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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

▶ Information about Form 990 and its instructions is at www.IRS.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

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

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
ST JOSEPH REGIONAL HEALTH CENTER

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
2801 FRANCISCAN DRIVE

City or town, state or province, country, and ZIP or foreign postal code
BRYAN, TX 778022544

D Employer identification number
74-1282696

E Telephone number
(979) 776-3777

G Gross receipts $ 451,235,165

F Name and address of principal officer
JAMES SCHUESSLER
2801 FRANCISCAN DRIVE
BRYAN,TX 778022544

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 ▶ 0928

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW ST-JOSEPH ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1936

M State of legal domicile TX

Part I Summary

1 Briefly describe the organization's mission or most significant activities
IN THE FRANCISCAN TRADITION, OUT OF REVERENCE FOR THE DIGNITY OF EVERY PERSON, OUR MISSION IS TO PROVIDE EXCELLENT HEALTH CARE AND PROMOTE WELLNESS THROUGHOUT THE BRAZOS VALLEY

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	16
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	11
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	2,985
6	Total number of volunteers (estimate if necessary)	**6**	816
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	23,358
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	20,918

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	1,278,077	1,051,439
9	Program service revenue (Part VIII, line 2g)	296,426,293	319,273,595
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	11,277,075	4,343,408
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	4,499,163	5,721,948
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	313,480,608	330,390,390
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	17,220,249	6,325,002
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	125,692,845	126,167,351
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	161,027,217	181,491,752
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	303,940,311	313,984,105
19	Revenue less expenses Subtract line 18 from line 12	9,540,297	16,406,285

		Beginning of Current Year	End of Year
Net Assets or Fund Balances			
20	Total assets (Part X, line 16)	411,366,645	447,958,336
21	Total liabilities (Part X, line 26)	176,396,455	175,072,850
22	Net assets or fund balances Subtract line 21 from line 20	234,970,190	272,885,486

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

****** | 2014-11-10
Signature of officer | Date

JAMES SCHUESSLER CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
JEREMY S HERMAN				P00745789

Firm's name ▶ PLANTE & MORAN PLLC | Firm's EIN ▶ 38-1357951

Firm's address ▶ 1111 SUPERIOR AVENUE SUITE 1250
CLEVELAND, OH 44141 | Phone no (216) 523-1010

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

IN THE FRANCISCAN TRADITION, OUT OF REVERENCE FOR THE DIGNITY OF EVERY PERSON, OUR MISSION IS TO PROVIDE EXCELLENT HEALTH CARE AND PROMOTE WELLNESS THROUGHOUT THE BRAZOS VALLEY

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 $ 20,293,953 including grants of $) (Revenue $ 30,953,073)

EMERGENCY ROOM THE TRAUMA PROGRAM AT ST JOSEPH REGIONAL HEALTH CENTER (SJRHC) IS A VERIFIED LEVEL II TRAUMA CENTER BY THE AMERICAN COLLEGE OF SURGEONS (ACS) AND A DESIGNATED LEVEL II TRAUMA CENTER BY THE TEXAS DEPARTMENT OF STATE HEALTH SERVICES (DSHS) THIS VERIFICATION AND DESIGNATION MAKES SJRHC THE HIGHEST LEVEL TRAUMA CENTER IN THE REGION AS A TRAUMA CENTER, SJRHC PROVIDES ALL THE RESOURCES NEEDED TO CARE FOR INJURED PATIENTS FROM THE PRE-HOSPITAL PHASE THROUGH THE REHABILITATION PHASE ADDITIONAL TRAUMA-SPECIFIC EDUCATION IS REQUIRED FOR PHYSICIANS, NURSES, EMS, AND OTHER CLINICAL PERSONNEL CARING FOR INJURED PATIENTS THIS ENSURES THAT PATIENTS RECEIVE THE MOST ADVANCED TRAUMA CARE AVAILABLE THE SJRHC TRAUMA PROGRAM IS ONE OF ONLY A HANDFUL IN THE NATION THAT OPERATES BOTH A GROUND AND AIR AMBULANCE SERVICE ST JOSEPH AIRMEDICAL CREW MEMBERS GAIN HOSPITAL EXPERIENCE IN EMERGENCY AND TRAUMA CARE WHILE ROUNDING WITH EMERGENCY DEPARTMENT PHYSICIANS AND TRAUMA SURGEONS THE RESULT IS SEAMLESS COORDINATION OF CARE SJRHC HAS THREE EMERGENCY ROOMS AND THREE EXPRESS CARE CLINICS TOTAL VISITS TO THE EMERGENCY ROOM DURING 2013 TOTALED 76,096

4b (Code) (Expenses $ 17,676,419 including grants of $) (Revenue $ 4,018,023)

AMBULANCE SERVICES ST JOSEPH EMERGENCY MEDICAL SERVICES OPERATES A FLEET OF AMBULANCES, STAFFED BY EMERGENCY MEDICAL TECHNICIANS AND PARAMEDICS WHO RESPONDED TO 18,267 CALLS IN 2013 ST JOSEPH EMS IS A NETWORK OF AMBULANCE SERVICES THAT INCLUDE THE BRYAN-COLLEGE STATION AREA AS WELL AS BURLESON, GRIMES AND MADISON COUNTIES ALL VEHICLES ARE STAFFED WITH A MINIMUM OF 1 EMT AND 1 PARAMEDIC 6 VEHICLES ARE STAFFED 24 HOURS A DAY 7 DAYS A WEEK 1 VEHICLE IS STAFFED 40-50 HOURS PER WEEK DURING THE WEEKDAYS WITH 2-3 VEHICLES AVAILABLE FOR PEAK TIME COVERAGE THE DEPARTMENT ALSO STAFFS A WHEELCHAIR VAN THAT OPERATES ON THE WEEKDAYS

4c (Code) (Expenses $ 37,946,945 including grants of $) (Revenue $ 6,699,303)

PHYSICIAN CLINICS ST JOSEPH PHYSICIANS ARE COMMITTED TO PROVIDING EXCELLENT CARE CLOSER TO HOME THIS TEAM OF PROVIDERS IS DEDICATED TO THEIR PATIENTS AND PRIDE THEMSELVES IN THE CARE AND SERVICES THAT THEY OFFER MANY OF THE ST JOSEPH PHYSICIAN OFFICES HAVE ON-SITE DIAGNOSTIC TESTING FOR PATIENT CONVENIENCE AND PHYSICIANS CAN QUICKLY ACCESS TEST RESULTS OUR PHYSICIAN OFFICES WORK CLOSELY WITH THE ST JOSEPH EXPRESS CLINICS SO THAT WHEN YOU GET SICK AFTER HOURS, ON WEEKENDS OR HOLIDAYS WE HAVE GOT YOU COVERED WE OFFER SAME DAY APPOINTMENTS AND ACCEPT MOST MAJOR INSURANCES THIS COMMITTED GROUP OF MEDICAL PROFESSIONALS INCLUDES FAMILY MEDICINE PHYSICIANS IN LOCATIONS ACROSS THE BRAZOS VALLEY, AS WELL AS PEDIATRIC OFFICES IN BRYAN AND COLLEGE STATION SPECIALISTS INCLUDE OBSTETRICS, ORTHOPEDICS, UROLOGY, NEUROLOGY, PAIN MANAGEMENT, NEUROSURGERY AND EAR, NOSE AND THROAT

(Code) (Expenses $ 167,672,178 including grants of $ 6,325,002) (Revenue $ 281,034,298)

IN ADDITION TO THE EMERGENCY DEPARTMENT WHICH OPERATES IN BRYAN AND COLLEGE STATION AND EMERGENCY MEDICAL SERVICES PROGRAMS PROVIDED BY SJRHC, THE HEALTH CARE FACILITY IS THE LARGEST PROVIDER OF CARDIAC SERVICES IN THE REGION, OFFERING LEADING-EDGE DIAGNOSTICS AND COMPREHENSIVE TREATMENT OPTIONS FROM STATE-OF-THE-ART CARDIAC CATHETERIZATION LABS AND VASCULAR SUITES TO DEDICATED CARDIAC OPERATING ROOMS CARDIAC PATIENTS ALSO HAVE ACCESS TO A COMPREHENSIVE CARDIAC REHABILITATION PROGRAM WOMEN'S AND CHILDREN'S SERVICES IS THE LARGEST OBSTETRICS PROGRAM IN THE REGION, DELIVERING MORE THAN 2300 BABIES EACH YEAR IN A PRIVATE, HOME-LIKE SETTING THE PEDIATRIC PROGRAM IS HOUSED IN A DEDICATED UNIT WITH AN EXPERIENCED AND COMPASSIONATE STAFF ST JOSEPH WAS THE FIRST TO BRING A MULTIDISCIPLINARY CANCER CENTER TO THE BRAZOS VALLEY THE COMBINATION OF MEDICAL ONCOLOGY, RADIATION ONCOLOGY, RESEARCH AND THE LATEST TECHNOLOGY KEEPS THE J C LEE M D CANCER PAVILION AT THE FOREFRONT OF CANCER CARE IN THE REGION SJRHC HAS THE ONLY DEDICATED INPATIENT CANCER UNIT IN THE REGION SJRHC HAS THE REGION'S ONLY FREESTANDING INPATIENT REHABILITATION FACILITY TREATMENT PLANS FOR BRAIN, SPINAL CORD, JOINT AND ON-THE-JOB INJURIES, AS WELL AS A STROKE RECOVERY PROGRAM USE AN INTEGRATED APPROACH TO HELP IMPROVE THE INDEPENDENCE AND QUALITY OF LIFE FOR REHAB PATIENTS ST JOSEPH JOINT UNIVERSITY IS A TOTAL JOINT REPLACEMENT PROGRAM THAT CREATES A NEW AND UNIQUE EXPERIENCE THE 10-BED UNIT OPTIMIZES RECOVERY IN A SUPPORTIVE, LEARNING ENVIRONMENT SO PATIENTS CAN FULLY RECOVER MOBILITY AND IMPROVE THEIR QUALITY OF LIFE THE TEXAS BRAIN AND SPINE INSTITUTE IS A COLLABORATIVE PROGRAM WITH THE TEXAS A&M HEALTH SCIENCE CENTER COLLEGE OF MEDICINE AND LOCAL NEUROSCIENCE SPECIALISTS A COLLABORATION OF MORE THAN 20 SPECIALISTS IN THE NEUROSCIENCES FIELD, IT OFFERS THE LATEST TREATMENT AND RESEARCH FOR NEUROLOGICAL DISORDERS OTHER SPECIALIZED PROGRAMS INCLUDE SLEEP DISORDERS, SURGICAL WEIGHT LOSS, OCCUPATIONAL MEDICINE, PULMONARY REHABILITATION, WOUND CARE, IMAGING AND LABORATORY SERVICES SJRHC IS THE REGION'S ONLY PRIMARY STROKE CENTER, AS ACCREDITED BY THE JOINT COMMISSION

4d Other program services (Describe in Schedule O)

(Expenses $ 167,672,178 including grants of $ 6,325,002) (Revenue $ 281,034,298)

4e **Total program service expenses ▶** 243,589,495

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
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? *If "Yes," complete Schedule I, Parts I and III*	**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? *If "Yes," complete Schedule J*	**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? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part 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? *If "Yes," complete Schedule L, Part 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? *If so, complete Schedule L, Part II*	**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? *If "Yes," complete Schedule L, Part III*	**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? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**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? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**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? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**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)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	428		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	2,985		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a**	16		
	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				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	11		
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	
b	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				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

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

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization

▶DANIEL GOGGIN CFO 2801 FRANCISCAN DRIVE
BRYAN,TX 778022544 (979)776-2553

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			

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** ▶										
c **Total from continuation sheets to Part VII, Section A** ▶										
d **Total (add lines 1b and 1c)** ▶								4,277,098	1,396,664	610,126

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 ▶ 141

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**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? *If "Yes," complete Schedule J for such individual*	**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? *If "Yes," complete Schedule J for such person*	**5**	Yes	

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
COGENT HEALTHCARE OF TX INC PO BOX 645037 CINCINNATI OH 452645037	PROFESSIONAL / MEDICAL	3,631,841
LEGACY HEALTHCARE SERVICE 3001 SPRING FOREST ROAD RALEIGH NC 27616	PROFESSIONAL / MEDICAL	1,513,628
LIBERTY DIALYSIS BRYAN LLC 2390 E 29TH ST BRYAN TX 77802	PROFESSIONAL / MEDICAL	1,044,327
CENTRAL TEXAS HEART 2700 E 29TH ST BRYAN TX 77802	PROFESSIONAL / MEDICAL	897,067
NAVIN HAFFTY & ASSOC LLC 1900 WEST PARK DRIVE SUITE 180 WESTBOROUGH MA 01581	PROFESSIONAL / MEDICAL	823,280

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 ▶ 35

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	264,962			
	e	Government grants (contributions)	1e	617,477			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	169,000			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		1,051,439			
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICES REVENUE	622110	175,595,054	175,595,054		
	b	MEDICARE/MEDICAID	622110	139,952,764	139,952,764		
	c	ELECTRONIC MED RECORDS	622110	3,725,777	3,725,777		
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		319,273,595			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		3,047,903			3,047,903
	4	Income from investment of tax-exempt bond proceeds . . ▶		66,326			66,326
	5	Royalties . . . . . ▶		608			608
			(i) Real / (ii) Personal				
	6a	Gross rents	2,663,150				
	b	Less rental expenses	324,766				
	c	Rental income or (loss)	2,338,384				
	d	Net rental income or (loss) . . . . . ▶		2,338,384	2,318,674	19,710	
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	121,745,712 / 3,476				
	b	Less cost or other basis and sales expenses	120,520,009 / 0				
	c	Gain or (loss)	1,225,703 / 3,476				
	d	Net gain or (loss) . . . . . ▶		1,229,179			1,229,179
Other Revenue	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	REBATES	900099	1,334,418			1,334,418
	b	MISC RELATED REVENUE	900099	1,112,428	1,112,428		
	c	CAFETERIA	722210	711,381			711,381
	d	All other revenue		224,729		3,648	221,081
	e	**Total.** Add lines 11a–11d . . . . . ▶		3,382,956			
	12	**Total revenue.** See Instructions . . . . . ▶		330,390,390	322,704,697	23,358	6,610,896

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	6,325,002	6,325,002		
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	5,016,711	4,061,848	954,863	
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	93,934,866	75,991,579	17,943,287	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	8,131,583	6,566,889	1,564,694	
9 Other employee benefits	11,871,305	9,599,797	2,271,508	
10 Payroll taxes	7,212,886	5,798,302	1,414,584	
11 Fees for services (non-employees)				
a Management				
b Legal	9		9	
c Accounting	128,661		128,661	
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)	42,186,757	31,557,357	10,629,400	
12 Advertising and promotion	776,378	34,725	741,653	
13 Office expenses	13,996,801	8,362,199	5,634,602	
14 Information technology	5,168,296	3,409,581	1,758,715	
15 Royalties . .				
16 Occupancy	5,672,550	2,142,297	3,530,253	
17 Travel	394,084	207,642	186,442	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	6,436,143	3,807	6,432,336	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	17,154,670	13,777,432	3,377,238	
23 Insurance	2,528,659	83,257	2,445,402	
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	41,167,896	41,120,072	47,824	
b PROVISION FOR BAD DEBTS	31,297,797	31,297,797		
c CORPORATE ASSESSMENT FE	10,763,417		10,763,417	
d FOOD	2,994,323	2,991,228	3,095	
e All other expenses	825,311	258,684	566,627	
25 **Total functional expenses.** Add lines 1 through 24e	313,984,105	243,589,495	70,394,610	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 ▶ ☐ 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) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		5,224,650	1	10,686,998
	2	Savings and temporary cash investments		5,505,254	2	0
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		45,392,163	4	56,929,424
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		6,343,126	8	5,303,554
	9	Prepaid expenses and deferred charges		1,949,382	9	1,846,593
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 327,674,006			
	b	Less accumulated depreciation	10b 167,543,871	163,847,389	10c	160,130,135
	11	Investments—publicly traded securities		157,883,740	11	177,862,187
	12	Investments—other securities See Part IV, line 11		9,651,597	12	17,215,024
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		15,569,344	15	17,984,421
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		411,366,645	16	447,958,336
Liabilities	17	Accounts payable and accrued expenses		54,158,680	17	40,037,286
	18	Grants payable			18	
	19	Deferred revenue		0	19	4,679
	20	Tax-exempt bond liabilities		119,649,802	20	118,528,255
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		2,437,523	23	1,978,492
	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		150,450	25	14,524,138
	26	**Total liabilities.** Add lines 17 through 25		176,396,455	26	175,072,850
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		233,391,723	27	270,969,173
	28	Temporarily restricted net assets		1,578,467	28	1,916,313
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		234,970,190	33	272,885,486
	34	Total liabilities and net assets/fund balances		411,366,645	34	447,958,336

Part XI Reconcilliation 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	330,390,390
2	Total expenses (must equal Part IX, column (A), line 25)	2	313,984,105
3	Revenue less expenses Subtract line 2 from line 1	3	16,406,285
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	234,970,190
5	Net unrealized gains (losses) on investments	5	16,934,398
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	4,574,613
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	272,885,486

Part XII Financial Statements and Reporting

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

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

Additional Data

Software ID:
Software Version:
EIN: 74-1282696
Name: ST JOSEPH REGIONAL HEALTH CENTER

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(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			
GEORGE NELSON CHAIRPERSON	2 00 14 00	X		X				0	0	0
JAMES E BLAIR III VICE CHAIRPERSON	1 00 6 00	X		X				0	0	0
BRYAN COLE PHD SECRETARY	1 00 6 00	X		X				0	0	0
PAUL BATISTA TRUSTEE	1 00 6 00	X						0	0	0
MARY BROUSSARD TRUSTEE	1 00 6 00	X						0	0	0
MICHAEL COHEN MD TRUSTEE	1 00 6 00	X						0	0	0
JOHN GRUBE TRUSTEE	1 00 6 00	X						0	0	0
CAROLINE MCDONALD TRUSTEE	1 00 6 00	X						0	0	0
ANTHONY MORELOS TRUSTEE	1 00 6 00	X						0	0	0
TIMOTHY RABROKER TRUSTEE	1 00 6 00	X						0	0	0
REBA RAGSDALE TRUSTEE	1 00 6 00	X						0	0	0
MICHAEL STEINES MD TRUSTEE	1 00 48 00	X						0	615,875	50,242
ROBERT UPCHURCH TRUSTEE	1 00 6 00	X						0	0	0
SR NANCY SURMA OSF EX-OFFICIO TRUSTEE	1 00 44 00	X						190,666	0	8,451
JAMES W POPE EX-OFFICIO TRUSTEE	1 00 58 00	X						0	780,789	72,652
ODETTE BOLANO PRES/CEO, EX-OFFICIO TRUSTEE	1 00 49 00	X		X				732,165	0	0
KATHLEEN KRUSIE COO	1 00 48 00			X				376,797	0	44,290
DANIEL GOGGIN CFO STARTING 1/21/13	1 00 49 00			X				336,705	0	55,591
ALAN TOWNSEND INTERIM CFO THROUGH 1/15/13	1 00 48 00			X				37,079	0	0
GARY MARK MONTGOMERY MD SR VP/CMO THROUGH 8/9/13	1 00 48 00				X			258,486	0	17,820
MICHAEL RUSSO VP/ INFORMATION SERVICES	1 00 48 00				X			223,327	0	49,432
MICHAEL COSTA VP/HUMAN RESOURCES	1 00 48 00				X			208,203	0	63,923
STEVE CRICHTON VP/SUPPORT SERVICES	1 00 48 00				X			186,432	0	57,779
DONOVAN FRENCH VP/STRATEGY & SERVICE LINES	1 00 48 00				X			159,062	0	11,792
ALEN CHANG CLINICAL STAFF PHARMACIST	40 00 0 00					X		201,829	0	40,610

