tax-deferred contributions up to the applicable IRS limitations. Woldenberg does not match any portion of their participants contributions, therefore, there was no expense recorded for either 2013 or 2012.

CCPI sponsors a Section 401(k) defined contribution employee benefit plan. Employees who have completed thirty days of service are eligible to join the plan. Employees of CCPI may contribute to the plan through salary deferrals up to applicable IRS limitations.

Beginning in 2012, CCPI is making qualified matching contributions of 100% of salary deferral contributions up to 3% of pay, plus 50% of salary deferral contributions in excess of 4% of pay up to 5% of pay. CCPI recognized expense of approximately \$442,000 in 2013 and \$430,000 in 2012.

##### **Defined Benefit Pension Plan**

The Hospital's defined benefit pension plan covers substantially all full-time employees. The plan is noncontributory and provides benefits that are based on the participants' years of service and level of compensation. Each participant is entitled to an account balance that grows each year with pay, transition, employer match, and interest credits. The Hospital's funding policy is based on the minimum contributions required under the Employee Retirement Income Security Act of 1974 as determined by its consulting actuaries. Touro contributed approximately \$1,650,000 and \$1,000,000, to the plan in 2013 and 2012, respectively.

# TOURO INFIRMARY AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

### Note 8. Employee Retirement Plans (Continued)

#### Defined Benefit Pension Plan (Continued)

The following table sets forth the plan's components of net periodic pension cost, change in projected benefit obligation, change in plan assets, funded status, and pension expense recognized by the Hospital as of and for the years ended December 31, 2013 and 2012, using the projected unit credit method with salary progression (in thousands)

	2013	2012
Change in Benefit Obligation		
Benefit Obligation at Beginning of Year	\$ 41,518	\$ 39,152
Service Cost	2,787	2,878
Interest Cost	1,568	1,623
Actuarial (Gain) Loss	(5,199)	465
Benefits Paid	(2,437)	(2,600)
Benefit Obligation at End of Year	38,236	41,518
Change in Plan Assets		
Fair Value of Plan Assets at Beginning of Year	28,857	27,705
Actual Return on Plan Assets	1,467	2,752
Benefits Paid	(2,437)	(2,600)
Employer Contributions	1,650	1,000
Fair Value of Plan Assets at End of Year	29,537	28,857
Funded Status (Underfunded)	\$ (8,699)	\$ (12,661)
Net Periodic Pension Cost		
Service Cost	\$ 2,787	\$ 2,878
Interest Cost	1,568	1,623
Actuarial Gain on Plan Assets	(1,467)	(2,753)
Net Amortization	187	1,649
Net Periodic Cost	\$ 3,075	\$ 3,397

Included in net assets at December 31<sup>st</sup>, are the following amounts that have not yet been recognized in net periodic postretirement benefit cost but are expected to be amortized into net periodic postretirement cost during 2014 (in thousands).

	2013	2012
Unrecognized Net Actuarial Loss	\$ 7,257	\$ 12,794
Unrecognized Prior Service Cost	(220)	(371)
<b>Total Accrued Benefit Cost</b>	<b>\$ 7,037</b>	<b>\$ 12,423</b>



## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

#### Note 8. Employee Retirement Plans (Continued)

##### Defined Benefit Pension Plan (Continued)

Weighted-average assumptions used to determine projected benefit obligations at December 31<sup>st</sup>, were as follows

	2013	2012
Discount Rate, Obligation	4.80%	3.90%
Discount Rate, Periodic Cost	3.90%	4.30%
Expected Return on Plan Assets	7.00%	7.00%
Rate of Compensation Increase	2.30%	3.00%
Cash Balance Interest Credit Rate	4.00%	4.00%

The defined benefit pension plan asset allocation as of the measurement date (January 1<sup>st</sup>) and the target asset allocation, presented as a percentage of total plan assets, were as follows

	2013	2012	Target Allocation
Equity Securities	45%	45%	50% - 65%
Debt Securities	53%	52%	35% - 50%
Cash and Cash Equivalents	2%	3%	0% - 10%

The plan invests in a diversified mix of traditional asset classes, including equities, government and corporate fixed income debt securities, and cash and cash equivalents. The plan's overall allocation is based on mean variance optimization modeling using certain assumptions regarding expected return, risk, and correlations among various asset classes. Asset allocation analysis considers various potential outcomes and probabilities of returns given current capital markets assumptions.

The *Fair Value Measurement* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 8. Employee Retirement Plans (Continued)

##### Defined Benefit Pension Plan (Continued)

The three levels of the fair value hierarchy are described below

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access
- Level 2 Inputs to the valuation methodology include
- Quoted prices for similar assets or liabilities in active markets,
  - Quoted prices for identical or similar assets or liabilities in inactive markets,
  - Inputs other than quoted prices that are observable for the asset or liability,
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability

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

The asset's 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.

The following is a description of the valuation methodologies used for assets measured at fair value

##### *Level 1 Fair Value Measurements*

The fair values of the mutual funds and corporate stocks are based at quoted closing prices of securities on the last business day of the Plan year

##### *Level 2 Fair Value Measurements*

The fair values of corporate bonds, U S government agency securities, and foreign bonds are based on inputs other than quoted prices that are observable for securities, either directly or indirectly. Examples of these inputs are values based on yields currently available on comparable securities of issuers with similar credit ratings, inputs derived from observable market data by correlation or other means, etc

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan 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

# TOURO INFIRMARY AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

### Note 8. Employee Retirement Plans (Continued)

#### Defined Benefit Pension Plan (Continued)

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2013 and 2012

December 31, 2013	Level 1	Level 2	Total
Cash	\$ 587	\$ -	\$ 587
Mutual Funds			
Diversified Emerging Markets	1,459	-	1,459
Large Blend	6,015	-	6,015
Large Growth	-	-	-
Natural Resources	1,472	-	1,472
Corporate Stocks			
Foreign Large Blend	1,478	-	1,478
Foreign Large Growth	2,971	-	2,971
Corporate Bonds	-	12,301	12,301
U.S. Government Agency Securities	-	1,191	1,191
Foreign Bonds	-	2,063	2,063
<b>Total</b>	<b>\$ 13,982</b>	<b>\$ 15,555</b>	<b>\$ 29,537</b>

December 31, 2012	Level 1	Level 2	Total
Cash	\$ 820	\$ -	\$ 820
Mutual Funds			
Diversified Emerging Markets	930	-	930
Large Blend	4,060	-	4,060
Large Growth	2,277	-	2,277
Natural Resources	1,268	-	1,268
Corporate Stocks			
Foreign Large Blend	2,325	-	2,325
Foreign Large Growth	2,129	-	2,129
Corporate Bonds	-	11,781	11,781
U S Government Agency Securities	-	1,352	1,352
Foreign Bonds	-	1,915	1,915
<b>Total</b>	<b>\$ 13,809</b>	<b>\$ 15,048</b>	<b>\$ 28,857</b>

In general, equity securities (both value and growth and active and passive) are utilized to provide expected returns above those of fixed income securities. Fixed income securities are utilized to provide a more stable and less volatile series of returns. The fixed income portfolio contains only securities considered investment grade by maintaining a rating of at least BAA/BBB by Moody's or Standard and Poor's rating agencies.

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 8. Employee Retirement Plans (Continued)

##### Defined Benefit Pension Plan (Continued)

Professional money managers are delegated the day-to-day responsibility of managing individual portfolios within the context of certain diversification guidelines and to certain performance benchmark standards

The plan's investment consultant provides quarterly performance reports to evaluate the achievement of overall return expectations of total investments as well as each manager's contribution, both on the basis of absolute and relative performance standards.

The plan's overall asset allocation is reviewed periodically to conform to current market conditions and expectations with regard to overall capital markets assumptions. Historical return patterns and correlations, expected return risk premium, and other multifactor considerations are utilized in the development of overall capital markets assumptions for the purpose of the plan's asset allocation determinations.

The Hospital expects to make contributions of approximately \$2,040,000 to the defined benefit pension plan in 2014.

At December 31, 2013 and 2012, the Hospital's plan had accumulated benefit obligations of approximately \$36,307,000 and \$39,248,000, respectively.

Future benefit payments expected to be paid in each of the next five fiscal years and in the aggregate for the following five years as of December 31, 2013, are as follows (in thousands)

2014	\$	1,110
2015		1,150
2016		1,280
2017		1,340
2018		1,420
2019 - 2023		8,930
<b>Total</b>	<b>\$</b>	<b>15,230</b>

##### Supplemental Executive Retirement Plan

Touro has a supplemental executive retirement plan with a former Chief Executive Officer (CEO) in which an annual payment is made over ten years and investment return is credited to the base amount due each year. In addition, Touro has a deferred compensation plan with this former CEO under an employment contract. Amounts payable under these plans totaled approximately \$936,000 and \$1,643,000, at December 31, 2013 and 2012, respectively. An additional deferred compensation trust exists, which has been recorded with an offsetting asset and liability in the amount of approximately \$944,000 and \$1,033,000, as of December 31, 2013 and 2012, respectively.

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 9. Insurance Programs

The state of Louisiana enacted legislation that created a statutory limit of \$500,000 for each medical professional liability claim and established the Louisiana Patient Compensation Fund (State Insurance Fund) to provide professional liability insurance to participating health care providers. The Hospital participates in the State Insurance Fund, which provides up to \$400,000 coverage for settlement amounts in excess of \$100,000 per claim, excluding litigation fees and expense. The Hospital is self-insured with respect to the first \$100,000. The Hospital has excess insurance coverage with an annual aggregate limit of \$30,000,000 that covers any settlement amounts that are in excess of \$1,000,000 through July 31, 2010.

Effective August 1, 2010, the Hospital fell under the System policy which is an occurrence basis policy with a \$20,000,000 annual aggregate limit. See Notes 1 and 19 for a further description of the System that the Hospital operates under. The Hospital's management believes that all asserted claims are covered and will be settled within the limits of the Hospital's coverage. The Hospital accrues for self-insured claims, claims administration costs, and legal fees based on an actuarial study and an additional internal assessment. The estimated liability for professional and general liability claims in the consolidated balance sheets, which was discounted at 6%, was approximately \$6,349,000 and \$7,272,000, at December 31, 2013 and 2012, respectively.

Effective February 1, 2009, the Hospital became self-insured for workers' compensation claims up to \$750,000. The self-insured retention or loss limit for workers' compensation claims was \$250,000 for fiscal periods starting January 1, 2002 through December 31, 2002 and \$500,000 for periods starting January 1, 2003 through January 31, 2009. Insurance coverage exceeding these amounts is provided by a commercial carrier for claims up to a specific limit of \$25,000,000 per occurrence. The Hospital accrues for self-insured claims, claims administration costs, and legal fees based on an actuarial study. The estimated liability for workers' compensation claims in the consolidated balance sheets, which was discounted at 6%, was approximately \$1,963,500 and \$1,918,000, at December 31, 2013 and 2012, respectively. As mentioned in Note 2, Touro has funds collateralizing its self-insured portion.