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(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			
JOSEPH HLAVIN PHYSICIAN ASSISTANT	40 00 0 00					X		189,175	0	30,521
JERRY TAYLOR CLINICAL STAFF PHARMACIST	40 00 0 00					X		175,998	0	34,101
TAE-MOK HWANG-LEMOS TEAMS LEADER/RN-CCU	40 00 0 00					X		169,559	0	26,227
CHARLES HALL JR OPERATION MANAGER - PHARMACY	40 00 0 00					X		166,950	0	46,695
ANTHONY PFITZER FORMER CEO	0 00 0 00						X	487,989	0	0
LYDIA COPELAND FORMER ADMINISTRATOR	0 00 0 00						X	176,676	0	0

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ST JOSEPH REGIONAL HEALTH CENTER

Employer identification number
74-1282696

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

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

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

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

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

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

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

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

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

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

9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Non-functionally integrated

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	**11g(i)**	
(ii) A family member of a person described in (i) above?	**11g(ii)**	
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	**11g(iii)**	

h Provide the following information about the supported organization(s)

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2013** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2012** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2013.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2012.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶☐

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

Facts And Circumstances Test		
Return Reference	Explanation	

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **See separate instructions.** ▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	**Employer identification number**
ST JOSEPH REGIONAL HEALTH CENTER	74-1282696

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

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ **Yes** ☐ **No**

4a Was a correction made? ☐ **Yes** ☐ **No**

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

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

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

4 Did the filing organization file **Form 1120-POL** for this year? ☐ **Yes** ☐ **No**

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

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

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

A Check ▶ ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ▶ ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

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

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

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		19,457
j	Total Add lines 1c through 1i			19,457
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Return Reference	Explanation
PART II-B, LINE 1	THE HOSPITAL PAYS DUES TO THE AMERICAN HOSPITAL ASSOCIATION AND TO THE TEXAS HOSPITAL ASSOCIATION, OF WHICH A PORTION RELATES TO LOBBYING

Part IV Supplemental Information *(continued)*

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*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ST JOSEPH REGIONAL HEALTH CENTER

Employer identification number
74-1282696

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

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

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

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

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 ▶ $ _____

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

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Temporarily restricted endowment ▶

The percentages in lines 2a, 2b, and 2c should equal 100%

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		9,139,478		9,139,478
b Buildings		178,214,965	70,464,839	107,750,126
c Leasehold improvements				
d Equipment		130,153,390	91,891,771	38,261,619
e Other		10,166,173	5,187,261	4,978,912
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				160,130,135

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶		

Part VIII **Investments—Program Related.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) must equal Form 990, Part X, col (B) line 13)* ▶		

Part IX **Other Assets.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

(a) Description	(b) Book value
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

Part X **Other Liabilities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	
CHARITABLE GIFT ANNUITY LIABILITY	128,512
PAYABLE TO RELATED PARTY	1,348,288
DUE TO AFFILIATES	4,950,184
DERIVATIVE LIABILITY	7,496,824
COST REPORT SETLEMENT PAYABLE	600,330
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	14,524,138

2. Liability for uncertain tax positions In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☑

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements			1	350,738,977
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	16,934,398		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d	4,591,005		
e	Add lines **2a** through **2d**			2e	21,525,403
3	Subtract line **2e** from line **1**			3	329,213,574
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	1,176,816		
c	Add lines **4a** and **4b**			4c	1,176,816
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	330,390,390

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	275,721,067
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	-557,614		
e	Add lines **2a** through **2d**			2e	-557,614
3	Subtract line **2e** from line **1**			3	276,278,681
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	37,705,424		
c	Add lines **4a** and **4b**			4c	37,705,424
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	313,984,105

Part XIII Supplemental Information

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

Return Reference	Explanation
PART X, LINE 2	THE COMBINED GROUP CONSISTS MOSTLY OF NONPROFIT ORGANIZATIONS AFFILIATED WITH THE SISTERS EACH NONPROFIT MEMBER OF THE COMBINED GROUP HAS BEEN GRANTED AN EXEMPTION FROM FEDERAL INCOME TAXES UNDER SECTION 501(C)(3) OR SECTION 501(A) OF THE INTERNAL REVENUE CODE ALLIANCE HEALTH PROVIDERS OF BRAZOS VALLEY, INC IS A FOR-PROFIT CORPORATION AND FILES A FEDERAL INCOME TAX RETURN ON A SEPARATE-ENTITY BASIS THERE IS PRESENTLY NO PREMIUM, INCOME, OR CAPITAL GAINS TAXES IMPOSED BY THE GOVERNMENT OF THE CAYMAN ISLANDS, AND IF ANY FORM OF TAXATION WERE TO BE ENACTED IN THE FUTURE, SFH ASSURANCE, LTD HAS BEEN GRANTED AN EXEMPTION UNTIL THE YEAR 2032 THERE ARE NO MATERIAL UNRECORDED TAX LIABILITIES OR UNCERTAIN TAX POSITIONS AT DECEMBER, 31, 2013 OR 2012
PART XI, LINE 2D - OTHER ADJUSTMENTS	GAIN ON INTEREST RATE SWAP 4,591,005
PART XI, LINE 4B - OTHER ADJUSTMENTS	MANAGEMENT FEE REVENUE 557,614 RESTRICTED CONTRIBUTIONS 536,574 GRANT REVENUE 82,628
PART XII, LINE 2D - OTHER ADJUSTMENTS	MANAGEMENT FEE REVENUE -557,614
PART XII, LINE 4B - OTHER ADJUSTMENTS	BAD DEBT EXPENSE 31,297,797 GRANT EXPENSE 6,407,627

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493316029764

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
ST JOSEPH REGIONAL HEALTH CENTER

Employer identification number
74-1282696

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)		23,343	24,650,772	9,363,568	15,287,204	4 870 %
b Medicaid (from Worksheet 3, column a)		32,271	31,429,510	25,383,928	6,045,582	1 930 %
c Costs of other means-tested government programs (from Worksheet 3, column b)		3,742				
d **Total** Financial Assistance and Means-Tested Government Programs		59,356	56,080,282	34,747,496	21,332,786	6 800 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			9,165	0	9,165	0 %
f Health professions education (from Worksheet 5)		47,513	3,510,975	740,072	2,770,903	0 880 %
g Subsidized health services (from Worksheet 6)			12,445,232	17,434,387	-4,989,155	0 %
h Research (from Worksheet 7)			0	0		
i Cash and in-kind contributions for community benefit (from Worksheet 8)		32,530	164,635	0	164,635	0 050 %
j **Total.** Other Benefits		80,043	16,130,007	18,174,459	-2,044,452	0 930 %
k **Total.** Add lines 7d and 7j		139,399	72,210,289	52,921,955	19,288,334	7 730 %

Part II Community Building Activities Complete this 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

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount 2 31,297,798			
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	85,627,319
6	Enter Medicare allowable costs of care relating to payments on line 5	6	79,429,450
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	6,197,869
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	Yes	

Part IV Management Companies and Joint Ventures (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1					
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? 2

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)

Name of hospital facility or facility reporting group ST JOSEPH REGIONAL MEDICAL CENTER

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 1

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 2013			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) WWW ST-JOSEPH ORG			
b	☑ Other website (list url) HTTP //WWW ST-JOSEPH ORG/WORKFILES/BVREGIONALR			
c	☐ Available upon request from the hospital facility			
d	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**	Yes	
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	10	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	11	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 250 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	12	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☐ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☑ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	13	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	14	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	15	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	17		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

Part V Facility Information *(continued)*

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

- **a** ☑ Notified individuals of the financial assistance policy on admission
- **b** ☐ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- **d** ☑ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☑ Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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

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)

Name of hospital facility or facility reporting group GRIMES ST JOSEPH HEALTH CENTER

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) 2

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 2013			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) WWW ST-JOSEPH ORG			
b	☑ Other website (list url) HTTP //WWW ST-JOSEPH ORG/WORKFILES/BVREGIONALR			
c	☐ Available upon request from the hospital facility			
d	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**	Yes	
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	10	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	11	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 250 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	12	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☐ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☑ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	13	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	14	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	15	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	17		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

Part V Facility Information *(continued)*

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

- **a** ☑ Notified individuals of the financial assistance policy on admission
- **b** ☐ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- **d** ☑ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☑ Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

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

Form and Line Reference	Explanation
ST JOSEPH REGIONAL MEDICAL CENTER	PART V, SECTION B, LINE 3 THE ASSESSMENT COVERED A NINE-COUNTY REGION CONSISTING OF THE FOLLOWING COUNTIES BRAZOS, BURLESON, GRIMES, LEON, MADISON, MONTGOMERY, ROBERTSON, WALKER, AND WASHINGTON RESIDENTS OF THESE COUNTIES PARTICIPATED IN INTERVIEWS, HOUSEHOLD SURVEYS, AND COMMUNITY DISCUSSION GROUPS (CDG'S) A SECONDARY DATA ANALYSIS AND COMPILATION WAS ALSO COMPLETED BY THE CENTER FOR COMMUNITY HEALTH DEVELOPMENT
GRIMES ST JOSEPH HEALTH CENTER	PART V, SECTION B, LINE 3 THE ASSESSMENT COVERED A NINE-COUNTY REGION CONSISTING OF THE FOLLOWING COUNTIES BRAZOS, BURLESON, GRIMES, LEON, MADISON, MONTGOMERY, ROBERTSON, WALKER, AND WASHINGTON RESIDENTS OF THESE COUNTIES PARTICIPATED IN INTERVIEWS, HOUSEHOLD SURVEYS, AND COMMUNITY DISCUSSION GROUPS (CDG'S) A SECONDARY DATA ANALYSIS AND COMPILATION WAS ALSO COMPLETED BY THE CENTER FOR COMMUNITY HEALTH DEVELOPMENT
ST JOSEPH REGIONAL MEDICAL CENTER	PART V, SECTION B, LINE 4 OTHER HOSPITAL FACILITIES PARTICIPATING IN THE CHNA WERE COLLEGE STATION MEDICAL CENTER, HUNTSVILLE MEMORIAL HOSPITAL, KINGWOOD MEDICAL CENTER, MEMORIAL HERMANN THE WOODLANDS, SCOTT & WHITE HEALTH SYSTEM, ST LUKE'S THE WOODLANDS, ST JOSEPH REGIONAL HEALTH SYSTEM (INCLUDING ST JOSEPH REGIONAL HEALTH CENTER, BURLESON ST JOSEPH HEALTH CENTER, MADISON ST JOSEPH HEALTH CENTER, AND GRIMES ST JOSEPH HEALTH CENTER)
GRIMES ST JOSEPH HEALTH CENTER	PART V, SECTION B, LINE 4 OTHER HOSPITAL FACILITIES PARTICIPATING IN THE CHNA WERE COLLEGE STATION MEDICAL CENTER, HUNTSVILLE MEMORIAL HOSPITAL, KINGWOOD MEDICAL CENTER, MEMORIAL HERMANN THE WOODLANDS, SCOTT & WHITE HEALTH SYSTEM, ST LUKE'S THE WOODLANDS, ST JOSEPH REGIONAL HEALTH SYSTEM (INCLUDING ST JOSEPH REGIONAL HEALTH CENTER, BURLESON ST JOSEPH HEALTH CENTER, MADISON ST JOSEPH HEALTH CENTER, AND GRIMES ST JOSEPH HEALTH CENTER)
ST JOSEPH REGIONAL MEDICAL CENTER	PART V, SECTION B, LINE 7 ST JOSEPH HEALTH SYSTEM'S INITIATIVE FOR 2013 FOCUSED ON THE AREAS OF GREATEST NEED USING INFORMATION FROM THE CHNA, ST JOSEPH HEALTH SYSTEM PROVIDED PROGRAMS TO IMPROVE THE HEALTH OF RESIDENTS SUCH AS COMMUNITY-BASED HEALTH SCREENINGS, EDUCATION, AWARENESS AND PREVENTION PROGRAMS, AS WELL AS IMPROVING ACCESS TO PRIMARY CARE PROVIDERS AND PROVIDING PROGRAMS AIMED AT HELPING SEDENTARY RESIDENTS BECOME MORE ACTIVE (ADDRESSING OBESITY) ST JOSEPH HEALTH SYSTEM ALSO PROVIDES UNCOMPENSATED HEALTH SERVICES TO RESIDENTS WHO QUALIFY FOR CHARITABLE CARE OR ARE COVERED THROUGH STATE AND FEDERAL PROGRAMS, SUCH AS MEDICARE AND MEDICAID, WHERE THE REIMBURSEMENT FOR SERVICES WE PROVIDE ARE LESS THAN THE COST OF PROVIDING THAT SERVICE
GRIMES ST JOSEPH HEALTH CENTER	PART V, SECTION B, LINE 7 ST JOSEPH HEALTH SYSTEM'S INITIATIVE FOR 2013 FOCUSED ON THE AREAS OF GREATEST NEED USING INFORMATION FROM THE CHNA, ST JOSEPH HEALTH SYSTEM PROVIDED PROGRAMS TO IMPROVE THE HEALTH OF RESIDENTS SUCH AS COMMUNITY-BASED HEALTH SCREENINGS, EDUCATION, AWARENESS AND PREVENTION PROGRAMS, AS WELL AS IMPROVING ACCESS TO PRIMARY CARE PROVIDERS AND PROVIDING PROGRAMS AIMED AT HELPING SEDENTARY RESIDENTS BECOME MORE ACTIVE (ADDRESSING OBESITY) ST JOSEPH HEALTH SYSTEM ALSO PROVIDES UNCOMPENSATED HEALTH SERVICES TO RESIDENTS WHO QUALIFY FOR CHARITABLE CARE OR ARE COVERED THROUGH STATE AND FEDERAL PROGRAMS, SUCH AS MEDICARE AND MEDICAID, WHERE THE REIMBURSEMENT FOR SERVICES WE PROVIDE ARE LESS THAN THE COST OF PROVIDING THAT SERVICE
ST JOSEPH REGIONAL MEDICAL CENTER	PART V, SECTION B, LINE 18E PATIENTS ARE PROCESSED TO CHARITY CARE IF THEY LIVE IN A CERTAIN ZIP CODE AND HAVE NOT PAID THEIR BILL
GRIMES ST JOSEPH HEALTH CENTER	PART V, SECTION B, LINE 18E PATIENTS ARE PROCESSED TO CHARITY CARE IF THEY LIVE IN A CERTAIN ZIP CODE AND HAVE NOT PAID THEIR BILL
ST JOSEPH REGIONAL MEDICAL CENTER	PART V, SECTION B, LINE 20D THE MAXIMUM AMOUNT THAT WILL BE CHARGED TO A PATIENT WHO HAS BEEN DEEMED ELIGIBLE FOR ST JOSEPH'S FINANCIAL ASSISTANCE PROGRAM IS BASED UPON THEIR INCOME LEVEL FOR PATIENTS WHOSE INCOME IS LESS THAN 200% OF THE FEDERAL POVERTY GUIDELINES, THE PATIENT WILL HAVE NO FINANCIAL OBLIGATION FOR THE SERVICES RECEIVED FOR PATIENTS WHOSE INCOME IS GREATER THAN OR EQUAL TO 200% OF FPG BUT LESS THAN 250% OF FPG, THEIR OBLIGATION WILL BE 10% OF BILLED CHARGES, NOT TO EXCEED 20% OF THE PATIENT'S ANNUAL FAMILY INCOME 10% OF BILLED CHARGES HAS BEEN DETERMINED TO BE WELL BELOW THE AVERAGE OF THE THREE LOWEST NEGOTIATED COMMERCIAL INSURANCE RATES FOR PATIENTS WHO QUALIFY FOR CATASTROPHIC FINANCIAL ASSISTANCE, THEIR OBLIGATION WILL BE 20% OF BILLED CHARGES, NOT TO EXCEED 20% OF THE PATIENTS ANNUAL FAMILY INCOME 20% OF BILLED CHARGES HAS BEEN DETERMINED TO BE WELL BELOW THE AVERAGE OF THE THREE LOWEST NEGOTIATED COMMERCIAL INSURANCE RATES
GRIMES ST JOSEPH HEALTH CENTER	PART V, SECTION B, LINE 20D THE MAXIMUM AMOUNT THAT WILL BE CHARGED TO A PATIENT WHO HAS BEEN DEEMED ELIGIBLE FOR ST JOSEPH'S FINANCIAL ASSISTANCE PROGRAM IS BASED UPON THEIR INCOME LEVEL FOR PATIENTS WHOSE INCOME IS LESS THAN 200% OF THE FEDERAL POVERTY GUIDELINES, THE PATIENT WILL HAVE NO FINANCIAL OBLIGATION FOR THE SERVICES RECEIVED FOR PATIENTS WHOSE INCOME IS GREATER THAN OR EQUAL TO 200% OF FPG BUT LESS THAN 250% OF FPG, THEIR OBLIGATION WILL BE 10% OF BILLED CHARGES, NOT TO EXCEED 20% OF THE PATIENT'S ANNUAL FAMILY INCOME 10% OF BILLED CHARGES HAS BEEN DETERMINED TO BE WELL BELOW THE AVERAGE OF THE THREE LOWEST NEGOTIATED COMMERCIAL INSURANCE RATES FOR PATIENTS WHO QUALIFY FOR CATASTROPHIC FINANCIAL ASSISTANCE, THEIR OBLIGATION WILL BE 20% OF BILLED CHARGES, NOT TO EXCEED 20% OF THE PATIENTS ANNUAL FAMILY INCOME 20% OF BILLED CHARGES HAS BEEN DETERMINED TO BE WELL BELOW THE AVERAGE OF THE THREE LOWEST NEGOTIATED COMMERCIAL INSURANCE RATES

Part V Facility Information *(continued)*

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

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

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

Part VI Supplemental Information

Provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Form and Line Reference	Explanation
PART I, LINE 7	A COST-TO-CHARGE RATIO WAS USED TO COMPLETE THE CHARITY CARE (LINE 7A) PROGRAM THE COST-TO-CHARGE RATIO WAS DERIVED FROM WORKSHEET 2 THAT ACCOMPANIES THE INSTRUCTIONS TO THIS SCHEDULE THE HOSPITAL'S COST ACCOUNTING RECORDS WERE USED TO COMPLETE THE OTHER BENEFITS SECTION (LINE 7E - 7I)
PART I, LINE 7G	SUBSIDIZED HEALTH SERVICES INCLUDE OB/NEWBORN, AMBULANCE SERVICES, RURAL HEALTH CLINIC SERVICES, AND INPATIENT RENAL DIALYSIS

Form and Line Reference	Explanation
PART I, LN 7 COL(F)	THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 24B - BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE SCHEDULE H, PART I, COLUMN F PERCENTAGE EQUALS $31,297,798
PART III, LINE 4	ACCOUNTS RECEIVABLE FINANCIAL STATEMENT FOOTNOTE PATIENT RECEIVABLES CONSIST OF AMOUNTS DUE FROM THIRD-PARTY PAYORS, INCLUDING FEDERAL AND STATE INDEMNITY AND MANAGED CARE PROGRAMS, MANAGED CARE HEALTH PLANS AND COMMERCIAL INSURANCE COMPANIES, AND INDIVIDUAL PATIENTS FOR HEALTH CARE SERVICES RENDERED THE SYSTEM DOES NOT REQUIRE COLLATERAL OR OTHER SECURITY ON ITS PATIENT RECEIVABLES PATIENT ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IN EVALUATING THE COLLECTABILITY OF ACCOUNTS RECEIVABLE, THE SYSTEM ANALYZES ITS HISTORICAL AND EXPECTED NET COLLECTIONS CONSIDERING BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTH CARE COVERAGE, AND OTHER COLLECTION INDICATORS FOR EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR BAD DEBTS PERIODICALLY THROUGHOUT THE YEAR, MANAGEMENT ASSESSES THE ADEQUACY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED UPON SPECIFIC ACCOUNTS, HISTORICAL WRITE-OFF EXPERIENCE, AND CURRENT MARKET CONDITIONS THE RESULTS OF THIS REVIEW ARE THEN USED TO MAKE ANY MODIFICATIONS TO THE PROVISION FOR BAD DEBTS TO ESTABLISH AN APPROPRIATE ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE SYSTEM ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR BAD DEBTS, IF NECESSARY, FOR EXPECTED UNCOLLECTIBLE DEDUCTIBLES AND COPAYMENTS ON ACCOUNTS FOR WHICH THE THIRD-PARTY PAYOR HAS NOT YET PAID, OR FOR PAYORS WHO ARE KNOWN TO BE HAVING FINANCIAL DIFFICULTIES THAT MAKE REALIZATION OF AMOUNTS DUE UNLIKELY FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS, WHICH INCLUDE BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLES AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL, THE SYSTEM RECORDS A PROVISION FOR BAD DEBTS ON THE BASIS OF ITS PAST EXPERIENCE THE DIFFERENCE BETWEEN THE STANDARD RATES AND THE AMOUNT ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS THE BAD DEBT EXPENSE REPORTED ON PART III, LINE 2, IS THE BAD DEBT EXPENSE REPORTED ON FORM 990, PART IX THE HOSPITAL WAS UNABLE TO MAKE AN ESTIMATE OF THE ORGANIZATION'S BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY

Form and Line Reference	Explanation
PART III, LINE 8	NO MEDICARE SHORTFALL IS REPORTED THE AMOUNTS REPORTED FOR MEDICARE ARE FROM THE MEDICARE COST REPORT - WHICH IS BASED ON THE METHODOLOGY REQUIRED FOR COMPLETING THE MEDICARE COST REPORT
PART III, LINE 9B	IN ACCORDANCE WITH ST JOSEPH HEALTH SYSTEM POLICY #17 ST JOSEPH HEALTH SYSTEM HAS ESTABLISHED THE FOLLOWING PAYMENT OPTIONS TO ASSIST GUARANTORS OF PATIENT ACCOUNTS IN DISCHARGING THEIR FINANCIAL REPONSIBILITIES TO THE HOSPITAL A COMPLETED FINANCIAL ASSISTANCE (UNCOMPENSATED SERVICES) APPLICATION ACCOMPANIED BY THE REQUIRED DOCUMENTATION WHICH ESTABLISHED THE QUALIFICATIONS FOR A FINANCIAL ASSISTANCE (CHARITY) DISCOUNT AT OR PRIOR TO THE DELIVERY OF HEALTH CARE SERVICES IF THE SERVICES ARE SCHEDULED IF UNSCHEDULED SERVICES ARE PROVIDED, THE FINANCIAL ASSISTANCE APPLICATION AND DOCUMENTATION MUST BE COMPLETED AND PROVIDED TO A ST JOSEPH HEALTH SYSTEM TEAM MEMBER AT THE DATE DETERMINED BY THE ST JOSEPH HEALTH SYSTEM TEAM MEMBER FINANCIAL ASSISTANCE COLLECTION PROCESS - UNTIL FINANCIAL ASSISTANCE APPLICATION (CHARITY CARE/UNCOMPENSATED CARE) HAS BEEN DETERMINED EITHER BY A COMPLETED AND APPROVED FINANCIAL ASSISTANCE APPLICATION OR BY THE PATIENT/RESPONSIBLE PARTY'S RESIDENCE BEING IN AN IMPOVERISHED ZIP CODE WHICH QUALIFIES FOR FINANCIAL ASSISTANCE PER THE SYSTEM FINANCIAL ASSISTANCE POLICY (SJHS #70), THE STANDARD COLLECTION PROCESS REQUIRING PAYMENT FOR THE ACCOUNT WILL BE ENFORCED LASTLY, A PATIENT MAY QUALIFY AS UN UNINSURED PATIENT AND RECEIVE A DISCOUNT FROM BILLED CHARGES IF THEY ARE NOT CURRENTLY RECEIVING ASSISTANCE UNDER ST JOSEPH HEALTH SYSTEM'S FINANCIAL ASSISTANCE POLICY, AND EITHER THE PATIENT MUST NOT HAVE ANY HEALTH INSURANCE COVERAGE OR THE PROCEDURE TO THE PATIENT MUST NOT BE COVERED BY THE HEALTH INSURANCE BENEFITS, AS CONFIRMED BY THE HEALTH BENEFITS PLAN

Form and Line Reference	Explanation
PART VI, LINE 2	IN SERVING OUR COMMUNITY, ST JOSEPH REGIONAL HEALTH CENTER ASSESSES COMMUNITY HEALTH NEEDS ON AN ON-GOING BASIS USING A VARIETY OF INFORMATION, ALTHOUGH THE PRIMARY ASSESSMENT TOOL IS THE BRAZOS VALLEY HEALTH ASSESSMENT SURVEY USING INFORMATION FROM NEEDS ASSESSMENTS, WE WORK TO IMPROVE THE HEALTH OF OUR COMMUNITY THROUGH THE DELIVERY OF CHARITY AND UNREIMBURSED INDIGENT HEALTH CARE, ACCESS TO PRIMARY CARE THROUGH NETWORK DEVELOPMENT IN OUR REGION, AND COMMUNITY-BASED HEALTH EDUCATION AWARENESS AND PREVENTION PROGRAMS GRIMES ST JOSEPH HEALTH CENTER IS AN INTEGRAL PART OF ST JOSEPH REGIONAL HEALTH CENTER AND SPECIFIC AMOUNTS FOR GRIMES HAVE BEEN QUOTED SEPARATELY IN THIS DOCUMENT WHERE AVAILABLE COMMUNITY HEALTH INITIATIVES COMPLETED BY ST JOSEPH IN 2013 WERE BASED ON RESULTS FROM THE 2013 BRAZOS VALLEY REGIONAL HEALTH STATUS ASSESSMENT, AS WELL AS STATE AND NATIONAL DATA THESE SOURCES IDENTIFIED THE LEADING CAUSES OF DEATH IN THE BRAZOS VALLEY AS CORONARY HEART DISEASE, CANCER, STROKE, CHRONIC OBSTRUCTIVE PULMONARY DISEASE, AND DIABETES THE MOST FREQUENTLY REPORTED CHRONIC DISEASES AND CONDITIONS INCLUDED OBESITY, HYPERTENSION, HIGH CHOLESTEROL, ARTHRITIS, RHEUMATISM, DIABETES, CONGESTIVE HEART FAILURE, EMPHYSEMA AND COPD ST JOSEPH REGIONAL HEALTH CENTER REPRESENTATIVES, THROUGH THE BRAZOS VALLEY HEALTH PARTNERSHIP, WERE INVOLVED IN THE UPDATED HEALTH STATUS ASSESSMENT OF THE BRAZOS VALLEY, WHICH WAS COMPLETED IN SEPTEMBER 2013
PART VI, LINE 3	INFORMATION CONCERNING FINANCIAL ASSISTANCE FOR PATIENTS IS COMMUNICATED VIA CONSENT FOR ADMISSION AND REGISTRATION COMPLETION, SIGNAGE POSTED IN EMERGENCY ROOMS AND OTHER CONSPICUOUS PATIENT TRAFFIC AREAS, FINANCIAL COUNSELORS, PATIENT COMMUNICATIONS, PATIENT BILLS AND ST JOSEPH HEALTH SYSTEM WEBSITE

Form and Line Reference	Explanation
PART VI, LINE 4	ST JOSEPH REGIONAL HEALTH CENTER PROVIDES HEALTH SERVICES TO AN AREA THAT EXCEEDS SEVEN COUNTIES IN THE BRAZOS VALLEY THE SEVEN PRIMARY COUNTIES INCLUDE BRAZOS, LEON, MADISON, BURLESON, GRIMES, WASHINGTON AND ROBERTSON COUNTIES 60% OF THE TOTAL POPULATION SERVED IS LOCATED IN THE BRYAN-COLLEGE STATION METROPOLITAN AREA, MAKING BRAZOS COUNTY THE SYSTEM'S PRIMARY SERVICE AREA THE OTHER SIX COUNTIES CUMULATIVELY ACCOUNT FOR 40% OF THE INPATIENT ADMISSIONS TO THE REGIONAL HEALTH CENTERIN BRYAN
PART VI, LINE 5	SEVERAL THOUSAND LIVES WERE AFFECTED BY THE FOLLOWING COMMUNITY HEALTH IMPROVEMENT ADVOCACY PROGRAMS COMMUNITY HEALTH IMPROVEMENT ADVOCACYPRENATAL CAREPRENATAL CARE WAS PROVIDED IN RURAL COMMUNITIES WITH DIRECT REFERRAL TO THE DELIVERY SITE AT ST JOSEPH REGIONAL HEALTH CENTER THIS DELIVERY SITE PROVIDES MORE COMPREHENSIVE AND COORDINATED CARE THAN IS AVAILABLE LOCALLY ST JOSEPH REGIONAL HEALTH CENTER ALSO PARTNERS WITH THE PRENATAL CLINIC IN BRYAN TO PROVIDE PRENATAL CARE FOR UNINSURED MOTHERS AND THOSE COVERED UNDER MEDICAID APPROXIMATELY 95% OF MOTHERS RECEIVING CARE AT THE PRENATAL CLINIC DELIVER THEIR BABIES AT ST JOSEPH REGIONAL HEALTH CENTER THIS FURTHER IMPROVES THE EARLY ONSET OF PRENATAL CARE AND REDUCES THE NUMBER OF LOW BIRTH-WEIGHT BABIES IN THE BRAZOS VALLEY EXPECTANT PARENTS ARE PROVIDED MANY OPPORTUNITIES FOR EDUCATION BEFORE THE BIRTH OF THEIR CHILD, SUCH AS CHILDBIRTH, NEWBORN CARE, BREASTFEEDING AND INFANT CPR CLASSES THESE CLASSES ARE OFFERED FREE-OF-CHARGE TO MEDICAID RECIPIENTS IN 2013, THIRTY-EIGHT (38) MOTHERS UTILIZED THIS FREE SERVICE ADDITIONALLY, TEENAGE MOTHERS DELIVERING BABIES AT ST JOSEPH RECEIVE A POST-PARTUM CONSULTATION WITH SOCIAL SERVICES AND ARE REFERRED TO OTHER COMMUNITY AGENCIES AS NEEDED HEALTH EDUCATORS FROM SJRHC PROVIDE INFORMATION AND RESOURCES FOR THE TEEN PARENTING CLASSES AT SCHOOL DISTRICTS IN THE BRAZOS VALLEY HEART DISEASE AND STROKEST JOSEPH REGIONAL HEALTH CENTER PROMOTES HEART HEALTH EACH YEAR IN THE BRAZOS VALLEY THROUGH HEARTSCORE, A LOW-COST BLOOD PRESSURE, BLOOD GLUCOSE AND CHOLESTEROL SCREENING PROGRAM EACH FACILITY PROVIDES THEIR PARTICIPANTS HEALTH EDUCATION MATERIALS FROM THE AMERICAN HEART ASSOCIATION DETAILED RESULTS ARE MAILED TO EACH PARTICIPANT AFTER THE EVENT NEARLY 20% OF PARTICIPANTS WERE IDENTIFIED WITH HIGH CARDIAC RISK AND ENCOURAGED TO VISIT A HEALTHCARE PROVIDER ST JOSEPH ALSO OFFERS DISCOUNTED BLOOD SCREENINGS TO GOLD MEDALLION CLUB MEMBERS AND FREE BLOOD PRESSURE CHECKS TO THE GENERAL COMMUNITY OVER 2,300 COMMUNITY MEMBERS WERE SCREENED AT ST JOSEPH FACILITIES AND HEALTH EDUCATION FAIRS ACROSS THE BRAZOS VALLEY ADDITIONALLY, A REGISTERED DIETITIAN CONTINUES TO EDUCATE THE PUBLIC ON THE ST JOSEPH BEST BETS PROGRAM, WHICH IDENTIFIES HEART-HEALTHY OPTIONS AT AREA RESTAURANTS FREE GROCERY STORE TOURS ARE PROVIDED THROUGH THIS PROGRAM TO BRAZOS VALLEY RESIDENTS, OFFERING NUTRITIONAL EDUCATION INCLUDING PORTION CONTROL AND READING FOOD LABELS A ST JOSEPH DIETITIAN OFFERS MONTHLY EDUCATION FOR CARDIAC REHABILITATION PATIENTS, INCLUDING NUTRITIONAL COUNSELING AND SUPPORT, AS A PART OF THEIR FOLLOW-UP CARE ST JOSEPH REGIONAL HEALTH CENTER CONTINUES TO MAINTAIN ITS STATUS AS THE REGION'S ONLY ACCREDITED CHEST PAIN CENTER THE CHEST PAIN CENTER'S PROTOCOL-DRIVEN AND SYSTEMATIC APPROACH TO PATIENT MANAGEMENT ALLOWS PHYSICIANS TO REDUCE TIME TO TREATMENT DURING THE CRITICAL EARLY STAGES OF A HEART ATTACK, WHEN TREATMENTS ARE MOST EFFECTIVE, AND TO BETTER MONITOR PATIENTS WHEN IT IS NOT CLEAR WHETHER THEY ARE HAVING A CORONARY EVENT SUCH OBSERVATION HELPS ENSURE THAT A PATIENT IS NEITHER SENT HOME TOO EARLY NOR NEEDLESSLY ADMITTED ST JOSEPH REGIONAL HEALTH CENTER WAS AWARDED THE AMERICAN STROKE ASSOCIATION'S (ASA) GET WITH THE GUIDELINES-STROKE GOLD PLUS QUALITY ACHIEVEMENT AWARD THIS IS CURRENTLY THE HIGHEST LEVEL OF RECOGNITION THE AMERICAN STROKE ASSOCIATION DESIGNATES AND RECOGNIZES ST JOSEPH'S COMMITMENT AND SUCCESS IN IMPLEMENTING EXCELLENT CARE FOR STROKE PATIENTS ACCORDING TO EVIDENCE-BASED GUIDELINES AS THE REGION'S ONLY JOINT COMMISSION CERTIFIED PRIMARY STROKE CENTER, ST JOSEPH IS REQUIRED TO ORGANIZE A MULTIDISCIPLINARY STROKE TEAM TO COORDINATE CARE AMONG FIRST RESPONDERS, EMERGENCY ROOM STAFF, PHYSICIANS, DIAGNOSTIC STAFF, REHABILITATION STAFF AND OTHER HEALTH PROVIDERS WHO CARE FOR STROKE PATIENTS THE TEAM IMPLEMENTED BEST PRACTICE PROTOCOLS SHOWN TO PROVIDE THE BEST OUTCOMES WHEN DIAGNOSING AND TREATING STROKE PATIENTS THE TEAM SET UP HUNDREDS OF HOURS OF TRAINING AND EDUCATIONAL SESSIONS FOR STAFF INVOLVED IN ANY ASPECT OF STROKE CARE EDUCATION PROGRAMS ARE ALSO A CONTINUING PART OF STROKE PREVENTION EDUCATION FOR ALL COMMUNITY RESIDENTS IN THE SEVEN-COUNTY AREA OBESITY AWARENESS AND PREVENTIONST JOSEPH COLLABORATED WITH THE TEXAS A&M SCHOOL OF RURAL PUBLIC HEALTH TO OFFER PROGRAMS TO ADDRESS OBESITY AND ITS HEALTH IMPACT, GIVEN IT IS THE MOST SIGNIFICANT HEALTH PROBLEM IN EVERY COUNTY THAT ST JOSEPH SERVES FIT & STRONG! IS A PHYSICAL ACTIVITY AND BEHAVIORAL CHANGE, EVIDENCE-BASED PROGRAM THAT IS STRUCTURED AROUND TWO KEY COMPONENTS PHYSICAL ACTIVITY AND HEALTH EDUCATION/GROUP PROBLEM-SOLVING THIS PROGRAM, WHICH WAS THE FIRST TO BE IMPLEMENTED IN TEXAS, WAS OFFERED IN BRYAN AND COLLEGE STATION (BRAZOS COUNTY) AND NAVASOTA (GRIMES COUNTY) SIXTEEN PEOPLE, INCLUDING SEVERAL ST JOSEPH TEAM MEMBERS, ATTENDED THE INSTRUCTOR TRAINING FORTY-SIX (46) PARTICIPANTS COMPLETED THE INITIAL 8-WEEK/24-SESSION PROGRAM AND REPORTED INCREASED SELF-EFFICACY (CONFIDENCE TO EXERCISE), INCREASED PHYSICAL ACTIVITY ADHERENCE, IMPROVEMENT IN LOWER-EXTREMITY MUSCULAR STRENGTH, IMPROVEMENT IN AEROBIC CAPACITY AND A REDUCTION IN JOINT PAIN AND STIFFNESS SELF-REPORTED BODY MASS INDEX (BMI) MEASURES INDICATED A DECREASE IN BMI AT THE END OF THE 8-WEEK PROGRAM IN 2013, ADDITIONAL FIT & STRONG! PROGRAMS WILL BE SCHEDULED IN BRAZOS, GRIMES, AND MADISON COUNTIES TOBACCO CESSATION INPATIENT PROGRAMS AT ST JOSEPH REGIONAL HEALTH CENTER PROVIDE TOBACCO CESSATION EDUCATION EVERY INDIVIDUAL WHO IS ADMITTED TO ST JOSEPH REGIONAL HEALTH CENTER WHO HAS USED TOBACCO PRODUCTS WITHIN THE LAST YEAR IS OFFERED COUNSELING AND LITERATURE ON TOBACCO CESSATION ST JOSEPH REGIONAL HEALTH CENTER, ALONG WITH THE COLLEGE STATION MEDICAL CENTER, ADOPTED A SMOKE-FREE CAMPUS POLICY, WHICH COMPELS PATIENTS, VISITORS, AND STAFF TO REFRAIN FROM SMOKING WHILE ON HEALTH CARE CAMPUSES AND HELPS CREATE THE HEALTHIEST ENVIRONMENT POSSIBLE FOR GUESTS DIABETES MANAGEMENT EDUCATIONST JOSEPH REGIONAL HEALTH CENTER PROVIDES COMMUNITY EDUCATION FOR DIABETES PREVENTION AND MANAGEMENT A CERTIFIED DIABETES EDUCATOR AND A DIETITIAN TEACH MONTHLY DIABETES EDUCATION CLASSES FOR DIABETICS AND THEIR GUESTS LOCAL HEALTHCARE PROVIDERS ALSO REFER NEWLY DIAGNOSED PATIENTS TO THE MONTHLY DIABETES EDUCATION CLASS ST JOSEPH DIETITIANS ALSO PROVIDE CLASS INFORMATION TO DIABETES PATIENTS IN ALL OF OUR FACILITIES EIGHT (8) COMMUNITY HEALTH EDUCATION SEMINARS PROMOTING DIABETES AWARENESS WERE ALSO OFFERED IN AND AROUND THE BRAZOS VALLEY IN 2013, THIS PROGRAM REACHED OVER 150 RESIDENTS SUPPORT GROUPSHAVING A SUPPORT SYSTEM IS ESSENTIAL TO OUR COMMUNITY'S HEALTH AND WELL BEING ST JOSEPH REGIONAL HEALTH CENTER PUBLICATIONS AND WEBSITE HIGHLIGHT A LISTING OF FIFTEEN (15) AREA SUPPORT GROUPS OFFERED AT ST JOSEPH FACILITIES AND THROUGHOUT THE COMMUNITY, MANY OF WHICH MEET IN ST JOSEPH FACILITIES ARE FACILITATED BY ST JOSEPH TEAM MEMBERS SENIOR LIFE SERVICESAS OUR POPULATION AGES, CARE FOR OLDER ADULTS BECOMES INCREASINGLY IMPORTANT ST JOSEPH REGIONAL HEALTH CENTER, THROUGH ITS AFFILIATES, OFFERS THIS GROUP MANY OPPORTUNITIES FOR CARE AND GROWTH, INCLUDING ASSISTED LIVING, INTERMEDIATE AND SKILLED NURSING CARE AT ST JOSEPH MANOR IN BRYAN AND BURLESON ST JOSEPH MANOR IN CALDWELL THE GOLD MEDALLION CLUB PROVIDES HEALTH EDUCATION CLASSES AND SEMINARS, SOCIAL OUTINGS, AND HOSPITAL BENEFITS FOR OVER 4,500 MEMBERS AGES 50 AND UP IN 2013, 527 MEMBERS ATTENDED SEMINARS, 711 MEMBERS ATTENDED VARIOUS SOCIAL EVENTS AND 488 MEMBERS TRAVELED ON DAY TRIPS, DOMESTIC AND INTERNATIONAL TRIPS ST JOSEPH HELPLINE, AN IN-HOME PERSONAL EMERGENCY RESPONSE SERVICE, OFFERS SAFETY, SECURITY AND INDEPENDENCE TO 470 SENIORS TO SAFELY LIVE AT HOME FIFTY-TWO (52) HELPLINE SUBSCRIBERS RECEIVE A DISCOUNTED RATE BASED ON THEIR INCOME LIFELONG FITNESS IS ALSO ENCOURAGED THROUGH THE ST JOSEPH WELLNESS PROGRAM, WHICH OFFERS CARDIAC REHABILITATION, WATER AEROBICS AND PHYSICAL STRENGTH TRAINING OTHER EDUCATIONAL OPPORTUNITIES PROVIDED AS WELL