The Hospital offers subsidized health insurance to its employees through an employer-sponsored health plan. The self-insured plan obligates the Hospital to pay the first \$300,000 per claim. Insurance coverage exceeding these amounts is provided by a commercial carrier for claims up to \$2,000,000 per occurrence. The health insurance reserves were approximately \$1,628,000 and \$2,258,000, at December 31, 2013 and 2012, respectively. The estimated reserve for employee health care claims is based on actual claims history and includes estimates for administrative costs.

The Hospital has reflected its estimate of the ultimate liability for known and incurred but not reported claims in the accompanying consolidated financial statements.

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 9. Insurance Programs (Continued)

##### In General

The Hospital has excess insurance coverage with an annual aggregate limit of \$30,000,000 that covers any settlement amounts that are in excess of \$1,000,000 through July 31, 2010 and a System occurrence basis policy with a \$20,000,000 annual aggregate limit from an insurance carrier effective August 1, 2010. The Hospital's management believes that all asserted claims are covered and will be settled within the limits of the Hospital's coverage.

#### Note 10. Concentrations of Credit Risk

Patient accounts receivable are stated at estimated net realizable value. Touro grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements.

The mix of receivables from patients and third-party payors at December 31<sup>st</sup>, was as follows.

	2013		2012	
Medicare	18	%	18	%
Medicaid	14		16	
Blue Cross	13		15	
Other Third-Party Payors	48		44	
Patients	6		6	
Workers' Compensation	1		1	
	100	%	100	%

Receivables from government-related programs (i.e., Medicare and Medicaid) represent the only concentrated group of credit risk for Touro, and management does not believe that there are any credit risks associated with these government programs. Commercial and managed care receivables consist of receivables from various payors involved in diverse activities and subject to differing economic conditions and do not represent any concentrated credit risks to Touro.

Touro maintains allowances for uncollectible accounts for estimated losses resulting from a payor's inability to make payments on accounts. Touro uses a balance sheet approach to value the allowance account based on historical write-offs and the aging of the accounts. Accounts are written off when collection efforts have been exhausted. Management continually monitors and adjusts its allowances associated with its receivables.

Touro periodically maintains cash in bank accounts in excess of insured limits. Touro has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 11. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31<sup>st</sup>, are available for the following purposes (in thousands)

	2013	2012
Specific Purpose Funds		
Patient Care (Including Elder Care)	\$ 1,907	\$ 1,319
Gumbel Building	1,480	1,272
Charity	1,214	934
Other	536	451
Nursing Education	547	447
Lectures and Medical Staff	381	348
Plant Funds		
Miscellaneous Renovation Projects	354	622
<b>Total</b>	<b>\$ 6,419</b>	<b>\$ 5,393</b>

#### Note 12. Permanently Restricted Net Assets (Endowment Funds)

The State of Louisiana enacted UPMIFA effective August 15, 2010, the provisions of which apply to endowment funds existing on or established after that date. The Board has determined that the majority of Touro's permanently restricted net assets meet the definition of endowment funds under UPMIFA.

Touro holds donor-restricted endowment funds established primarily to fund specified activities for and within Touro and the medical community as a whole. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has interpreted the State of Louisiana's UPMIFA as requiring the preservation of the fair value at the original gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, Touro classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Touro in a manner consistent with the standard of prudence prescribed in UPMIFA.

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

#### Note 12. Permanently Restricted Net Assets (Endowment Funds) (Continued)

In accordance with UPMIFA, Touro considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds (1) the duration and preservation of the various funds, (2) the purpose of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of Touro, and (7) Touro's investment policies

Endowment Investment and Spending Policies - Touro has adopted investment and spending policies for endowment assets to achieve a disciplined, consistent management philosophy that accommodates reasonable and probable events. Preservation of capital and return on investment are of primary importance. The primary investment objective is to preserve financial assets generated through donor gifts, so that the proceeds may be distributed for the purposes intended by the donors and to the benefit of Touro, at a level of risk deemed acceptable by the LCMC Board of Trustees. To satisfy LCMC investment manager's long-term rate-of-return objectives, LCMC relies on a strategy outlined by its investment managers and includes purchases of bonds, stocks, and cash and cash equivalents. LCMC will consider adjusting the amounts of funds that each manager has to manage on an ongoing basis.

Touro's Endowment Net Asset Composition by fund type as of December 31, 2013, is as follows (in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	\$ -	\$ -	\$ 7,651	\$ 7,651
Undesignated Funds	-	121	-	121
<b>Total</b>	<b>\$ -</b>	<b>\$ 121</b>	<b>\$ 7,651</b>	<b>\$ 7,772</b>

A summary of the changes in Touro's Endowment Net Assets for the year ended December 31, 2013, is as follows (in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Net Assets, Beginning of Year</b>	<b>\$ -</b>	<b>\$ 109</b>	<b>\$ 7,651</b>	<b>\$ 7,760</b>
Investment Return				
Investment Income	-	116	-	116
Net Appreciation (Realized and Unrealized)	-	796	-	796
Total Investment Return	-	912	-	912
Appropriation of Endowment Net Assets for Expenditure	-	(900)	-	(900)
<b>Net Assets, End of Year</b>	<b>\$ -</b>	<b>\$ 121</b>	<b>\$ 7,651</b>	<b>\$ 7,772</b>



# TOURO INFIRMARY AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

### Note 12. Permanently Restricted Net Assets (Endowment Funds) (Continued)

Touro's Endowment Net Asset Composition by fund type as of December 31, 2012, is as follows (in thousands)

	Unrestricted	Restricted	Restricted	Total
Donor-Restricted Endowment Funds	\$ -	\$ -	\$ 7,651	\$ 7,651
Undesignated Funds	-	109	-	109
<b>Total</b>	<b>\$ -</b>	<b>\$ 109</b>	<b>\$ 7,651</b>	<b>\$ 7,760</b>