Form and Line Reference	Explanation
PART VI, LINE 6	- ST JOSEPH REGIONAL HEALTH CENTER (SJRHC) IS THE ANCHOR FACILITY FOR ST JOSEPH HEALTH SYSTEM, A HEALTH MINISTRY OF THE SISTERS OF ST FRANCIS OF SYLVANIA, OHIO ESTABLISHED IN 1936, SJRHC IS A 255-BED HEALTH CARE CENTER OFFERING THE COMMUNITY'S LEAD LEVEL III TRAUMA CENTER, AN EXTENSIVE INPATIENT AND OUTPATIENT SURGERY PROGRAM, AND IS KNOWN THROUGHOUT THE REGION FOR ITS CARDIAC, CANCER, AND REHABILITATION PROGRAMS - GRIMES ST JOSEPH HEALTH CENTER (GSJHC) IS A 25-BED CRITICAL ACCESS HOSPITAL IN NAVASOTA, TEXAS OFFERING A LEVEL IV TRAUMA CENTER, INPATIENT, OUTPATIENT, AND DAY SURGERY SERVICES THE HOSPITAL WAS ESTABLISHED BY GRIMES COUNTY AND HAS BEEN AN INTEGRAL PART OF THE COMMUNITY SINCE ITS INCEPTION IN 1996 IT BECAME PART OF ST JOSEPH REGIONAL HEALTH CENTER ST JOSEPH HAS A LONG-TERM LEASE TO MANAGE AND OPERATE GSJHC, WHICH IS OWNED BY GRIMES COUNTY THE OTHER FACILITIES IN THE ST JOSEPH HEALTH SYSTEM ARE AS FOLLOWS - BURLESON ST JOSEPH HEALTH CENTER (BSJHC) IS A 25-BED CRITICAL ACCESS HOSPITAL IN CALDWELL, TEXAS OFFERING A LEVEL IV TRAUMA CENTER, INPATIENT AND OUTPATIENT SERVICES THE HOSPITAL WAS ESTABLISHED BY BURLESON COUNTY AND HAS BEEN AN INTEGRAL PART OF THE COMMUNITY SINCE ITS INCEPTION IT JOINED THE ST JOSEPH HEALTH SYSTEM IN 1995 ST JOSEPH HAS A LONG-TERM LEASE TO MANAGE AND OPERATE BURLESON ST JOSEPH HEALTH CENTER, WHICH IS OWNED BY THE BURLESON COUNTY HOSPITAL DISTRICT AND PROVIDES SERVICES TO AN UNDER-SERVED RURAL COMMUNITY - MADISON ST JOSEPH HEALTH CENTER (MSJHC) IS A 25-BED CRITICAL ACCESS HOSPITAL IN MADISONVILLE, TEXAS OFFERING A LEVEL IV TRAUMA CENTER, INPATIENT AND OUTPATIENT SERVICES THE HOSPITAL WAS ESTABLISHED BY MADISON COUNTY AND HAS BEEN AN INTEGRAL PART OF THE COMMUNITY SINCE ITS INCEPTION IT JOINED THE ST JOSEPH HEALTH SYSTEM IN 1995 ST JOSEPH OWNS AND OPERATES MSJHC, WHICH SERVES MADISON AND THE SURROUNDING COUNTIES ALL THREE CRITICAL ACCESS HOSPITALS PROVIDE COMPREHENSIVE CARE IN A GENERAL ACUTE CARE HOSPITAL SETTING, OFFERING INPATIENT AS WELL AS OUTPATIENT SERVICES IN EMERGENCY CARE, THERAPY AND ATHLETIC INJURIES AND MORE THEY OFFER IMAGING SERVICES DURING NORMAL BUSINESS HOURS AND INSOME CASES AFTER HOURS AND ON WEEKENDS ALL THREE FACILITIES ARE ACCREDITED BY THE JOINT COMMISSION ON ACCREDITATION OF HEALTHCARE ORGANIZATIONS (JCAHO) OTHER ROLES ST JOSEPH REGIONAL EMERGENCY MEDICAL SERVICES (SJR EMS) SJREMS IS THE OLDEST PRIVATE PRE-HOSPITAL EMERGENCY MEDICAL SERVICE IN THE BRAZOS COUNTY AND OPERATES A FLEET OF 14 AMBULANCES, STAFFED BYEMERGENCY MEDICAL TECHNICIANS AND PARAMEDICS WHO RESPOND TO MORE THAN 15,000 SERVICE REQUESTS EACH YEAR SJREMS IS A NETWORK OF AMBULANCE SERVICES THAT INCLUDES THE BRYAN-COLLEGE STATION AREA AS WELL AS BURLESON, GRIMES AND MADISON COUNTIES COLLECTIVELY, THE GOAL OF SJR EMS IS TO OFFER HIGHQUALITY PRE-HOSPITAL MEDICINE WITH COMPASSION TO ALL WITHIN THE BRAZOS VALLEY IN BRYAN-COLLEGE STATION, SJR EMS PROVIDES NON-EMERGENCY MEDICAL RESPONSE, CRITICAL GROUND AMBULANCE TRANSPORTATION, AND BACK-UP TO THE BRYAN AND COLLEGE STATION FIRE DEPARTMENTS, WHICH ARE THE PRIMARY 911 EMERGENCY MEDICAL RESPONDERS IN BRAZOS COUNTY IN BURLESON AND GRIMES COUNTIES, ST JOSEPH HOLDS THE 911 EMERGENCY RESPONSE CONTRACTS SJR EMS CURRENTLY SERVES 12 MUNICIPALITIES WITH ADVANCED LIFE SUPPORT CARE FROM 8 UNITS LOCATED IN BEDIAS, NAVASOTA, SOMERVILLE, CALDWELL, STONEHAM, MADISONVILLE, BRYAN, AND COLLEGE STATION SERVING AS A GATEWAY FOR SURROUNDING FACILITIES WITH 150,000 SQUARE MILE SERVICE AREA IN 2011,,SJR EMS RESPONDED TO A TOTAL OF 13,685 911 CALLS AND NON-EMERGENCY CALLS THESE CALLS INCLUDED SERVICES TO RURAL RESIDENTS THREE SJR EMS AMBULANCES ARE HOUSED IN GRIMES COUNTY, ONE OF WHICH IS LOCATED IN THE RURAL COMMUNITY OF STONEHAM THIS LOCATION WAS CHOSEN AFTER RESEARCH OF THE POPULATION GROWTH BY THE EMS DIRECTOR, TASK FORCE AND 911 COORDINATOR, WITH A GOAL OF REDUCING AMBULANCE RESPONSE TIME NOT ONLY ISRAPID RESPONSE CRITICAL WITH TRAUMA PATIENTS, BUT EARLY RECOGNITION AND TREATMENT FOR HEART ATTACK AND STROKE ARE ESSENTIAL TO SAVING LIVES DEFIBRILLATION IS MOST BENEFICIAL WHEN PERFORMED AS SOON AS POSSIBLE AFTER SUDDEN CARDIAC ARREST HAVING SJR EMS IN THIS RURAL LOCATION HELPSFULFILL SUCH A NEED IN RURAL GRIMES COUNTY CERTIFIED CHEST PAIN CENTER AND LEVEL II STROKE FACILITY SJRHC, THE FIRST HOSPITAL IN THE REGION TO BECOME A CERTIFIED CHEST PAIN CENTER, ALSO RECEIVED A FIVE-STAR RATING FROM HEALTHGRADES FORCORONARY INTERVENTIONAL PROCEDURES, ONE OF THE MOST COMMON PROCEDURES DONE TO HELP IMPROVE BLOOD FLOW TO THE HEART AN IMPORTANT PART OF GOOD CARDIAC OUTCOMES, ESPECIALLY FOR HEART ATTACK PATIENTS, IS RAPID DIAGNOSIS AND INTERVENTION IN 2011 SJRHC WAS ABLE TO CLINICALLY INTERVENE IN 100% OF HEART ATTACK PATIENTS WITHIN 90 MINUTES OF ARRIVAL TO THE EMERGENCY ROOM THAT LEVEL OF PERFORMANCE HAS BEEN SHOWN TO SAVE LIVES AND REQUIRES TREMENDOUS TEAMWORK AND DEDICATION SJRHC IS THE ONLY FACILITY THAT IS BOTH A LEVEL II STATE CERTIFIED FACILITY AND IS ACCREDITED BY THE JOINT COMMISSION AS A CERTIFIED PRIMARY STROKE CENTER THE DEPARTMENT OF STATE HEALTH SERVICES HAS DESIGNATEDSJRHC AS A STATE OF TEXAS PRIMARY (LEVEL II) STROKE FACILITY - THE FIRST SUCH DESIGNATION IN THE REGION THIS DESIGNATION REPRESENTS THE COMMITMENT THAT SJRHC HAS TOWARDS TREATING PATIENTS WITH STROKE IN OUR COMMUNITY THE STROKE CENTER IS COMPRISED OF A LARGE TEAM OF MEDICAL SPECIALISTS THAT ARE ABLE TO PROVIDE AROUND-THE-CLOCK CARE FOR PATIENTS SUFFERING FROM A STROKE IN ORDER TO RECEIVE A LEVEL II STROKE FACILITY DESIGNATION, A HOSPITAL MUST BE ABLE TO PROVIDE STROKE TREATMENT 24 HOURSA DAY, 7 DAYS A WEEK AND MEET ALL THE REQUIREMENTS SET FORTH BY THE DEPARTMENT OF STATE HEALTH SERVICES PATIENTS THAT PRESENT TO PRIMARY STROKE CENTERS FOR THEIR CARE HAVE IMPROVED OUTCOMES AS COMPARED TO PATIENTS THAT DO NOT, UNDERSCORING, THE NEED AND IMPORTANCE OF THIS FACILITY IN THE AREA THE DESIGNATION OF PRIMARY STROKE FACILITY IS NEW AMONG HOSPITALS IN TEXAS THERE ARE ONLY 21 SUCH FACILITIES IN THE STATE AND SJRHC IS CURRENTLY THE ONLY DESIGNATED FACILITY IT ITS REGION THEBRAZOS VALLEY IS IN REGION 7, AS DEFINED BY THE DEPARTMENT OF STATE HEALTH SERVICES, WHICH INCLUDES 30 COUNTIES SURROUNDING THE REGIONAL HEADQUARTERS IN TEMPLE THIS STATE DESIGNATION IS A REFLECTION OF INCREDIBLE TEAMWORK RURAL HEALTH CLINICSST JOSEPH'S IS COMMITTED TO RURAL HEALTH AND MEETING THE NEEDS OF RURAL COMMUNITIES THE RURAL CLINICS ARE SET UP IN FURTHERANCE OF OUR MISSION TO PROVIDE EXCELLENT HEALTH CARE AND TO PROMOTE WELLNESS THROUGHOUT THE BRAZOS VALLEY IN TOTAL, THE 5 RURAL HEALTH CLINICS HAD59,760 PATIENT VISITS ATTENDED TO BY 9 PROVIDERS AND 8 MID-LEVEL PROVIDERS BURLESON COUNTYST JOSEPH CALDWELL FAMILY MEDICINE CLINIC IS A FAMILY MEDICINE CLINIC PROVIDING HEALTH AND WELLNESS SERVICES TO ADULTS AND CHILDREN THE CLINIC OFFERS A FULL RANGE OF PRIMARY CARE, INCLUDING MINOR EMERGENCIES AND OFFICE SURGERY, GENERAL FAMILY MEDICINE, COMPREHENSIVE AND ROUTINEPHYSICALS, WELL WOMAN EXAMS, IMMUNIZATIONS, ALLERGY INJECTIONS, MINOR SUTURING, LAB SERVICES, DIAGNOSIS AND TREATMENT OF ACUTE ILLNESS SPECIALISTS VISIT ON A BI-WEEKLY BASIS LEE COUNTYST JOSEPH LEXINGTON FAMILY MEDICINE CLINIC IS A FAMILY MEDICINE CLINIC PROVIDING HEALTH AND WELLNESS SERVICES TO ADULTS AND CHILDREN THE CLINIC'S FULL RANGE OF PRIMARY CARE SERVICES INCLUDES PATIENT EDUCATION, SUTURING, TREATMENT OF EYE AND EAR PROBLEMS, COMPREHENSIVE AND ROUTINEPHYSICALS, WELL WOMAN EXAMS, IMMUNIZATIONS, ALLERGY INJECTIONS, INITIAL MANAGEMENT OF PATIENTS AND SOCIAL SERVICES THEY ALSO OFFER LAB TESTING, MINOR SURGICAL PROCEDURES, CHRONIC MEDICAL CONDITIONING, RADIOLOGY AND ADD TESTING MADISON COUNTYST JOSEPH NORMANGEE FAMILY HEALTH CENTER IS STAFFED WITH A FULL-TIME PHYSICIAN AND PHYSICIAN ASSISTANT THE CLINIC OFFERS A VARIETY OF PRIMARY CARE SERVICES INCLUDING GENERAL FAMILY MEDICAL SERVICES, CARE FOR MINOR INJURIES AND TEXAS HEALTH STEP EXAM THE CLINIC ALSO OFFERS BLOOD DRAWS,ROUTINE AND COMPREHENSIVE PHYSICALS, PREVENTATIVE HEALTH EXAMS, WELL WOMAN EXAMS, MANAGEMENT OF HIGH BLOOD PRESSURE, CHOLESTEROL, DIABETES, ADD/ADHD AND CARE FOR ACUTE MINOR ILLNESS AND INJURIES BELLVILLE ST JOSEPH HEALTH CENTERBELLVILLE ST JOSEPH HEALTH CENTER (BELLVILLE) WAS ACQUIRED IN MARCH 1, 2013 BY ST JOSEPH HEALTH SYSTEM BELLVILLE IS A 32-BED ACUTE CARE FACILITY IN BELLVILLE, TEXAS OFFERING 24-HOUR EMERGENCY CARE, INPATIENT AND OUTPATIENT SERVICES FORMERLY KNOWN AS BELLVILLE GENERAL HOSPITAL, THE FACILITY WAS ESTABLISHED IN 1928 AND PROVIDES THE ONLY HOSPITAL SERVICES WITHIN AUSTIN COUNTY
PART VI, LINE 7, REPORTS FILED WITH STATES	TX

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.

▶ **Attach to Form 990**

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ST JOSEPH REGIONAL HEALTH CENTER

Employer identification number
74-1282696

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) ST JOSEPH MANOR 2801 FRANCISCAN DRIVE BRYAN,TX 77802	74-2847594	501(C)(3)	577,635		N/A	N/A	PROGRAM SUPPORT
(2) ST JOSEPH PHYSICIAN ASSOCIATES 2801 FRANCISCAN DRIVE BRYAN,TX 77802	20-3159302	501(C)(3)	2,284,533		N/A	N/A	PROGRAM SUPPORT
(3) ST JOSEPH REGIONAL HEALTH PARTNERS 2801 FRANCISCAN DRIVE BRYAN,TX 77802	45-4088170	501(C)(3)	682,327		N/A	N/A	PROGRAM SUPPORT
(4) ST JOSEPH FOUNDATION OF BRYAN TEXAS 2801 FRANCISCAN DRIVE BRYAN,TX 77802	74-2351158	501(C)(3)	433,509		N/A	N/A	PROGRAM SUPPORT
(5) BURLESON ST JOSEPH MANOR 2801 FRANCISCAN DRIVE BRYAN,TX 77802	74-2913931	501(C)(3)	793,102		N/A	N/A	PROGRAM SUPPORT
(6) BELLVILLE ST JOSEPH HEALTH CENTER 44 N CUMMINGS BELLVILLE,TX 77418	27-4005511	501(C)(3)	1,553,896		N/A	N/A	PROGRAM SUPPORT

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 6

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 0

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

Part IV **Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
PART I, LINE 2	ST JOSEPH REGIONAL HEALTH CENTER HAS A CENTRALIZED GRANT SYSTEM IN PLACE TO HELP ENSURE THAT GRANTS ARE (1) APPROPRIATELY PREPARED AND REVIEWED BY MANAGEMENT FOR COMPLETENESS AND ACCURACY, (2) MONITORED FOR APPROPRIATE DISTRIBUTION TO THE APPLICANT/RECIPIENT HOSPITAL COST CENTER (RECIPIENT), AND (3) MONITORED FOR APPROPRIATE DISTRIBUTION OF FUNDS BY THE APPLICANT (RECIPIENT)

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 23.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**
▶ **Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ST JOSEPH REGIONAL HEALTH CENTER

Employer identification number
74-1282696

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☑ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☑ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	☑ Compensation committee	☑ Written employment contract		
	☑ Independent compensation consultant	☑ Compensation survey or study		
	☐ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

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

(A) Name and Title	**(B)** Breakdown of W-2 and/or 1099-MISC compensation			**(C)** Retirement and other deferred compensation	**(D)** Nontaxable benefits	**(E)** Total of columns (B)(i)-(D)	**(F)** Compensation reported as deferred in prior Form 990
	(i) Base compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other reportable compensation				
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	TEMPORARY HOUSING ALLOWANCES ARE TREATED AS WAGES TO THE EMPLOYEE AND THEY ARE TAXED ACCORDINGLY THE FOLLOWING INDIVIDUALS RECEIVED HOUSING ALLOWANCES IN 2013 RICARDO DIAZ $27,852 MIKE RUSSO $ 9,000 THE EMPLOYER REIMBURSES EMPLOYEES $10 50 A MONTH FOR HEALTH CLUB MEMBERSHIPS AND IT IS TREATED AS WAGES AND TAXED ACCORDINGLY ALL EMPLOYEES LISTED IN THE FORM 990, PART VII, SECTION A, LINE 1A ARE ELIGIBLE FOR THIS STIPEND
PART I, LINE 3	SR NANCY SURMA, OSF, WORKS 40 HOURS A WEEK FOR SYLVANIA FRANCISCAN HEALTH BUT DO NOT RECEIVE A W-2 ALL COMPENSATION EARNED WAS PAID TO THE SISTERS OF ST FRANCIS OF SYLVANIA OHIO'S CONGREGATION IN ACCORDANCE WITH IRS REVENUE RULING 77-290
PART I, LINES 4A-B	ANTHONY PFITZER AND LYDIA COPELAND'S SEVERANCE COMPENSATION WAS ACCRUED IN 2012 AND REPORTED AS DEFERRED COMPENSATION ON 2012 990 HOWEVER, RECEIVED PAYMENTS THROUGHOUT 2013 IN THE AMOUNT OF $487,989 AND $176,676, RESPECTIVELY, THE ORGANIZATION BACKS OUT ACTUAL PAID FROM THE ACCRUED PAYROLL EXPENSE EACH MONTH FOR A ZERO NET EFFECT THE FOLLOWING INDIVIDUAL PARTICIPATED IN A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN CURRENT YEAR PAYMENTS, REPORTED IN PART II, COLUMN (B)(III), ARE SUMMARIZED BELOW JAMES W POPE $108,634
PART VII, SECTION A, LINE 5	ODETTE BOLANO, PRESIDENT/CEO OF ST JOSEPH REGIONAL HEALTH PARTNERS, RECEIVES COMPENSATION FROM ASCENSION, AN UNRELATED ORGANIZATION

Additional Data

Software ID:
Software Version:
EIN: 74-1282696
Name: ST JOSEPH REGIONAL HEALTH CENTER

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				
MICHAEL STEINES MD TRUSTEE	(I) (II)	0 615,875	0 0	0 0	0 37,550	0 12,692	0 666,117	0 0
SR NANCY SURMA OSF EX-OFFICIO TRUSTEE	(I) (II)	190,666 0	0 0	0 0	0 0	8,451 0	199,117 0	0 0
JAMES W POPE EX- OFFICIO TRUSTEE	(I) (II)	0 656,090	0 0	0 124,699	0 51,000	0 21,652	0 853,441	0 0
ODETTE BOLANO PRES/CEO, EX- OFFICIO TRUSTEE	(I) (II)	732,165 0	0 0	0 0	0 0	0 0	732,165 0	0 0
KATHLEEN KRUSIE COO	(I) (II)	325,599 0	51,198 0	0 0	25,550 0	18,740 0	421,087 0	0 0
DANIEL GOGGIN CFO STARTING 1/21/13	(I) (II)	291,705 0	45,000 0	0 0	37,517 0	18,074 0	392,296 0	0 0
GARY MARK MONTGOMERY MD SR VP/CMO THROUGH 8/9/13	(I) (II)	208,980 0	49,506 0	0 0	0 0	17,820 0	276,306 0	0 0
MICHAEL RUSSO VP/ INFORMATION SERVICES	(I) (II)	196,556 0	26,771 0	0 0	22,907 0	26,525 0	272,759 0	0 0
MICHAEL COSTA VP/HUMAN RESOURCES	(I) (II)	188,945 0	19,258 0	0 0	42,329 0	21,594 0	272,126 0	0 0
STEVE CRICHTON VP/SUPPORT SERVICES	(I) (II)	167,531 0	18,901 0	0 0	41,983 0	15,796 0	244,211 0	0 0
DONOVAN FRENCH VP/STRATEGY & SERVICE LINES	(I) (II)	159,062 0	0 0	0 0	4,273 0	7,519 0	170,854 0	0 0
ALEN CHANG CLINICAL STAFF PHARMACIST	(I) (II)	200,305 0	1,524 0	0 0	24,976 0	15,634 0	242,439 0	0 0
JOSEPH HLAVIN PHYSICIAN ASSISTANT	(I) (II)	169,175 0	20,000 0	0 0	8,480 0	22,041 0	219,696 0	0 0
JERRY TAYLOR CLINICAL STAFF PHARMACIST	(I) (II)	175,998 0	0 0	0 0	18,745 0	15,356 0	210,099 0	0 0
TAE-MOK HWANG- LEMOS TEAMS LEADER/RN-CCU	(I) (II)	169,559 0	0 0	0 0	5,081 0	21,146 0	195,786 0	0 0
CHARLES HALL JR OPERATION MANAGER - PHARMACY	(I) (II)	162,736 0	4,214 0	0 0	24,615 0	22,080 0	213,645 0	0 0
ANTHONY PFITZER FORMER CEO	(I) (II)	487,989 0	0 0	0 0	0 0	0 0	487,989 0	487,989 0
LYDIA COPELAND FORMER ADMINISTRATOR	(I) (II)	176,676 0	0 0	0 0	0 0	0 0	176,676 0	0 0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ST JOSEPH REGIONAL HEALTH CENTER

Employer identification number
74-1282696

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	BRAZOS COUNTY HEALTH FACILITIES DEVELOPMENT CORP	76-0082643	105911BV2	06-18-2008	30,000,000	REFUND 2007 BONDS / CONSTR / RENOV		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	30,031,840			
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	586,513			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	18,391,000			
11	Other spent proceeds	8,098,173			
12	Other unspent proceeds				
13	Year of substantial completion	2009			

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶								
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5								
7	Does the bond issue meet the private security or payment test?		X						
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X						
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X							

Part IV Arbitrage

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

Part IV Arbitrage *(Continued)*

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

Part V Procedures To Undertake Corrective Action

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?		X						

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

Return Reference	Explanation
POST ISSUANCE COMPLIANCE SCHEDULE K, PART III, LINE 9	A SPECIALIST WAS ENGAGED TO DETERMINE COMPLIANCE WITH THE ARBITRAGE REQUIREMENTS DETAILED IN THE IRS CODE THE CFO REVIEWS BOND COVENANTS AND PERIODICALLY REVIEWS BOND ACCOUNTS WITH ACCOUNTING PERSONNEL

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ST JOSEPH REGIONAL HEALTH CENTER

Employer identification number
74-1282696

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

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

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

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

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ $

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization? To	From	(e) Original principal amount	(f) Balance due	(g) In default? Yes	No	(h) Approved by board or committee? Yes	No	(i) Written agreement? Yes	No
Total		▶ $										

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) BRAZOS VALLEY PATHOLOGY	BOARD MEMBER MICHAEL COHEN IS A DIRECTOR FOR BRAZOS VALLEY PATHOLOGY	276,822	BRAZOS VALLEY PATHOLOGY SERVICES THAT ARE PAID BY ST JOSEPH REGIONAL HEALTH CENTER		No

Part V Supplemental Information

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

Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ST JOSEPH REGIONAL HEALTH CENTER

Employer identification number
74-1282696

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	BY LAWS SECTION 1 MEMBERSHIP THE MEMBERSHIP OF THE CORPORATION SHALL CONSIST OF ONE (1) CLASS AND THE ONLY MEMBER OF THE CORPORATION SHALL BE ST JOSEPH SERVICES CORPORATION, D/B/A ST JOSEPH HEALTH SYSTEM, A TEXAS NON-PROFIT CORPORATION (HEREINAFTER REFERRED TO AS ST JOSEPH HEALTH SYSTEM OR "SJHS" OR THE MEMBER)

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A	THE POWER TO ELECT ALL MEMBERS OF THE BOARD OF TRUSTEES OF ST JOSEPH REGIONAL HEALTH CENTER IS RESERVED EXCLUSIVELY TO ST JOSEPH SERVICES CORPORATION AS SOLE MEMBER, BUT SHALL BE SUBJECT TO THE APPROVAL OF THE CORPORATE MEMBER OF ST JOSEPH SERVICES CORPORATION WHEN REQUIRED BY ITS ARTICLES OF INCORPORATION OR BY LAWS

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B	ACTION BY THE MEMBER OF THE CORPORATION SHALL BE REQUIRED, AND SHALL BE SUFFICIENT, A) TO ADOPT OR CHANGE THE PHILOSOPHY, OBJECTIVES, PURPOSES OR ETHICAL OR RELIGIOUS STANDARDS OF THE CORPORATION AND OF ORGANIZATIONS CONTROLLED BY THE CORPORATION, B) TO REMOVE THE TRUSTEES AT WILL, WITH OR WITHOUT CAUSE AS PROVIDED IN ARTICLE V, SECTION 2, C) TO ELECT, APPOINT AND REMOVE ANY OFFICER AND CHAIRPERSON OF ANY COMMITTEE OF THE CORPORATION, D) TO AMEND OR REPEAL THE ARTICLES OF INCORPORATION AND THE BYLAWS OF THE CORPORATION AS PROVIDED IN ARTICLE XIII, E) TO DISSOLVE OR TERMINATE THE EXISTENCE OF THE CORPORATION OR TO REVOKE ANY PROCEEDING FOR ITS VOLUNTARY DISSOLUTION AND TO DETERMINE THE DISTRIBUTION OF ASSETS UPON ANY APPROVED DISSOLUTION OR TERMINATION IN ACCORDANCE WITH THE ARTICLES OF INCORPROATION, F) TO SATISFY ALL REQUIREMENTS APPLICABLE TO NON-PROFIT CORPORATIONS UNDER STATE LAW, G) TO TAKE ANY ACTION NECESSARY TO CONFORM THE PURPOSES AND ACTIVITIES OF THE CORPORATION AND OF ORGANIZATIONS CONTROLLED BY THE CORPORATION WITH THE TRADITIONS, TEACHINGS AND CANON LAW OF THE ROMAN CATHOLIC CHURCH AS THEY MAY BE IN EFFECT FROM TIME TO TIME, H) TO APPROVE ANY TRANSACTION, AGREEMENT, ARRANGEMENT OR CLAIM TO WHICH THE CORPORATION IS A PARTY THAT INVOLVES A POTENTIAL CONFLICT OF INTEREST AS DEFINED IN ARTICLE IX, I) TO APPROVE ANY MERGER OR CONSOLIDATION OF THE CORPORATION AND ANY SALE OF SUBSTANTIALLY ALL OF ITS ASSETS, J) TO AUTHORIZE THE CREATION OF ANY SUBSIDIARY ORGANIZATION OR THE AFFILIATION OF THE CORPORATION WITH ANY OTHER ENTITY FOR THE PURPOSE OF THE JOINT CONDUCT OF BUSINESS OR OTHER PROGRAMS, WHETHER IN THE FORM OF PARTICIPANT IN A CORPORATION, PARTNERSHIP, JOINT VENTURE, CO-TENANCY OR ANY OTHER FORM OF OWNERSHIP AND CONTROL, K) TO APPROVE THE CONVEYANCE OF REAL PROPERTY OR THE GRANTING OF MORTGAGES OR TRUST DEEDS OR THE CREATION OF OTHER LIENS UPON REAL PROPERTY OWNED BY THE CORPORATION, L) TO APPROVE CONVEYING ANY TANGIBLE PERSONAL PROPERTY, INCURRING ANY DEBT OR SERIES OF DEBTS, GUARANTEEING OF ANY DEBT OR SERIES OF DEBTS, OR THE GRANTING OF ANY SECURITY INTEREST OR OTHER LIEN IN THE PROPERTY OF THE CORPORATION IN EXCESS OF THE AMOUNT PRESCRIBED FROM TIME TO TIME BY THE MEMBER, M) TO APPROVE ANY CAPITAL EXPENDITURE OR GRANT, OR SERIES OF CAPITAL EXPENDITURES OR GRANTS IN EXCESS OF THE AMOUNT PRESCRIBED FROM TIME TO TIME BY THE MEMBER, N) TO APPROVE THE ANNUAL OPERATING AND CAPITAL BUDGETS OF THE CORPORATION AND RELATED ORGANIZATIONS, O) TO APPROVE OF THE ADDITION OR TERMINATION OF SERVICES, P) TO APPROVE THE CORPORATION'S AUDITOR, Q) TO APPROVE THE CORPORATION'S STRATEGIC PLAN, R) TO EXERCISE THE POWER OF APPROVAL RESERVED BY THE CORPORATION OVER ACTIONS OF THE GOVERNING BODIES OF ITS SUBSIDIARY ORGANIZATIONS OR AFFILIATED ENTITIES, AND S) TO APPROVE OF ANY OTHER ACT FOR WHICH MEMBERSHIP APPROVAL IS REQUIRED UNDER APPLICABLE CANON OR CIVIL LAW, THE ARTICLES OF INCORPORATION, OR THESE BYLAWS THE MEMBERS OF THE BOARD OF TRUSTEES SHALL BE RELIEVED FROM LIABILITY FOR MANAGERIAL ACTS OR OMISSIONS IMPOSED UPON MEMBERS OF BOARDS OF TRUSTEES BY LAW, TO THE EXTENT THAT, AND AS LONG AS, ANY DISCRETIONARY POWER IN THE MANAGEMENT OF CORPORATE AFFAIRS IS EXERCISED BY THE MEMBER PURSUANT TO THIS SECTION AND THE ARTICLES OF INCORPORATION

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	THE FORM 990 AND ACCOMPANYING SCHEDULES WERE MADE AVAILABLE TO ALL TRUSTEES EITHER ELECTRONICALLY OR BY HARD COPY, DEPENDING UPON THE TRUSTEES PREFERENCE, BEFORE THE COMPANY FINALIZED AND SENT THE DOCUMENTS TO THE IRS THIS DRAFT WAS ALSO AVAILABLE AT THE ADMINISTRATIVE OFFICES OF THE REPORTING ENTITY FOR TRUSTEES'S REVIEW BEFORE THE FINAL FORM 990 AND ACCOMPANYING SCHEDULES WERE FINALIZED AND SENT TO THE IRS THE REVIEW WAS UNDER THE DIRECTION OF THE CFO AND/OR TAX RETURN PREPARERS, PLANTE & MORAN, PLLC, IF REQUESTED BY THE TRUSTEES

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	DESCRIPTION OF PERSONS COVERED UNDER THE CONFLICT OF INTEREST POLICY IN ACCORDANCE WITH THE ST JOSEPH HEALTH SYSTEM POLICY NO 38, "CONFLICT OF INTEREST" ANY BOARD MEMBER, TRUSTEE, GOVERANCE COUNCIL MEMBER, BOARD COMMITTEE MEMBER, CORPORATE OFFICER, EXECUTIVE, MEDICAL STAFF MEMBER,LICENSED INDEPENDENT PRACTICTIONER (LIP), DEPARTMENT DIRECTOR, SUPERVISOR, OR OTHER INDIVIDUAL THAT HAS A FINANCIAL INTEREST DESCRIPTION OF PROCESS TO MONITOR TRANSACTION FOR CONFLICTS OF INTEREST IN ACCORDANCE WITH THE ST JOSEPH HEALTH SYSTEM POLICY NO 38, "CONFLICT OF INTEREST", SECTION 6, DISCLOSURE STATEMENT "A CONFLICT OF INTEREST SHALL BE RETAINED BY THE CORPORATION IN ITS ADMINISTRATIVE OFFICE THIS STATEMENT SHALL BE RENEWED AT LEAST ANNUALLY AT THE REQUEST OF THE CORPORATION AND AT ANY TIME THAT A CONFLICT OF INTEREST MAY ARISE" TO HELP ENSURE THAT DISCLOSURE STATEMENTS ARE COMPLETED ANNUALLY BY ALL BOARD OF TRUSTEE MEMBERS, THE CEO'S OFFICE SUMMARIZES ALL CONFLICTS OF INTEREST DISCLOSED BY EACH ENTITY'S TRUSTEES IN 2012, THE SUMMARY WAS PRESENTED AS AN AGENDA ITEM AT EACH ENTITY'S BOARD OF TRUSTEES MEETINGS HELD IN APRIL 2012, THE AGENDA ITEM WAS TITLED, "CONFLICT OF INTEREST DISCLOSURE REVIEW" OR SIMILAR DESCRIPTION THE REVIEW IS PERFORMED BY THE OFFICE OF THE CEO WHERE DISCLOSURE STATEMENTS ARE ALSO FILED FOR TRUSTEES OTHER DESIGNATED PERSONS DISCLOSURE STATEMENTS ARE FILED IN INDIVIDUAL PERSONNEL FILES IF EMPLOYED BY ST JOSEPH REGIONAL HEALTH CENTER WHEN A CONFLICT OF INTEREST IS IDENTIFIED, THE INTERESTED PERSON SHALL LEAVE THE MEETING AT WHICH THE DETERMINATION OF A CONFLICT OF INTEREST IS DISCUSSED AND VOTED UPON