A summary of the changes in Touro's Endowment Net Assets for the year ended December 31, 2012, is as follows (in thousands)

	Unrestricted	Restricted	Restricted	Total
<b>Net Assets, Beginning of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,731</b>	<b>\$ 7,731</b>
Investment Return				
Investment Income	-	181	-	181
Net Appreciation (Realized and Unrealized)	-	644	-	644
Total Investment Return	-	825	-	825
Change in Donor Intent	-	-	(80)	(80)
Appropriation of Endowment Net Assets for Expenditure	-	(716)	-	(716)
<b>Net Assets, End of Year</b>	<b>\$ -</b>	<b>\$ 109</b>	<b>\$ 7,651</b>	<b>\$ 7,760</b>

Permanently restricted net assets (endowment funds) at December 31<sup>st</sup>, are invested in perpetuity, the income from which is expendable to support the following purposes (in thousands)

	2013	2012
Nursing Education	\$ 1,444	\$ 1,444
Charitable Care	2,186	2,186
General Education and Purpose	923	923
Patient Care	374	374
Lectures and Medical Staff	301	301
Research	299	299
Elder Care	2,000	2,000
Other	125	125
<b>Total</b>	<b>\$ 7,651</b>	<b>\$ 7,651</b>

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 13. Functional Expenses

The Hospital provides general health care services to residents within its geographic location. For the years ended December 31, 2013 and 2012, expenses related to providing these services are as follows (in thousands):

	2013	2012
Healthcare Services		
Professional Services	\$ 138,096	\$ 130,155
Nursing Services	41,650	39,370
General Services	18,556	17,776
Depreciation and Amortization	17,794	16,379
Impairment Loss	2	42
Interest	2,029	2,237
Other	2,539	2,141
Fiscal and Administrative Services	51,255	83,398
<b>Total</b>	<b>\$ 271,921</b>	<b>\$ 291,498</b>

The total direct cost of all fund-raising activities for the years ended December 31, 2013 and 2012 were \$84,724 and \$68,220, respectively.

#### Note 14. Fair Value of Financial Instruments

The carrying values of Touro's financial instruments including current assets and current liabilities are primarily at or near fair value. The fair value of Touro's long-term debt is estimated using discounted cash flow analysis, based on Touro's incremental borrowing rates for similar types of borrowing arrangements. The basis for the fair value of its investments and interest rate and basis swap agreements is discussed further within this footnote.

Touro follows the provisions of the *Fair Value Measurement* Topic of the FASB ASC. Under the *Fair Value Measurement* Topic of the FASB ASC, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The *Fair Value Measurement* Topic of the FASB ASC establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

See Note 8 for a discussion of the fair value levels.

# TOURO INFIRMARY AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

### Note 14. Fair Value of Financial Instruments (Continued)

Assets and liabilities measured at fair value on a recurring basis at December 31, 2013, are summarized below (in thousands)

<b>Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>
Marketable Equity Securities	\$ 23,937	\$ 9,881	\$ 1,506	\$ 35,324
U S Treasury Notes, Bonds, and Bills	1,593	6	-	1,599
Other Fixed Income Securities	1,645	17,351	9	19,004
Mortgage-Backed Securities	-	945	-	945
Money Market Funds	9,406	1,805	-	11,211
State of Israel Bond	-	500	-	500
<b>Total</b>	<b>\$ 36,581</b>	<b>\$ 30,488</b>	<b>\$ 1,515</b>	<b>\$ 68,583</b>

<b>Liabilities</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>
Interest Rate and Basis Swaps	\$ -	\$ 760	\$ -	\$ 760
<b>Total</b>	<b>\$ -</b>	<b>\$ 760</b>	<b>\$ -</b>	<b>\$ 760</b>

The changes in investments measured at fair value for which Touro has used Level 3 inputs to determine fair value are as follows (in thousands)

	<b>Level 3 Beginning Balance January 1, 2013</b>	<b>Realized and Unrealized Gains (Losses)</b>	<b>Purchases, Sales and Settlements</b>	<b>Net Transfers In and/or (Out) of Level 3</b>	<b>Level 3 Ending Balance December 31, 2013</b>
Marketable Equity Securities	\$ 1,585	\$ 178	\$ -	\$ (257)	\$ 1,506
Other Fixed Income Securities	11	-	1	(3)	9
<b>Total</b>	<b>\$ 1,596</b>	<b>\$ 178</b>	<b>\$ 1</b>	<b>\$ (260)</b>	<b>\$ 1,515</b>

# TOURO INFIRMARY AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

### Note 14. Fair Value of Financial Instruments (Continued)

Assets and liabilities measured at fair value on a recurring basis at December 31, 2012, are summarized below (in thousands)

<b>Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>
Marketable Equity Securities	\$ 24,042	\$ 7,836	\$ 1,585	\$ 33,463
U S Treasury Notes, Bonds, and Bills	1,592	8	-	1,600
Cash	6	-	-	6
Other Fixed Income Securities	3,315	17,767	11	21,093
Mortgage-Backed Securities	-	854	-	854
Money Market Funds	10,074	1,161	-	11,235
State of Israel Bond	-	500	-	500
Interest Rate and Basis Swaps	-	229	-	229
<b>Total</b>	<b>\$ 39,029</b>	<b>\$ 28,355</b>	<b>\$ 1,596</b>	<b>\$ 68,980</b>

<b>Liabilities</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>
None	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The changes in investments measured at fair value for which Touro has used Level 3 inputs to determine fair value are as follows (in thousands)

	<b>Level 3 Beginning Balance January 1, 2012</b>	<b>Realized and Unrealized Gains (Losses)</b>	<b>Purchases, Sales and Settlements</b>	<b>Net Transfers In and/or (Out) of Level 3</b>	<b>Level 3 Ending Balance December 31, 2012</b>
Marketable Equity Securities	\$ 1,247	\$ 126	(258)	\$ 470	\$ 1,585
Other Fixed Income Securities	233	-	(1)	(221)	11
<b>Total</b>	<b>\$ 1,480</b>	<b>\$ 126</b>	<b>\$ (259)</b>	<b>249</b>	<b>\$ 1,596</b>

Touro's measurements of fair value are made on a recurring basis and their valuation techniques for assets and liabilities recorded at fair value are as follows

**Investments** - The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the investment.

**Interest Rate and Basis Swap Agreements** - The fair values of these agreements represent the estimated amount the Hospital would pay to terminate these agreements at the reporting date, taking into account current interest rates and credit worthiness of the counterparty and the Hospital.