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15B	OFFICES & POSITIONS FOR WHICH PROCESS WAS USED THE EXECUTIVE COMMITTEE OF THE SJHS BOARD OF TRUSTEES ENGAGED AN INDEPENDENT COMPENSATION CONSULTANT THAT COMPILED AND PRESENTED RECOMMENDATIONS BASED ON HEALTHCARE MARKET DATA FOR ORGANIZATIONS OF SIMILAR SIZE AND REVENUE THE EXECUTIVE COMMITTEE PRESENTED THE RECOMMENDATIONS TO THE FULL SJHS BOARD OF TRUSTEES FOR APPROVAL AT ITS REGULARLY SCHEDULED MEETING THE EXECUTIVE COMMITTEE AND THE SJHS BOARD OF TRUSTEES MAINTAIN DOCUMENTATION AND MINUTES OF ITS DELIBERATIONS THE FOLLOWING POSITIONS WERE REVIEWED BY THE EXECUTIVE COMMITTEE AND APPROVED BY THE BOARD OF TRUSTEES PRESIDENT, COO, SENIOR VICE PRESIDENT, CEO/ADMINISTRATOR, EXECUTIVE DIRECTOR THE EXECUTIVE COMMITTEE IS COMPRISED OF CURRENT MEMBERS OF THE BOARD OF TRUSTEES, WHO ARE INDEPENDENT OF SJHS SETTLEMENT, HAVE NO PERSONAL INTEREST IN THE COMPENSATION ARRANGEMENTS, AND ARE NOT RELATED TO, OR UNDER THE CONTROL OF ANY INDIVIDUAL WHOSE COMPENSATION ARRANGEMENT IS BEING REVIEWED AND HAVE NO MATERIAL BUSINESS RELATIONSHIP WITH SJHS THIS PROCESS WAS LAST UNDERTAKEN IN 2012

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY & FINANCIAL STATEMENTS ARE NOT MADE AVAILABLE TO THE PUBLIC

Return Reference	Explanation
FORM 990, PART VI, LINES 13 AND 14	WHISTLEBLOWER POLICY AND DOCUMENT RETENTION AND DESTRUCTION POLICY THE ORGANIZATION FOLLOWS THE POLICIES OF THE ST JOSEPH HEALTH SYSTEM TO WHICH IT IS AN AFFILIATE THE POLICY INCLUDES THE WHISTLEBLOWER POLICY AND THE DOCUMENT RETENTION POLICY, WHICH ARE DOCUMENTED AND APPROVED BY THE PRESIDENT AND CEO OF THE SYSTEM THE BYLAWS OF ST JOSEPH STATE "THE PRESIDENT/CEO SHALL HAVE ALL AUTHORITY AND RESPONSIBILITY NECESSARY TO OPERATE THE CORPORATION IN ALL ITS ACTIVITIES AND DEPARTMENTS, SUBJECT ONLY TO SUCH POLICIES AS MAY BE ISSUED BY THE BOARD THE PRESIDENT/CEO SHALL ACT AS A DULY AUTHORIZED REPRESENTATIVE OF THE BOARD AND OF THE CORPORATION IN ALL MATTERS IN WHICH IT HAS NOT DESIGNATED SOME OTHER PERSON TO ACT " THEREFORE, THE PRESIDENT/CEO, BY THE AUTHORITY GRANTED TO HIM IN THE ABOVE PARAGRAPH, APPROVES THE POLICIES THE TWO POLICIES WERE APPROVED BY THE ST JOSEPH HEALTH SYSTEM BOARD AT THE LAST 2012 BOARD MEETING

Return Reference	Explanation
FORM 990, PART IX, LINE 11G	OTHER FEES FOR SERVICES PROGRAM SERVICE EXPENSES 2,510,586 MANAGEMENT AND GENERAL EXPENSES 1,326,922 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 3,837,508 PHYSICIAN FEES PROGRAM SERVICE EXPENSES 19,648,212 MANAGEMENT AND GENERAL EXPENSES 274,628 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 19,922,840 PURCHASED SERVICES PROGRAM SERVICE EXPENSES 7,721,873 MANAGEMENT AND GENERAL EXPENSES 8,791,216 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 16,513,089 PURCHASED MAINTENANCE SERVICES PROGRAM SERVICE EXPENSES 1,676,686 MANAGEMENT AND GENERAL EXPENSES 236,634 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 1,913,320

Return Reference	Explanation
FORM 990, PART XI, LINE 9	CHANGE IN BENEFICIAL INTEREST IN FOUNDATION 119,389 ROUNDING -2 GAIN ON INTEREST RATE SWAPS 4,591,004 NET ASSETS RELEASED FROM RESTRICTION -135,778

Return Reference	Explanation
FORM 990, PART XII, LINE 2C	THE COMMITTEE THAT ASSUMES RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT AND SELECTION OF THE INDEPENDENT ACCOUNTANT HAS NOT CHANGED ITS OVERSIGHT PROCESS OR SELECTION PROCESS FROM THE PRIOR YEAR

Return Reference	Explanation
FORM 990, SCHEDULE R, PART II	THE RELATED TAX EXEMPT ORGANIZATIONS ARE ALL MEMBERS OF GROUP EXEMPTION #0928

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ST JOSEPH REGIONAL HEALTH CENTER

Employer identification number
74-1282696

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	(g) 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) Disproprtionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) ST LEONARD LIMITED PARTNERSHIP (MERGED WITH JBR LLC IN 2013) 88 EAST BROAD STREET SUITE 1800 CENTERVILLE, OH 45458 31-1481761	LOW INCOME RENTAL RESIDENTIAL	OH	N/A									

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	(i) No
(1) ALLIANCE HEALTH PROVIDERS OF BRAZOS VALLEY 2801 FRANCISCAN DRIVE BRYAN, TX 77802 74-2466914	PHYSICIAN HOSPITAL ORGANIZATION	TX	N/A	C				Yes	
(2) ST LEONARD CENTER 1 INC (DISSOLVED IN 2013) 8100 CLYO ROAD CENTERVILLE, OH 45458 31-1481764	LOW INCOME RENTAL RESIDENTIAL	OH	N/A	C				Yes	
(3) SFH ASSURANCE LTD SUITE 6 GRAND PAVILION COMMERICAL GRAND CAYMAN KY1- CJ 98-1056892	INSURANCE	CJ	N/A	C				Yes	

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

		Yes	No
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 orgranization 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	1a		No
b Gift, grant, or capital contribution to related organization(s)	1b	Yes	
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		No
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h	Yes	
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j		No
k Lease of facilities, equipment, or other assets from related organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations for related organization(s)	1l		No
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n		No
o Sharing of paid employees with related organization(s)	1o	Yes	
p Reimbursement paid to related organization(s) for expenses	1p	Yes	
q Reimbursement paid by related organization(s) for expenses	1q	Yes	
r Other transfer of cash or property to related organization(s)	1r	Yes	
s Other transfer of cash or property from related organization(s)	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			

Part VI **Unrelated Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V?UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Part VII Supplemental Information

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

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 74-1282696
Name: ST JOSEPH REGIONAL HEALTH CENTER

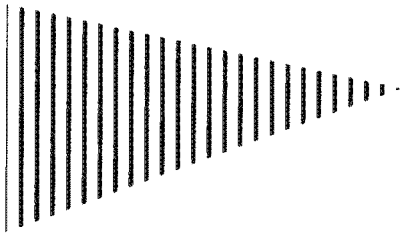
Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
ST JOSEPH FOUNDATION	C	264,962	ACTUAL AMTS PAID
BURLESON ST JOSEPH HEALTH CENTER	O	72,036	CASH
MADISON ST JOSEPH HEALTH CENTER	O	79,860	CASH
ST JOSEPH MANOR	O	76,428	CASH
ST JOSEPH PHYSICIAN ASSOCIATES	O	70,191	CASH
ST JOSEPH PHYSICIAN ASSOCIATES	P	7,155,000	CASH
BURLESON ST JOSEPH HEALTH CENTER	Q	5,859,205	CASH
ST JOSEPH MANOR	Q	8,005,000	CASH
ST JOSEPH PHYSICIAN ASSOCIATES	Q	1,945,000	CASH
MADISON ST JOSEPH HEALTH CENTER	Q	7,727,995	CASH
BURLESON ST JOSEPH MANOR	Q	4,307,000	CASH
BURLESON ST JOSEPH MANOR	B	793,102	ACTUAL AMTS PAID
ST JOSEPH FOUNDATION	B	433,509	ACTUAL AMTS PAID
ST JOSEPH HEALTH PARTNERS	B	682,327	ACTUAL AMTS PAID
ST JOSEPH MANOR	B	577,635	ACTUAL AMTS PAID
ST JOSEPH PHYSICIAN ASSOCIATES	B	2,284,533	ACTUAL AMTS PAID
BELLVILLE ST JOSEPH	B	1,553,896	ACTUAL AMTS PAID
ST JOSEPH SERVICES CORPORATION	P	10,763,417	CASH

FINANCIAL STATEMENTS

St. Joseph Regional Health Center of Bryan, Texas
Years Ended December 31, 2013 and 2012
With Report of Independent Auditors

Ernst & Young LLP



Building a better
working world

St. Joseph Regional Health Center of Bryan, Texas

Financial Statements

Years Ended December 31, 2013 and 2012

Contents

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Building a better working world

Report of Independent Auditors

The Governance Council
St. Joseph Regional Health Center of Bryan, Texas

We have audited the accompanying financial statements of St. Joseph Regional Health Center of Bryan, Texas (the Hospital), which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Building a better working world

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital at December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Ernst & [redacted]

May 6, 2014

St. Joseph Regional Health Center of Bryan, Texas

Balance Sheets

	December 31	
	2013	**2012**
Assets		
Current assets:		
Cash	**$ 10,686,998**	$ 5,224,650
Patient and third-party payors receivables, net of allowance for uncollectible accounts (2013 – $40,605,005 and 2012 – $27,423,000)	**56,929,424**	45,392,163
Other receivables	**7,281,661**	3,771,866
Due from affiliates	**1,216,529**	2,343,882
Supplies	**5,303,554**	6,343,126
Prepaid expenses	**1,846,593**	1,949,382
Current portion of assets limited as to use	**6,918,710**	4,596,685
Total current assets	**90,183,469**	69,621,754
Due from affiliates	**5,428,168**	5,500,967
Receivables from related-parties	**77,877**	–
Investments	**177,862,188**	157,949,336
Assets limited as to use:		
Under indenture agreements, less current portion	**10,296,313**	10,494,570
Property, plant, and equipment, net	**160,130,134**	163,847,389
Other assets:		
Deferred costs, net of amortization	**2,370,475**	2,369,677
Beneficial interest in the net assets of the Foundation	**1,420,011**	1,300,621
Other assets	**189,701**	282,331
	3,980,187	3,952,629
Total assets	**$ 447,958,336**	$ 411,366,645

	December 31	
	2013	2012
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	**$ 20,097,013**	$ 16,161,576
Payroll and related accruals	**9,750,024**	8,705,328
Due to affiliates	**84,064**	260,538
Accrued interest	**3,228,710**	3,261,685
Payable to health insurance programs, net	**4,879,275**	7,137,142
Current maturities of long-term debt	**4,173,970**	1,860,534
Current portion of insurance claims reserves	**1,216,529**	1,375,242
Total current liabilities	**43,429,585**	38,762,045
Reserve for insurance claims	**4,866,119**	5,500,967
Payable to related parties	**1,348,288**	865,577
Other long-term liabilities	**1,634,972**	853,341
Derivative liability	**7,496,824**	10,037,284
Long-term debt, less current portion	**116,297,062**	120,377,241
Total liabilities	**175,072,850**	176,396,455
Net assets:		
Unrestricted	**270,969,174**	233,391,723
Temporarily restricted	**1,916,312**	1,578,467
Total net assets	**272,885,486**	234,970,190
Total liabilities and net assets	**$ 447,958,336**	$ 411,366,645

See accompanying notes.

St. Joseph Regional Health Center of Bryan, Texas

Statements of Operations and Changes in Net Assets

	Year Ended December 31 2013	2012
Unrestricted revenue, gains, and other support:		
Patient service revenue, net of contractual allowances and discounts	**$ 315,752,396**	$ 295,386,618
Less provision for bad debts	**31,297,798**	22,610,079
Net patient service revenue, less provision for bad debts	**284,454,598**	272,776,539
Other revenue	**9,014,487**	5,950,427
Total unrestricted revenue, gains, and other support	**293,469,085**	278,726,966
Expenses:		
Salaries and wages	**97,961,473**	95,342,323
Employee benefits	**27,605,893**	30,350,520
Professional fees	**19,922,839**	14,805,689
Supplies and pharmaceuticals	**44,647,478**	44,049,274
Purchased services, utilities, and other	**51,229,153**	45,530,687
Depreciation and amortization	**17,154,674**	16,569,232
Interest	**6,436,142**	6,611,517
Management fees	**10,763,417**	9,840,298
Total expenses	**275,721,069**	263,099,540
Income from operations	**17,748,016**	15,627,426
Nonoperating gains (losses):		
Investment income	**21,208,617**	13,139,145
Gains under interest rate swap agreements	**4,591,004**	1,783,963
Gain (loss) on disposal of assets	**3,476**	(52,716)
Unrestricted contributions received (provided)	**169,000**	(326,548)
Total nonoperating gains, net	**25,972,097**	14,543,844
Revenue in excess of expenses	**43,720,113**	30,171,270
Other changes in net assets:		
Unrestricted:		
Donations for property and equipment from affiliate	**182,340**	531,327
Net assets transfered to affiliates	**(6,325,002)**	(16,936,996)
Other changes in net assets	**–**	1,067,259
Increase in unrestricted net assets	**37,577,451**	14,832,860
Temporarily restricted:		
Restricted grant funds	**218,455**	191,624
Change in beneficial interest	**119,390**	(200,454)
Increase (decrease) in temporarily restricted net assets	**337,845**	(8,830)
Increase in net assets	**37,915,296**	14,824,030
Net assets, beginning of year	**234,970,190**	220,146,160
Net assets, end of year	**$ 272,885,486**	$ 234,970,190

See accompanying notes

St. Joseph Regional Health Center of Bryan, Texas

Statements of Cash Flows

	Year Ended December 31 2013	2012
Operating activities		
Increase in net assets	$ 37,915,296	$ 14,824,030
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Unrealized gain on investments	(16,934,398)	(363,510)
Transfer to affiliates	6,325,002	16,936,996
Depreciation and amortization	17,154,674	16,569,232
(Gain) loss on disposal of assets	(3,476)	52,716
Unrealized gains on interest rate swap agreements	(2,540,460)	(22,911)
Provision for bad debts	31,297,798	22,610,079
Change in beneficial interest	(119,390)	200,454
Changes in operating assets and liabilities:		
Patient and third-party payors receivables, net	(42,835,059)	(23,778,646)
Investments	(2,978,454)	(14,363,853)
Other receivables	(2,382,442)	741,594
Supplies and prepaid expenses	1,142,361	906,676
Receivables from related parties	482,711	(90,507)
Other assets	(146,023)	39,493
Accounts payable and accrued expenses, payroll and related accruals, and accrued interest	4,611,971	513,516
Payable to health insurance programs	(2,257,867)	1,455,522
Other liabilities	42,130	204,727
Net cash provided by operating activities	28,774,374	36,435,608
Investing activities		
Change in assets limited as to use	(2,123,768)	(918,558)
Purchases of property, plant, and equipment, net	(13,011,850)	(15,974,797)
Net cash used in investing activities	(15,135,618)	(16,893,355)
Financing activities		
Repayment of long-term debt	(1,851,406)	(684,126)
Transfer to affiliates	(6,325,002)	(16,936,996)
Net cash used in financing activities	(8,176,408)	(17,621,122)
Increase in cash	5,462,348	1,921,131
Cash at beginning of year	5,224,650	3,303,519
Cash at end of year	$ 10,686,998	$ 5,224,650
Noncash investing and financing transactions		
Property, plant, and equipment additions related to dissolution of Tau *(Note 12)*	$ –	$ 7,472,572
Notes payable additions related to dissolution of Tau *(Note 12)*	–	(2,586,645)
Receivable from related party	–	(4,684,148)
Other long-term liabilities related to dissolution of Tau	–	(201,779)
Supplemental cash flow information		
Interest paid	$ 6,469,118	$ 6,690,524

See accompanying notes

St. Joseph Regional Health Center of Bryan, Texas

Notes to Financial Statements

December 31, 2013

1. Organization and Significant Accounting Policies

Organization

St. Joseph Services Corporation (dba St. Joseph Health System) (the System) is affiliated with Sylvania Franciscan Health, the Sisters of St. Francis of Sylvania, Ohio (the Sisters), and the corporate entities affiliated with these organizations. The System operates St. Joseph Regional Health Center of Bryan, Texas (the Hospital).

Sylvania Franciscan Health (the Corporation) is the formal expression of the sponsored health and human services ministry of the Sisters. Among the member organizations in Ohio, Kentucky, and Texas are seven hospitals, eight long-term care facilities, six assisted living facilities, an independent senior housing facility, a counseling center, a domestic violence shelter, and other supporting organizations.

The accounting principles followed by the Hospital and the methods of applying those principles that materially affect the determination of financial position, results of operations, and cash flows are summarized below.

Mission and Business Statement

In the Franciscan tradition, out of reverence for the dignity of every person, the Hospital's mission is to provide excellent health care and to promote wellness throughout the Brazos Valley.

The Hospital provides health care services to the citizens of Bryan and College Station, Texas, and the 12 counties in the Hospital's Brazos Valley service area, through its acute care and specialty care facilities, including a critical access hospital in Navasota, Texas. Only those activities directly associated with the furtherance of this purpose are considered to be operating activities. Other activities that result in gains or losses unrelated to the Hospital's primary mission are considered to be nonoperating. Nonoperating gains and losses include investment income, contributions to affiliates, the change in value of interest rate swap agreements, and gains and losses on disposals of assets. In addition, a majority of all fundraising activities and general donations on behalf of the Hospital are solicited by one of its affiliates, St. Joseph Foundation of Bryan, Texas (the Foundation).

1. Organization and Significant Accounting Policies (continued)

Use of Estimates

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

Cash

Cash consists of currency on hand and demand deposits held at financial institutions. Assets limited as to use by board designation or other arrangements under trust agreements are excluded from cash in the statements of cash flows.

Charity Care

A patient is classified as a charity patient by reference to certain established policies of the Hospital. Essentially, these policies define charity services as those for which no payment is anticipated. When assessing a patient's inability to pay, the Hospital utilizes the generally recognized poverty income levels and certain other measures of poverty, and also assesses certain cases where charges incurred are significant in comparison to income. Charity care is not reported as revenue in the statements of operations and changes in net assets.

Income Taxes

The Hospital is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. There are no material unrecorded tax liabilities or uncertain tax positions as of December 31, 2013 or 2012.

Investments and Investment Income

Investments, including assets limited as to use, consisting of U.S. government securities, mortgage-backed securities, domestic equity securities, money market funds, corporate debt securities, and pooled accounts are carried at fair market value with gains and losses reported in

1. Organization and Significant Accounting Policies (continued)

the statements of operations and changes in net assets. The pooled asset accounts fair values are calculated by using a net cash value provided by the custodian of the fund. The net asset value is based on the value of the underlying assets owned by the fund. Cash equivalents are primarily money market funds. Investments are classified as noncurrent assets in the balance sheets.

In December 2012, the Hospital transferred its investments to Sylvania Franciscan Health's Master Investment Pool (Master Investment Pool) in which affiliated organizations participate. The accompanying financial statements reflect the Hospital's total interest in the net assets and transactions of the Master Investment Pool as allocated by the custodian. Net assets, as well as earnings and losses of the Master Investment Pool, are allocated to the Hospital based on the sum of the individual accounts of the Master Investment Pool's participants.

Investment income on proceeds of borrowings held by a trustee, to the extent not capitalized, is reported as other operating revenue and nonoperating (losses) gains, respectively. Investment income from all other investments, including unrealized gains and losses, is reported as nonoperating gains (losses).

Supplies

Supplies are stated at the lower of cost using the first-in, first-out method, or market.

Operating Indicator

For purposes of display, transactions deemed by management to be ongoing, major, or central to the mission of the Hospital are reported as unrestricted revenue and expenses. Unrestricted revenue includes revenue generated from direct patient care, related support services, and interest income, including unrealized gains and losses, on trustee-held funds required by bond indentures. Peripheral or incidental transactions, including unrestricted investment (loss) income, are reported as nonoperating gains and losses.

Assets Limited as to Use

Certain funds are trustee-held for retirement of revenue bonds or funding of capital projects. Accordingly, these assets have been classified as noncurrent, except for amounts held for current payments on revenue bonds and payments for capital-related expenditures. The resulting interest and investment income accrues to the funds. Cash equivalents are primarily money market funds.

1. Organization and Significant Accounting Policies (continued)

Property, Plant, and Equipment

Property, plant, and equipment acquisitions are recorded at cost or fair value at the date of donation. Property, plant, and equipment donated to the Hospital for operations are recorded as unrestricted support. Depreciation is provided over the estimated useful life of each class of depreciable assets based on its expected productive life and is computed using the straight-line method. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

When events, circumstances, or operating results indicate that the carrying values of certain long-lived assets that are expected to be held and used might be impaired, the Hospital prepares projections of the undiscounted future cash flows expected to result from the use of the assets and their eventual disposition. If the projections indicate that the recorded amounts are not expected to be recoverable, such amounts are reduced to estimated fair value. Fair value may be estimated based upon internal evaluations of each market that include quantitative analyses of revenues and cash flows, reviews of recent sales of similar facilities, and independent appraisals. For the years ended December 31, 2013 and 2012, no impairments were recognized.

Patient Receivables and Net Patient Service Revenue

Patient receivables consist of amounts due from third-party payors, including federal and state indemnity and managed care programs, managed care health plans and commercial insurance companies, and individual patients for health care services rendered. The Hospital does not require collateral or other security on its patient receivables. Patient accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its historical and expected net collections considering business and economic conditions, trends in health care coverage, and other collection indicators for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Periodically throughout the year, management assesses the adequacy of the allowance for doubtful accounts based upon specific accounts, historical write-off experience, and current market conditions. The results of this review then are used to make any modifications to the provision for bad debts in order to establish an appropriate allowance for uncollectible receivables.

1. Organization and Significant Accounting Policies (continued)

For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make realization of amounts due unlikely. For receivables associated with self-pay patients, which include both patients without insurance and patients with deductibles and copayment balances due for which third-party coverage exists for part of the bill, the Hospital records a provision for bad debts on the basis of its past experience. The difference between the standard rates and the amount actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Hospital's allowance for doubtful accounts and charity allowance for self-pay patients decreased from 88% of self-pay accounts receivable at December 31, 2012, to 83% of self-pay accounts receivable at December 31, 2013. In addition, the Hospital's self-pay bad debt write-offs decreased from $24,243,079 for fiscal year 2012 to $18,115,793 for fiscal year 2013. The Hospital has not changed its charity care or uninsured discount policies during fiscal years 2012 or 2013. The Hospital does not maintain a material allowance for doubtful accounts from third-party payors nor did it have significant bad debt write-offs from third-party payors.

A summary of activity in the Hospital's allowance for doubtful accounts is as follows:

	Balances at Beginning of Year	Provision for Bad Debt, Net of Recoveries	Accounts Written Off	Balances at End of Year
Year ended December 31, 2013	**$ 27,423,000**	**$ 31,297,798**	**$ (18,115,793)**	**$ 40,605,005**
Year ended December 31, 2012	$ 29,056,000	$ 22,610,079	$ (24,243,079)	$ 27,423,000

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. Net patient service revenue is reported on the accrual basis in the period in which services are provided and is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors (included as a payable to health insurance

1. Organization and Significant Accounting Policies (continued)

programs in the accompanying financial statements). Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. During fiscal years 2013 and 2012, the Hospital recognized adjustments related to prior years that increased net patient service revenue by approximately $6,882,000 and $6,747,000, respectively. It is at least reasonably possible that the estimated adjustments could change by material amounts in the near term.

For uninsured patients who do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided, or on the basis of discounted rates, if negotiated. On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts, recognized in the period from these major payor sources, is approximately as follows:

	Medicare	Medicaid	Commercial	Self-Pay	Other	Total All Payors
2013						
Patient service revenue (net of contractual allowances)	**$119,000,000**	**$ 19,000,000**	**$ 90,000,000**	**$ 69,000,000**	**$ 19,000,000**	**$316,000,000**
	37.6%	**6.0%**	**28.5%**	**21.9%**	**6.0%**	**100%**

	Medicare	Medicaid	Commercial	Self-Pay	Other	Total All Payors
2012						
Patient service revenue (net of contractual allowances)	$113,000,000	$ 14,000,000	$ 97,000,000	$ 58,000,000	$ 13,000,000	$295,000,000
	38.3%	4.8%	32.9%	19.6%	4.4%	100%

The 1115 Transformation Waiver is a program that balances payment for uncompensated care costs with the need to improve quality of care for Texas recipients. The program divides the state into 20 Regional Health Partnerships, creating an environment where regional collaboration is essential to earn monies. The Hospital recognized all funds received under the program as operating revenue in the applicable year, and any amounts relating to that year that are not yet received are included in receivables in the accompanying balance sheets. The Hospital recognized revenue of $8,937,986 for the year ended December 31, 2013. The Hospital recognized revenues of $5,386,714 for funds received from the Upper Payment Limit (UPL) programs for the year ended December 31, 2012. The 1115 Transformation Waiver resulted in the discontinuation of the UPL supplemental payment program in the state.

1. Organization and Significant Accounting Policies (continued)

Significant concentrations of patient and third-party payors receivables include 36% and 43% from government-related programs, including Medicare and Medicaid programs, at December 31, 2013 and 2012, respectively, and 36% and 33% from commercial insurers and managed care organizations at December 31, 2013 and 2012, respectively, with the remaining accounts receivable due directly from patients.

Net revenue from the Medicare and Medicaid programs accounted for approximately 44% and 43% of the Hospital's net patient service revenues for the years ended December 31, 2013 and 2012, respectively.

Deferred Costs

Deferred costs represent costs incurred to issue debt obligations or other financial instruments, net of amortization. Deferred costs are amortized over the period the obligation or financial instrument is outstanding, using the interest method.

Professional Liability Insurance

The Hospital is a participant in the Corporation's Self-Insurance Program (the Program) for professional and general liability insurance coverage. Effective April 1, 2012, the insurance coverage is provided through SFH Assurance, LTD., a wholly-owned subsidiary of the Corporation. Excess coverage has been purchased in amounts deemed adequate to cover claims in excess of the annual Program limits. Payment of claims in any one year from the Program and from excess insurance coverage purchased by the Corporation is subject to certain limitations. Payments made by the Hospital to the Program, which are based on actuarially determined premiums, and for the Hospital's portion of the Corporation's cost for excess insurance coverage, are amortized over the coverage period or plan year. The Program allocates to the Hospital a portion of the known claims and tail liability, which is recorded on the balance sheets with an offsetting receivable from the Program. Any liabilities for claims exceeding coverage limits are recorded at the time these become probable and estimable.

The policies issued by the Self Insurance Program are subject to a retrospective rating plan, under which retrospective premiums are calculated based on any surplus or deficiency resulting from the policy period. Retrospective credits and assessments are included in income in the period in which they are determined.

1. Organization and Significant Accounting Policies (continued)

Electronic Health Record Incentive Payments

The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health (HITECH) Act. The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program beginning in 2011 for eligible providers that adopt and meaningfully use certified EHR technology. Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicaid incentive payments are available to providers that adopt, implement, or update certified EHR technology. Providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicaid incentive payments.

The Hospital accounts for HITECH incentive payments under a grant accounting model. Income from incentive payments is recognized as revenue after the Hospital has demonstrated that it has complied with the meaningful use criteria over the entire applicable compliance period and there is reasonable assurance the grants will be received. Incentive payments from Medicare and Medicaid totaling $3,725,777 and $1,039,675 for the years ended December 31, 2013 and 2012, respectively, are included in total operating revenue in the accompanying statements of operations and changes in net assets. Income from incentive payments is subject to retrospective adjustment as incentive payments are calculated using Medicare cost report data that is subject to audit. Additionally, the Hospital's compliance with the meaningful use criteria is subject to audit by the federal government.

Contributions

Contributions are recorded at fair value. Contributions not restricted by donor are included in unrestricted net assets. Contributions that are received with donor stipulations that limit the use of the donated asset are recorded as temporarily restricted net 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 statements of operations and changes in net assets as net assets released from restrictions.

1. Organization and Significant Accounting Policies (continued)

Net Assets

Unrestricted net assets generally result from revenues from providing services, receiving unrestricted contributions, and receiving dividends or interest from investing in income-producing assets, less expenses incurred in providing services, raising contributions, and performing administrative functions. Temporarily restricted net assets represent grant proceeds and the Hospital's beneficial interest in the net assets of the Foundation, an affiliate, and a financially interrelated organization, whose use has been limited by grant agreements and donors to a specific time period or use.

Adoption of New Accounting Pronouncements

In October 2012, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2012-04, *Technical Corrections and Improvements*. The ASU provided source literature amendments, guidance clarifications, reference corrections, and relocated guidance. The amendments that are subject to the transition guidance were effective for fiscal periods beginning after December 15, 2012, and therefore was adopted effective January 1, 2013. The ASU did not have an impact on the financial statements.

In October 2012, the FASB issued ASU 2012-05, *Statement of Cash Flows, Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*. The amendments require cash receipts from the sale of donated financial assets that had no restrictions and were immediately converted to cash to be classified as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts should be classified as cash flows from financing activities. Otherwise, cash receipts from the sale of donated financial assets should be classified as cash flows from investing activities. The pronouncement is effective for fiscal years beginning after June 15, 2013. The ASU is not expected to have a material impact on the financial statements.

In February 2013, the FASB issued ASU 2013-04, *Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date*. The amendment requires an entity to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date. The pronouncement is effective for fiscal years beginning after December 15, 2013. The ASU is not expected to have a material impact on the financial statements.

1. Organization and Significant Accounting Policies (continued)

In April 2013, the FASB issued ASU 2013-06, *Services Received from Personnel of an Affiliate.* The amendment requires a recipient not-for-profit entity to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity and for which the affiliate does not charge the recipient not-for-profit entity. The pronouncement is effective for fiscal years beginning after June 15, 2014. The ASU is not expected to have a material impact on the financial statements.

2. Net Patient Service Revenue

Government-Sponsored Programs

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

Medicare

Inpatient services rendered to Medicare program beneficiaries are primarily paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services are paid based on a prospective payment system. The Hospital is reimbursed for certain reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been final settled by the Medicare fiscal intermediary through 2009.

Medicaid

Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per discharge. Outpatient services are reimbursed under fee schedules and a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate, with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through 2006.

2. Net Patient Service Revenue (continued)

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Hospital believes that it is in compliance with all applicable laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Certain payments for services provided under the Medicare and Medicaid programs and other organizations are subject to review of the medical necessity of admission and propriety of discharge, diagnosis, and coding. As part of the Tax Relief and Health Care Act of 2006, Congress directed the expansion of the Recovery Audit Contractors (RAC) reviews. Management believes adequate allowance has been provided for possible adjustments that might result from retrospective billing reviews, including the ongoing or future RAC reviews.

Commercial Insurance, Managed Care, and Other Payors

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

The Hospital has an uninsured discount policy whereby patients without insurance coverage receive discounts from established charges. The resulting adjustment is recorded as revenue deductions from gross charges to arrive at net patient service revenue. The Hospital recorded uninsured discounts of $32,769,000 and $27,846,000 during the years ended December 31, 2013 and 2012, respectively.

3. Charity Care

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of costs forgone for services and supplies furnished under its charity care policy and equivalent service statistics. The costs of providing care are estimated using the Hospital's internal cost data and are calculated in compliance with guidelines established by both the Catholic Health Association and the Internal Revenue Service. The amount of traditional charity care provided, determined on the basis of estimated cost, was $20,680,000 and $17,472,000 for the years ended December 31, 2013 and 2012, respectively.

4. Investments

Investments at December 31 consist of the following:

	Unrestricted Investments		Assets Limited as to Use	
	2013	2012	2013	2012
Cash equivalents	$ 34	$ 65,596	$ 15,191,575	$ 5,439,658
Domestic equity securities	–	20,230	–	–
International equity securities	–	–	–	–
Money market pooled asset	789,213	7,875,354	–	–
Domestic equity pooled asset	65,162,526	31,529,138	–	–
International pooled asset	36,894,338	7,943,536	–	–
Fixed income pooled asset	65,632,272	110,515,482	–	–
Alternative investment pooled asset	9,383,805	–	–	–
U.S. government securities	–	–	1,424,195	1,431,524
Mortgage-backed securities	–	–	–	7,637,064
Corporate debt securities	–	–	599,253	583,009
Total	177,862,188	157,949,336	17,215,023	15,091,255
Recognized current portion	–	–	(6,918,710)	(4,596,685)
Noncurrent portion	$ 177,862,188	$ 157,949,336	$ 10,296,313	$ 10,494,570

Investment return consists of the following for the years ended December 31:

	2013	2012
Operating investment income	$ 63,975	$ 343,323
Nonoperating investment income	21,208,617	13,139,145
	$ 21,272,592	$ 13,482,468

Nonoperating investment income includes net realized gains of $4,274,219 and $12,775,635 in 2013 and 2012, respectively, and net unrealized gains of $16,934,398 and $363,510 in 2013 and 2012, respectively.

5. Property, Plant, and Equipment

Property, plant, and equipment at December 31 consists of the following:

	2013	2012
Land and improvements	**$ 18,128,047**	$ 17,980,782
Buildings and improvements	**178,212,883**	171,927,232
Fixed equipment	**6,170,595**	6,167,730
Major movable equipment	**123,982,795**	107,022,567
Allowance for depreciation and amortization	**(167,543,872)**	(148,115,080)
	158,950,448	154,983,231
Construction in progress	**1,179,686**	8,864,158
	$ 160,130,134	$ 163,847,389

Estimated costs to complete construction projects approximated $22,409,807 at December 31, 2013. At December 31, 2013, major moveable equipment includes $11,150,090 in capitalized software costs and $817,789 was expensed due to amortization. At December 31, 2012, construction in progress includes $3,208,314 in capitalized software costs. The Hospital capitalized interest cost of approximately $179,895 and $144,500 during 2013 and 2012, respectively.

6. Long-Term Debt

Long-term debt consists of the following at December 31:

	2013	2012
Brazos County Health Facilities Development Corporation Franciscan Services Corporation Revenue Refunding Bonds, Series 1993B (St. Joseph Regional Health Center of Bryan, Texas)	**$ 16,772,200**	$ 17,057,800
Brazos County Health Facilities Development Corporation Franciscan Services Corporation Obligated Group Revenue Bonds, Series 1997A (St. Joseph Regional Health Center of Bryan, Texas)	**47,152,000**	47,672,000

6. Long-Term Debt (continued)

	2013	2012
Brazos County Health Facilities Development Corporation Franciscan Services Corporation Obligated Group Revenue Bonds, Series 2002 (St. Joseph Regional Health Center of Bryan, Texas)	**$ 27,500,000**	$ 27,500,000
Brazos County Health Facilities Development Corporation Franciscan Services Corporation Obligated Group Revenue Bonds, Series 2008 (St. Joseph Regional Health Center of Bryan, Texas)	**27,545,000**	28,090,000
Notes payable to financial institutions, payable monthly, annual interest of 3.75%, collateralized by certain property	**1,978,492**	2,437,523
Charitable gift annuity liability	**128,512**	150,450
	121,076,204	122,907,773
Less current maturities	**4,173,970**	1,860,534
Less discounts on bonds	**605,172**	669,998
Long-term debt, less current portion	**$ 116,297,062**	$ 120,377,241

The Hospital, along with affiliates St. Joseph Manor (the Manor), St. Joseph Physician Associates (effective June 30, 2012), and the corporate office of Sylvania Franciscan Health, are members of the Sylvania Franciscan Health Obligated Group (the Obligated Group), and have adopted a common plan of financing under a master trust indenture. The Obligated Group has issued several series revenue bonds through Brazos County Health Facilities Development Corporation in connection with various financing and construction projects. Under the Master Trust Indenture, each member of the Obligated Group is jointly and severally liable for payment of Series 1993B, 1997A, 1997B (see Note 7), 2002, and 2008 Bonds as a result of each having pledged to meet the principal and interest on the bonds for so long as any bonds are outstanding. In addition, the Obligated Group has agreed to certain operational and financial restrictions to limit additional indebtedness and guarantees, maintain specific financial ratios, and fulfill sinking fund requirements in various trusteed accounts, among other covenants, of which they are in compliance.

6. Long-Term Debt (continued)

The total amount of Obligated Group bonds outstanding at December 31, 2013 and 2012, is $132,864,200 and $134,214,800, respectively. Additionally, the Obligated Group has guaranteed the debt of certain affiliates. The total amount of debt outstanding at December 31, 2013, guaranteed by the Obligated Group, is $61,640,000 and 51,377,000, respectively.

The Series 1993B Bonds consist of term bonds that mature in varying amounts through January 1, 2019, with annual interest ranging from 4.875% to 6%, payable semiannually. Bonds currently outstanding may be redeemed at par.

The Series 1997A Bonds consist of term bonds that mature in varying amounts annually through January 1, 2028, and bear annual interest ranging from 4.30% to 5.37%, payable semiannually. Outstanding bonds maturing on or after January 1, 2017, are subject to optional redemption equal to the principal plus accrued interest, if any, to the redemption date.

The Series 2002 Bonds consist of term bonds that mature in varying amounts annually beginning January 1, 2029 through January 1, 2032, and bear annual interest at 5.38%, payable semiannually. Bonds outstanding on or after January 1, 2014, may be redeemed at par plus accrued interest.

The Series 2008 Bonds consist of term bonds that mature in varying amounts annually through January 1, 2038, and bear annual interest at a fixed rate ranging from 4.00% to 5.50%.

In 2012, the Hospital assumed the outstanding debt for Tau Enterprises, consisting of four notes payable to financial institutions, payable monthly and bearing annual interest at 3.75%, collateralized by certain property with varying maturity dates from September 1, 2015 to September 1, 2024.

In 2002, the Hospital received an office building and land valued at $400,000 in exchange for an annuity, with monthly payments of $2,376 through 2018, bearing annual interest at 4.6%.