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 15. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors (in thousands)

	2013	2012
<b>Purpose Restrictions Accomplished</b>		
Other	\$ 201	\$ 176
Gumbel Building	140	105
Cancer	138	155
Elder Care	109	25
Nursing Education	71	142
OBGYN	70	26
Charity Care	21	13
Pastoral Care	11	10
Surgery	7	10
Rehabilitation	5	24
Cardiology	2	4
<b>Total Restrictions Released</b>	<b>\$ 775</b>	<b>\$ 690</b>

#### Note 16. Woldenberg Village, Inc.

In 1999, the Hospital became the sole member of Woldenberg, a Louisiana nonprofit corporation, which owned and operated a 120-bed nursing home. On the same day, Woldenberg purchased from the Jewish Federation of Greater New Orleans (Federation), the Woldenberg Villas, a 60-unit independent living facility, at a cost of approximately \$2 million. In turn, the Federation donated two parcels of land adjacent to the nursing home and villas, with a fair value of \$374,000.

As a condition of becoming the sole member of Woldenberg, and receiving the donation of land from the Federation, the Hospital agreed, among other things, that it would cause Woldenberg to construct a new nursing home on the donated land, so as to replace the existing nursing home. Approximately \$27 million of the 1999 bond proceeds, as described in Note 7, were used to finance a portion of the costs of constructing, furnishing, and equipping the new nursing home and assisted living complex. This construction was completed in 2001.

The transfer of the net assets of Woldenberg to the Hospital was based in part on Touro's pledge to continue the mission of providing nursing home services to the greater New Orleans Jewish community.

The Federation retains certain options with respect to the Woldenberg development in the event the Hospital should choose at a later date to cease providing such services or, should there be a change in control at the Hospital due to merger, consolidation or similar event.

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### **Note 16. Woldenberg Village, Inc. (Continued)**

In the event that the Hospital were to cease providing such services or accept a change in their control, the Hospital would be obligated to pay the Federation approximately \$4 million

During the years ended December 31, 2013 and 2012, respectively, Touro recorded impairment charges totaling \$1,575 and \$42,000 related to Woldenberg. An impairment assessment was performed, and the fair value of the entity was estimated using the present value of future cash flows. These charges relate to the write-down of long-lived assets as future cash flows which are not projected to recover the outstanding book investment cost of one of three business units of Woldenberg. These charges, combined with the impairment charges recognized in previous years, represent a complete write-down of the undepreciated assets of the Willowood business unit (a skilled nursing facility)

#### **Note 17. Commitments and Contingencies**

The Hospital has certain pending and threatened litigation and claims incurred in the ordinary course of business, however, management believes that the probable resolution of such contingencies will not exceed the Hospital's recorded reserves or insurance coverage, and will not materially affect the consolidated financial position, results of operations, changes in net assets, or cash flows of the Hospital

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, and reimbursement for patient services. Government activity has continued with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital is in compliance with fraud and abuse, as well as other applicable government, laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### **Note 17. Commitments and Contingencies (Continued)**

To ensure accurate payments to providers, the Tax Relief and Healthcare Act of 2006 mandated the Centers for Medicare & Medicaid Services (CMS) to implement a so-called Recovery Audit Contractor (RAC) and Medicaid Integrity Contractor (MIC) programs on a permanent and nationwide basis. The programs use RACs and MICs to search for potentially improper Medicare and Medicaid payments that may have been made to health care providers that were not detected through existing CMS program integrity efforts, on payments that have occurred at least one year ago but not longer than three years ago. Once a RAC or MIC identifies a claim it believes to be improper, it notifies the Hospital to formally begin an assessment process. Upon completion of the assessment and appeal process, it makes a deduction from the provider's Medicare and Medicaid reimbursement in an amount estimated to equal the overpayment.

The Hospital will deduct from revenue amounts assessed under the RAC and MIC audits after the assessment and appeals process is complete until such time that estimates of net amounts due can be reasonably estimated. RAC and MIC assessments against the Hospital are anticipated, however, the outcome of such assessments are unknown and cannot be reasonably estimated. Management has determined RAC and MIC assessments to be insignificant to date.

In March 2010, the Patient Protection and Affordable Care Act (PPACA) was signed into law. The PPACA is creating sweeping changes across the healthcare industry, including how care is provided and paid for. A primary goal of this comprehensive reform legislation is to extend health coverage to uninsured legal U.S. residents through a combination of public program expansion and private sector health insurance reforms. To fund the expansion of insurance coverage, the legislation contains measures designed to promote quality and cost efficiency in health care delivery and to generate budgetary savings in the Medicare and Medicaid programs. Management of Touro is studying and evaluating the anticipated effects and developing strategies needed to prepare for implementation, and is preparing to work cooperatively with other consultants to optimize available reimbursement.

#### **Settlement of Certain Claims by the Government Related to Dr. Palazzo**

In April of 2008, the Hospital signed an agreement with the United States Department of Justice acting on behalf of the Office of Inspector General (OIG) of the Health and Human Services (HHS) agreeing to settle certain false claims related to charges submitted to the government by Dr. Carmen Palazzo. The terms of the settlement included a payment to the government of \$1,750,000 in addition to reopening several prior year cost reports to ensure that all unallowed costs have been removed.

At the same time, the Hospital also entered into a five-year Corporate Integrity Agreement (CIA) with the HHS OIG. This agreement obligated the Hospital to strengthen the current compliance program, and implement certain management practices and initiatives to ensure greater oversight of the Hospital's operations.

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 17. Commitments and Contingencies (Continued)

##### **Settlement of Certain Claims by the Government Related to Dr. Palazzo (Continued)**

Additional terms of this agreement included engaging an independent third party to act as an Independent Review Organization, enhancing the contract management policies and procedures, and expanding employee education. The Hospital has also implemented further internal controls with respect to Medicare and Medicaid billing, reporting, and claims submission processes.

During the year ended December 31, 2013, the Hospital completed its fifth year under the CIA and it filed its compliance report. The OIG responded with a favorable evaluation of the compliance report and concluded the agreement, thus, releasing Touro from the CIA.

##### **Electronic Health Records (EHR) Incentive Payments**

The American Recovery and Reinvestment Act of 2009 established incentive payments under the Medicare and Medicaid programs for certain professionals and hospitals that adopt and meaningfully use certified EHR technology. These incentive payments are determined based on a formula, including inputs such as charity charges and total discharges. The revenue associated with EHR incentive payments is recognized by Touro when management can provide reasonable assurance that Touro will be able to demonstrate compliance with the meaningful use objectives for that reporting period and that the incentive payments will be received by Touro. Because these incentive payments are based on management's best estimate, the amounts recognized are subject to change. Any changes resulting from a change in estimate would be recognized within operations in the period in which they occur. In addition, these payments and the related attestation of compliance with meaningful use objectives are subject to audit by the federal government or its designee.

For the year ended December 31, 2013, Touro recognized approximately \$1,008,000 of revenue related to Medicaid incentive payments for EHR and \$1,589,000 related to Medicare incentive payments for EHR. For the year ended December 31, 2012, Touro recognized approximately \$2,319,000 of revenue related to Medicare incentive payments for EHR. These amounts were recognized in full at the date of attestation and are included within other operating revenues on the consolidated statements of operations.

##### **Leases**

Rent expense, which relates primarily to operating leases for medical and office equipment, was approximately \$3,155,000 and \$3,560,000, in 2013 and 2012, respectively. The future minimum rent expense under these leases for the next five years range from approximately \$2,180,000 to \$2,876,000 per year, for a total of \$11,822,000.



## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 17. Commitments and Contingencies (Continued)

##### Leases (Continued)

Gross rental income earned in Touro's operation of medical office buildings in 2013 and 2012 was approximately \$3,058,000 and \$3,261,000, respectively. The future minimum rental payments to be received by the Hospital on non-cancelable operating lease agreements for the next five years range from approximately \$278,000 to \$3,527,000 per year for a total of \$8,344,000.

#### Note 18. Accounting for Uncertainty in Taxes

Touro follows the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB ASC. Touro recognizes a threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. The interpretation also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Touro's tax filings are subject to audit by various taxing authorities. Touro's open audit periods are 2010 through 2012. There are currently no returns under examination. Management evaluated Touro's tax positions and considered that Touro had taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance.

#### Note 19. Related Party

Louisiana Children's Medical Center (LCMC) provided a Health Care System Agreement dated July 13, 2009. This agreement provides, amongst other items, that LCMC will act as a System Parent with LCMC being the sole member of Touro Infirmary and of Children's Hospital. This agreement also provides that Children's Hospital and LCMC covenant and agree that over the period beginning at the effective date of the agreement, and ending on the earlier of the five-year anniversary of the effective date or the date upon which the commitment funds have been expended, a minimum of \$100 million shall be expended or legally obligated through a binding contract for the acquisition of capital items to benefit Touro.

In 2013, LCMC became the parent and sole member of University Medical Center Management Corporation (the Corporation) as well.

The commitment funds to be transferred will be determined by LCMC and will be conditioned on the determined need for such funds in excess of annual cash flow activities, as defined, of Touro.

Due to this conditional pledge, Touro will not recognize income until the funds are received. During the years ended December 31, 2013 and 2012, Children's Hospital provided funding under this agreement in the amount of approximately \$-0- and \$16,000,000, respectively. This amount is included within other non-operating income on the consolidated statements of operations.

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 19. Related Party (Continued)

Touro is assessed a management fee by LCMC for management services provided directly to Touro. The amount of these services for the years ended December 31, 2013 and 2012 was \$1,357,600 and \$797,000, respectively, and is included within purchased services on the consolidated statements of operations. There is a corresponding liability for \$324,000, which is still outstanding to LCMC at December 31, 2013, and is included within other current liabilities on the consolidated balance sheets.

The Hospital provides certain services to Children's Hospital. These services consist of patient care provided to Children's Hospital patients and employees, nurse certification training, benefit events and charitable contributions, medical staff faculty privileges, and office space rental for a primary care clinic. The total received by the Hospital for payment of these services was approximately \$4,859,000 and \$3,909,000, for the years ended December 31, 2013 and 2012, and is included within other operating revenues on the consolidated statements of operations.

With regards to the swap agreements described in Note 5, Children's Hospital has assumed the role of guarantor. As such, Children's unconditionally guarantees the prompt payment of all liabilities associated with those agreements. This guarantee shall remain in force until such time as the Hospital has fully satisfied its obligations under the swap agreements.

The Hospital elected to make donations of approximately \$-0- and \$29,950,000 to Children's Hospital for the years ended December 31, 2013 and 2012, respectively. These donations were recognized as operating expenses on the consolidated statements of operations.

Touro also provides patient care to individuals covered by the Corporation employee health insurance plan, together with nursing services provided by Touro employees to patients of the Corporation. The total received by Touro for these services was approximately \$309,000 for the year ended December 31, 2013.

Touro has a contract with the Corporation, whereby Touro will provide services, not offered at Interim Louisiana Hospital in New Orleans, to the Corporation's patients, at cost. The total paid to Touro for these services was \$445,000 during the year ended December 31, 2013. Included on the consolidated balance sheets at December 31, 2013 is \$445,000 of other receivables due from the Corporation for these services.

Touro performs certain IT services on infrastructure shared with the Corporation, has purchased IT equipment on behalf of the Corporation, has processed various disbursements on behalf of the Corporation, and provides Help Desk Support to the Corporation for both the financial system and the remote connectivity to the financial system. These transactions are recognized in Touro's financial statements. Included on the consolidated balance sheets at December 31, 2013 is \$25,000 of other receivables due from the Corporation for these transactions.

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 20. Upper Payment Limit Program

The Hospital and other health care providers have collaborated with the State and units of local government in Louisiana, to more fully fund the Medicaid program and ensure the availability of quality healthcare services for the low income and needy residents in the community population. The provision of this care directly to low income and needy patients will result in the alleviation of the expense of public funds the governmental entities previously expended on such care, thereby allowing the governmental entities to increase support for the state Medicaid program up to federal UPL. Each State's UPL methodology must comply with its State plan and be approved by the Centers for Medicare & Medicaid Services (CMS). Federal matching funds are not available for Medicaid payments that exceed UPLs. As of December 31, 2013 and 2012, Touro has received UPL payments of approximately \$80,082,300 and \$52,521,000, respectively, which are recognized in net patient service revenue on the consolidated statements of operations.

#### Note 21. Subsequent Events

##### Cooperative Endeavor Agreement (CEA)

Subsequent to December 31, 2013, a CEA has been entered into between Parish Hospital Service District for Parish of Orleans (the District), Louisiana Children's Medical Center and Touro Infirmary. Louisiana Children's Medical Center and Touro are collectively referred to as LCMC throughout the CEA.

The CEA provides that LCMC will manage and be responsible for the day-to-day operations of an 80 bed public hospital and emergency department currently under construction in Eastern New Orleans (Hospital). Touro will serve in the primary role of managing and being responsible for the day-to-day operations of the Hospital and to provide supplemental operational support for the Hospital to support and enhance the continuity and viability of Hospital operations for the citizens of Eastern New Orleans.

Under the CEA, LCMC is obligated for (i) employing or contracting with those required to operate the Hospital, (ii) providing comprehensive administrative, professional, operational, revenue cycle and financial management of the Hospital, (iii) obtaining and maintaining the appropriate licenses, software and hardware and corresponding support services related to those technology systems, and (iv) assisting the Hospital in recruiting medical staff. The term of the agreement shall commence on the Effective Date, as defined, and will expire June 30, 2029, with an option to renew for up to 10 years. The District shall pay to LCMC a Fee that is comprised of annual management, revenue cycle management, and direct and indirect operating components. The District and LCMC have agreed that Operating Revenues of the Hospital, as defined, shall be the only source of funds for paying the Fee.

## TOURO INFIRMARY AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 21. Subsequent Events (Continued)

##### Ancillary Obligations Agreement

Subsequent to December 31, 2013, Louisiana Children's Medical Center and Children's Hospital entered into a Master Indenture and a First Supplemental Indenture in which they are named as the Obligated Group on the Series 2014-A Notes of University Medical Center Management Corporation (UMCMC), a related party of Touro as it is a wholly owned subsidiary of Louisiana Children's Medical Center and a member of the System. These notes have been issued subsequent to December 31, 2013, in total principal of \$253,000,000.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Governing Board of Trustees  
Touro Infirmary

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Touro Infirmary and subsidiaries (Touro) as of and for the year ended December 31, 2013, and have issued our report thereon dated April 22, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Touro's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Touro's internal control. Accordingly, we do not express an opinion on the effectiveness of Touro's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Touro's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information of the Board of Directors, management, the Legislative Auditor of the State of Louisiana and federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script, reading "LaPorte".

A Professional Accounting Corporation

Metairie, LA  
April 22, 2014

## **TOURO INFIRMARY AND SUBSIDIARIES**

### **Schedule of Findings and Responses For the Year Ended December 31, 2013**

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#### **Part I - Summary of Auditor's Results**

##### **Financial Statement Section**

Type of Auditor's Report Issued	Unmodified
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Internal Control over Financial Reporting	
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Material Weakness(es) Identified?	No
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Significant Deficiency(ies) Identified not Considered to be Material Weaknesses?	No
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Noncompliance Material to Financial Statements Noted?	No
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##### **Federal Awards Section - Not applicable**

#### **Part II - Financial Statement Findings Section**

None

**TOURO INFIRMARY AND SUBSIDIARIES**  
**Summary Schedule of Prior Year Audit Findings**

**For the Year Ended December 31, 2013**

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None.



**TOURO INFIRMARY AND SUBSIDIARIES**  
**Consolidating Statement of Operations**  
**For the Year Ended December 31, 2013 (in Thousands)**

	Touro Infirmary	Crescent City Physicians, Inc	Woldenberg Village, Inc	Subtotal	Touro Infirmary Foundation	TIJV, LLC	Subtotal	Eliminations	Consolidated
<b>Unrestricted Revenues, Gains and Other Support</b>									
Net Patient Service Revenues	\$ 302,614	\$ 25,080	\$ 14,060	\$ 341,754	\$ -	\$ -	\$ 341,754	\$ -	\$ 341,754
Provision for Doubtful Accounts	6,268	747	246	7,261	-	-	7,261	-	7,261
Net Patient Service Revenues Less Provision for Doubtful Accounts	296,346	24,332	13,814	334,492	-	-	334,492	-	334,493
Other Operating Revenues	13,409	1,336	162	14,907	-	750	15,657	(1,442)	14,215
Net Assets Released from Restrictions, Operating	250	-	-	250	-	-	250	-	250
<b>Total Operating Revenues</b>	310,005	25,669	13,976	349,650	-	750	350,399	(1,442)	348,958
<b>Operating Expenses</b>									
Employee Compensation and Benefits	102,762	25,288	8,409	136,459	-	-	136,459	-	136,459
Purchased Services	56,317	5,064	2,267	63,648	-	294	63,942	(1,550)	62,392
Supplies and Other	48,300	2,996	1,950	53,246	-	-	53,246	-	53,246
Depreciation and Amortization	16,206	440	839	17,485	-	309	17,794	-	17,794
Impairment Loss	-	-	2	2	-	-	2	-	2
Interest	2,028	-	-	2,028	-	-	2,028	-	2,028
<b>Total Operating Expenses</b>	225,613	33,788	13,466	272,867	-	603	273,470	(1,550)	271,921
<b>Income (Loss) from Operations</b>	84,392	(8,119)	510	76,782	-	147	76,929	108	77,037
Investment Income	378	-	0	378	3,481	-	3,859	(107)	3,752
Gain (Loss) from Affiliates	(8,119)	-	-	(8,119)	-	-	(8,119)	8,119	-
Other Nonoperating Income (Loss), Net	262	-	185	447	(205)	-	242	(232)	10
Community Support, Net	(4,859)	-	-	(4,859)	-	-	(4,859)	-	(4,859)
Net Assets Released from Restrictions, Nonoperating	-	-	-	-	525	-	525	-	525
<b>Excess Revenues over Expenses</b>	\$ 72,053	\$ (8,119)	\$ 695	\$ 64,629	\$ 3,802	\$ 147	\$ 68,577	\$ 7,888	\$ 76,465

**TOURO INFIRMARY AND SUBSIDIARIES**  
**Consolidating Statement of Operations**  
**For the Year Ended December 31, 2012 (in Thousands)**

	<b>Touro Infirmary</b>	<b>Crescent City Physicians, Inc</b>	<b>Woldenberg Village, Inc</b>	<b>Subtotal</b>	<b>Touro Infirmary Foundation</b>	<b>TIJV, LLC</b>	<b>Subtotal</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Unrestricted Revenues, Gains and Other Support</b>									
Net Patient Service Revenues	\$ 264,383	\$ 23,843	\$ 13,888	\$ 302,114	\$ -	\$ -	\$ 302,114	\$ -	\$ 302,114
Provision for Doubtful Accounts	8,826	627	254	9,707	-	-	9,707	-	9,707
Net Patient Service Revenues Less									
Provisions for Doubtful Accounts	255,557	23,216	13,634	292,407	-	-	292,407	-	292,407
Other Operating Revenues	12,241	1,294	61	13,596	-	1,379	14,975	(1,294)	13,682
Net Assets Released from Restrictions, Operating	105	-	-	105	-	-	105	-	105
<b>Total Operating Revenues</b>	<b>267,904</b>	<b>24,510</b>	<b>13,695</b>	<b>306,109</b>	<b>-</b>	<b>1,379</b>	<b>307,488</b>	<b>(1,294)</b>	<b>306,194</b>
<b>Operating Expenses</b>									
Salaries and Wages	100,030	23,860	8,329	132,219	-	-	132,219	-	132,219
Purchased Services	86,910	4,848	2,281	94,039	-	180	94,219	(1,294)	92,925
Supplies and Other	43,428	2,312	1,956	47,696	-	-	47,696	-	47,696
Depreciation and Amortization	14,937	372	752	16,061	-	317	16,378	-	16,379
Impairment Loss	-	-	42	42	-	-	42	-	42
Interest	2,237	-	-	2,237	-	114	2,351	(114)	2,237
<b>Total Operating Expenses</b>	<b>247,542</b>	<b>31,392</b>	<b>13,360</b>	<b>292,294</b>	<b>-</b>	<b>611</b>	<b>292,905</b>	<b>(1,408)</b>	<b>291,498</b>
<b>Income (Loss) from Operations</b>	<b>20,364</b>	<b>(6,882)</b>	<b>335</b>	<b>13,815</b>	<b>-</b>	<b>768</b>	<b>14,583</b>	<b>114</b>	<b>14,696</b>
Investment Income	4,246	-	174	4,420	3,826	-	8,246	(288)	7,958
Gain (Loss) from Affiliates	(6,882)	-	-	(6,882)	-	-	(6,882)	6,882	-
Other Nonoperating Income (Loss), Net	16,565	-	9	16,574	(386)	-	16,188	(63)	16,125
Community Support, Net	(9,434)	-	-	(9,434)	-	-	(9,434)	-	(9,434)
Net Assets Released from Restrictions, Nonoperating	-	-	-	-	585	-	585	-	585
<b>Excess Revenues over Expenses</b>	<b>\$ 24,859</b>	<b>\$ (6,882)</b>	<b>\$ 518</b>	<b>\$ 18,493</b>	<b>\$ 4,025</b>	<b>\$ 768</b>	<b>\$ 23,286</b>	<b>\$ 6,645</b>	<b>\$ 29,931</b>