6. Long-Term Debt (continued)

The following is a schedule of future minimum payments at December 31, 2013, by year and in the aggregate, under long-term debt agreements:

2014	$ 4,173,970
2015	4,363,854
2016	4,538,511
2017	4,434,008
2018	4,182,462
Thereafter	99,383,399
Total	$ 121,076,204

7. Other Financial Instruments and Obligations

The Hospital has an interest rate swap program that utilizes swap transactions to improve the Hospital's capital structure, potentially including net interest cost reduction, hedging, cash flow performance, enhancement of fixed income, and other direct and indirect benefits.

Effective February 3, 2004, the Hospital and Merrill Lynch Capital Services, Inc. (MLCS) entered into a basis swap agreement (the 2004 Swap). The 2004 Swap provides that the Hospital will receive from MLCS a variable amount of interest at a rate of 76.75% of the London Interbank Offered Rate (LIBOR) and pay to MLCS a variable rate of interest based on the SIFMA index on the notional amount of $13,750,000.

Effective August 30, 2005, the Hospital and MLCS entered into a total return swap agreement (the 2005 Swap). The 2005 Swap provides that the Hospital will receive from MLCS a fixed amount of interest of 5.0% and pay to MLCS a variable rate of interest based upon the SIFMA index on the initial notional amount of $16,555,000. These notional amounts decline each year by the same amount as the amortization of the Series 1993B Bonds.

Effective August 16, 2007, the Hospital and MLCS entered into five total return swaps which Merrill Lynch has the option to terminate on August 16, 2014, and one fixed payor swap (the 2007 Swaps) related to the outstanding 1997A and 1997B Bonds.

7. Other Financial Instruments and Obligations (continued)

The five total return swaps provide that the Hospital will receive from MLCS a fixed amount of interest of 4.945% based on a notional amount of $57,957,000 and 4.375% on a notional amount of $3,090,000, and pay to MLCS a variable rate of interest based upon the SIFMA index on each notional amount. The fixed payor swap provides that the Hospital will receive from MLCS a variable rate of interest of 67% of three-month LIBOR and pay to MLCS a fixed rate of interest of 3.864% on the notional amount of $48,090,000. The value of the swaps and related income activity is allocated between the Hospital and the Manor based on the percentage of the 1997A and 1997B Bonds held.

Effective March 12, 2008, the Hospital and MLCS entered into a fixed spread basis swap related to the outstanding 2008 Bonds (the 2008 Swap). The 2008 Swap provides that the Hospital will receive from MLCS a variable rate of interest based upon 67% of one-month LIBOR plus .42% and pay to MLCS a variable rate of interest based upon the SIFMA index on the initial notional amount of $30,000,000.

Interest rate swap contracts between the Hospital and MLCS expose the Hospital to market risk and credit risk. Credit risk is the risk that contractual obligations of the counterparty will not be fulfilled. Counterparty credit risk is managed by requiring high credit standards for the Hospital's counterparty. The counterparty to these contracts is a financial institution that carries investment-grade credit ratings. The interest rate swap contracts contain certain collateral provisions applicable to both parties to mitigate credit risk. The Hospital has complied with these provisions as required. At December 31, 2013 and 2012, the Hospital was not required to post collateral. The Hospital may be required to post additional collateral to secure obligations that would be owed to the counterparty under the agreements if terminated, regardless of whether the agreements are actually terminated. The Hospital does not anticipate nonperformance by its counterparty. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degrees of market risk that may be undertaken. Management also mitigates risk through periodic reviews of its derivative positions in the context of its blended cost of capital.

7. Other Financial Instruments and Obligations (continued)

The following table summarizes the fair value of the interest rate swaps at December 31, 2013 and 2012:

Description	Termination Date	Notional Amount	Asset (Liability) Fair Value at December 31 2013	2012
Variable basis – 2004 Swap	Feb 2014	$ 13,750,000	**$ 1,259**	$ 923
Total return[1] – 2007 Swaps	Oct 2013	3,090,000	**(70,805)**	(82,529)
Total return[1] – 2007 Swaps	Feb 2018	13,985,000	**(320,968)**	(316,022)
Total return[1] – 2007 Swaps	Feb 2022	30,077,000	**(690,294)**	(679,657)
Total return[1] – 2007 Swaps	May 2018	3,870,000	**(88,820)**	(87,451)
Total return[1] – 2007 Swaps	Feb 2022	10,025,000	**(230,083)**	(226,537)
Fixed payor[1] – 2007 Swaps	Jan 2028	48,090,000	**(5,499,042)**	(8,662,429)
Fixed spread basis– 2008 Swap	Mar 2028	30,000,000	**(598,071)**	16,418
Total return swap– 2005 Swaps	Aug 2015	16,555,000	**–**	–
		$ 169,442,000	**$ (7,496,824)**	$ (10,037,284)

(1) The values of the total return and fixed payor swaps are allocated between the Hospital and the Manor based on the percentage of the 1997A and 1997B Bonds held.

At December 31, 2013 and 2012, the Hospital's share of the market value of all interest rate swap agreements was a net liability of $7,496,824 and $10,037,284, respectively. The Hospital's share of the change in the value of all interest rate swap agreements as of December 31, 2013 and 2012, was a net unrealized gain of $2,540,460 and $22,911, respectively. The net activity related to all interest rate swap agreements as of December 31, 2013 and 2012, was a net gain of $2,050,544 and $1,761,052, respectively. These amounts are included as a component of nonoperating gains (losses) in the accompanying financial statements.

The Hospital is named as the guarantor on the Brazos County Health Facilities Development Corporation Burleson St. Joseph Manor Revenue Bonds, Series 2009. These bonds, in the amount of $8,125,000, were issued to Burleson St. Joseph Manor (Burleson Manor), an affiliate. The maximum potential amount of future payments the Hospital could be required to make under its guarantee at December 31, 2013, is $6,825,000.

8. Fair Value Measurements

The Hospital discloses information about its financial assets and liabilities using a fair value hierarchy that is intended to increase consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair values that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources, while unobservable inputs reflect a reporting entity's pricing based upon its own market assumptions. The fair value hierarchy consists of the following three levels:

Level 1 – Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities that are not active, inputs other than quoted prices that are observable, and market-corroborated inputs that are derived principally from, or corroborated by, observable market data.

Level 3 – Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

8. Fair Value Measurements

The following table represents the Hospital's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2013 and 2012, and the basis for that measurement:

		Fair Value Measurement at December 31, 2013, Using:		
	Total Fair Value Measurement at December 31, 2013	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Investments:				
Master Investment Pool holdings:				
Money market pooled asset	**$ 789,213**	**$ –**	**$ 789,213**	**$ –**
Domestic equity pooled asset	**65,162,526**	**–**	**65,162,526**	**–**
International pooled asset	**36,894,338**	**–**	**36,894,338**	**–**
Fixed income pooled asset	**65,632,272**	**–**	**65,632,272**	**–**
Alternative investment pooled asset	**9,383,805**	**–**	**9,383,805**	**–**
Cash equivalents	**15,191,610**	**15,191,610**	**–**	**–**
U.S. government securities	**1,421,185**	**–**	**1,421,185**	**–**
Corporate debt securities	**602,262**	**–**	**602,262**	**–**
Beneficial interest	**1,420,011**	**–**	**1,420,011**	**–**
Total investments	**$ 196,497,222**	**$ 15,191,610**	**$ 181,305,612**	**$ –**
Interest rate swaps	**$ (7,496,824)**	**$ –**	**$ (7,496,824)**	**$ –**

8. Fair Value Measurements (continued)

	Total Fair Value Measurement at December 31, 2012	Fair Value Measurement at December 31, 2012, Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Master Investment Pool holdings:				
Cash equivalents	$ 65,596	$ 65,596	$ –	$ –
Domestic equity securities	20,230	20,230	–	–
Money market pooled asset	7,875,354	–	7,875,354	–
Domestic equity pooled asset	31,529,138	–	31,529,138	–
International pooled asset	7,943,536	–	7,943,536	–
Fixed income pooled asset	110,515,482	–	110,515,482	–
Cash equivalents	5,439,658	5,439,658	–	–
U.S. government securities	1,431,524	–	1,431,524	–
Mortgage-backed securities	7,637,064	–	7,637,064	–
Corporate debt securities	583,009	–	583,009	–
Beneficial interest	1,300,621	–	1,300,621	–
Total investments	$ 174,341,212	$ 5,525,484	$ 168,815,728	$ –
Interest rate swaps	$ (10,037,284)	$ –	$ (10,037,284)	$ –

The valuation methodologies used for instruments measured at fair value as presented in the table above are as follows:

Investments

Investments valued at quoted prices available in an active market are classified within Level 1 of the valuation hierarchy. Investments valued based on evaluated bid prices provided by third-party pricing services, for which quoted market prices are not available, and investments valued based on net asset value provided by the custodian of the Master Investment Pool are both classified within Level 2 of the valuation hierarchy. The net asset value is based on the value of the underlying assets owned by the fund.

8. Fair Value Measurements (continued)

Beneficial Interest

The fair value of the beneficial interest is determined based on the fair value of the net assets held at St. Joseph Foundation that are restricted for the benefit of the Hospital.

Interest Rate Swap Agreements

The fair values of interest rate swap agreements are determined based on the present value of expected future cash flows using discount rates appropriate with the risks involved and are classified within Level 2 of the valuation hierarchy.

Debt

The estimated fair value of the Hospital's outstanding revenue bonds is approximately $120,354,892 and $123,080,253 at December 31, 2013 and 2012, respectively, which was based on broker quoted market prices. For all other debt, the carrying value approximates fair value at December 31, 2013 and 2012.

9. Commitments and Contingencies

The Hospital is involved in litigation arising in the course of business. In the opinion of management, the liability, if any, arising from such litigation is adequately covered by the Program or other insurance, as mentioned in Note 1, and is not expected to have a material adverse effect on the Hospital's financial position.

The Hospital has guaranteed the debt of a certain affiliate as disclosed in Note 6. The Hospital may be required to post additional collateral to secure obligations that would be owed to the counterparty under the interest rate swap agreements, as discussed in Note 7.

On March 17, 1996, the Hospital executed an operating lease agreement with Grimes County to lease substantially all of the property, plant, and equipment of the acute care facility located in Navasota, Texas, for seven years, with two renewal terms of seven years each. The lease was renewed for a seven-year term effective September 17, 2010.

9. Commitments and Contingencies (continued)

The following is a schedule of future minimum payments at December 31, 2013, by year and in the aggregate, under noncancelable operating leases and medical agreements:

2014	$ 17,494,205
2015	9,854,933
2016	5,200,001
2017	4,775,794
2018	4,147,900
Total	$ 41,472,833

Expense for operating leases and medical agreements for the years ended December 31, 2013 and 2012, was $18,447,751 and $15,448,861, respectively.

The Hospital is involved in litigation arising in the normal course of business. In the opinion of management, the liability, if any, arising from such litigation is adequately covered by the Program or other insurance as mentioned in Note 1, and is not expected to have a material adverse effect on the Hospital's financial position.

10. Retirement Benefit Plans

Defined Benefit Plan

The Hospital participates with other affiliated organizations in the Sisters of St. Francis Lay Employees' Retirement Plan (the Sisters' Plan), which is a noncontributory defined benefit retirement plan covering eligible lay employees. The Sisters' Plan provides for retirement and disability retirement benefits based on years of service and an employee's highest consecutive three-year average earnings. In addition, the Sisters and the Hospital intend, but do not guarantee, to make annual contributions to the fund, in an amount equal to a percentage of projected covered compensation. Effective December 31, 2013, the Sisters' Plan was frozen and all pension plan benefits earned through that date were immediately vested for all participants who were actively employed with the Hospital on December 31, 2013. The defined benefit plan will be replaced with a defined contribution pension plan as of January 1, 2014.

The Sisters' Plan is accounted for as a multiemployer pension plan. Accordingly, the Hospital records its required contributions to the Sisters' Plan as net periodic pension expense.

10. Retirement Benefit Plans (continued)

Participating employers will continue to contribute an amount equal to a percentage of projected covered compensation.

The Hospital recognized net periodic pension expense of $6,348,413 and $6,051,835 for the years ended December 31, 2013 and 2012, respectively, based on amounts funded to the Sisters' Plan. The projected and accumulated benefit obligation exceeded the fair value of plan assets by approximately $84,700,000 and $58,200,000, respectively, at December 31, 2013, using a weighted-average discount rate of 4.95%, an expected long-term rate of return on plan assets of 8.0%, and an expected rate of compensation increase of 3.5%.

Defined Contribution Plan

The Hospital employees are eligible to participant in a defined contribution employee benefit plan. All employees are eligible to participate upon the date of employment. The Hospital may elect to make discretionary matching contributions of $.50 for every $1.00 of an employee's elective deferrals, up to 2% of an employee's compensation. Employees become 100% vested in the employer's contribution after three years of service. The Hospital contributed approximately $630,000 and $496,000 during the years ended December 31, 2013 and 2012, respectively. Effective January 1, 2014, the Hospital will provide employees with an employer basic contribution equal to 1% of compensation, plus a matching contribution equal to 50% of the first 6% that employees contribute, resulting in a maximum matching contribution of 3% of compensation. Employees will become 100% vested in the 1% basic contribution after three years of service and are immediately vested in the matching contribution.

11. The St. Joseph Foundation of Bryan, Texas, Inc. (The Foundation)

The Foundation was established to provide support for the operation of the Hospital and the other health care entities of the System. The Foundation's bylaws provide that all funds raised, except for funds required for operation of the Foundation, be distributed to or held for the benefit of the Hospital or the other health care entities of the System. The Foundation's bylaws also provide the System with the authority to direct its activities, management, and policies. The Foundation's unrestricted net assets are distributed to the Hospital and the other health care entities of the System in amounts and in periods determined by the St. Joseph Health System Board of Trustees, which may also internally restrict the use of funds for plant replacement, expansion, or other specific purposes. Plant replacement and expansion funds, specific-purpose

11. The St. Joseph Foundation of Bryan, Texas, Inc. (The Foundation)

funds, and assets obtained from income from endowment funds of the Foundation are distributed as required to comply with the purposes specified by donors. The Hospital has recognized a beneficial interest in the net assets of the Foundation of $1,420,011 and $1,300,621 at December 31, 2013 and 2012, respectively.

A summary of the Foundation's assets, liabilities, net assets, results of operations, and changes in net assets is as follows:

	December 31 2013	2012
Assets	$ 2,501,385	$ 2,263,247
Accounts payable	$ 3,075	$ (111,368)
Unrestricted net assets (deficit)	(214,695)	(213,807)
Board-designated endowments	215,585	215,585
Temporarily restricted net assets	2,497,420	2,372,837
Total liabilities and net assets	$ 2,501,385	$ 2,263,247

	Year Ended December 31 2013	2012
Unrestricted revenue, gains, and other support	$ 690,202	$ 1,105,949
Expenses	(1,124,599)	(1,687,431)
Net assets transferred from the Hospital	433,509	180,000
Change in unrestricted net assets	(888)	(401,482)
Change in temporarily restricted net assets	124,583	(195,938)
Change in net assets	123,695	(597,420)
Net assets, beginning of year	2,374,615	2,972,035
Net assets, end of year	$ 2,498,310	$ 2,374,615

12. Transactions With Related Parties

The Hospital has certain note agreements and intercompany transactions with affiliates. Substantially all of the affiliates' cash disbursements for operating expenses and payroll expenses are processed by the Hospital. Additionally, affiliates' excess cash balances are transferred to the Hospital. Cash transferred, net of disbursements paid by the Hospital, are recognized as receivables from (payables to) related parties in the accompanying financial statements. The Hospital does not accrue interest on these receivables from (payables to) related parties.

The Hospital made net asset transfers totaling $6,325,002 and $16,936,996, net, during 2013 and 2012, respectively. In 2013, the Hospital made net asset transfers of $2,284,533 to St. Joseph Physician Associates, $433,509 to the Foundation, $793,102 to Burleson Manor, $577,635 to St. Joseph Manor, $1,553,896 to Bellville St. Joseph, and $682,327 to St. Joseph Health Partners. In 2012, the Hospital made net asset transfers of $11,336,375 to St. Joseph Physician Associates, $180,000 to the Foundation, $2,277,342 to Burleson Manor, $2,552,709 to St. Joseph Manor, and $600,570 to St. Joseph Health Partners. Grimes St. Joseph received a $10,000 equity transfer from Sylvania Franciscan Health in 2012. The Hospital's affiliates utilize net asset transfers and borrowings from the Hospital for operational purposes. The Hospital may make future net asset transfers and other funds available as necessary.

The receivables from (payables to) related parties are as follows:

	December 31	
	2013	**2012**
Burleson St. Joseph Health Center	**$ (38,317)**	$ (239,469)
Madison St. Joseph Health Center	**(671,939)**	(199,872)
St. Joseph Foundation	**(171,643)**	(131,518)
St. Joseph Manor	**(125,815)**	–
Alliance Health Providers of Brazos Valley, Inc.	**(305,487)**	(460,669)
St. Joseph Health System	**77,877**	165,951
Burleson St. Joseph Manor	**(35,087)**	–
Payables to related parties, net	**$ (1,270,411)**	$ (865,577)

The Hospital paid the System $10,763,417 and $9,840,298 for management fees and various expenses during 2013 and 2012, respectively. The System paid the Hospital $40,656 in 2013 and $40,656 in 2012 for accounting assistance provided.

12. Transactions With Related Parties (continued)

The Hospital had a net receivable from Sylvania Franciscan Health in the amount of $708,102 for 2012 stemming from amounts due to the Hospital for the Computerized Physician Order Entry project less miscellaneous payables due from the Hospital at year-end. In 2013, the Hospital had a net payable of $84,064 relating to miscellaneous payables.

In 2012, the Hospital had interest income from Tau Enterprises, Inc. (Tau) of $5,006 and rented office space from Tau and paid rent of $132,853. Tau was dissolved as of September 30, 2012 and became a part of St. Joseph Regional Health Center.

The Hospital contracts with Alliance Health Providers of Brazos Valley, Inc. (Alliance) as a participating provider organization (PPO). As part of the contract, the Hospital discounts charges to Alliance PPO participants and pays Alliance an administrative fee. In 2013 and 2012, these fees amounted to $110,000 and $174,467, respectively.

The Hospital provided accounting and managerial assistance through leased employees at a cost to its affiliates as follows:

	2013	2012
Burleson St. Joseph Health Center	$ 72,000	$ 72,000
Tau Enterprises, Inc.	–	5,500
Madison St. Joseph Health Center	80,000	80,000
St. Joseph Physician Associates	70,200	93,600
St. Joseph Foundation	14,600	14,600
St. Joseph Manor	76,400	76,400
Alliance Health Providers of Brazos Valley, Inc.	17,600	17,600
Burleson St. Joseph Manor	44,700	44,700
Total	$ 375,500	$ 404,400

Under the Program (see Note 1), the Hospital paid premiums of $1,943,530 and $0 to the Corporation for professional and general liability insurance coverage during 2013 and 2012, respectively.

13. Functional Expenses

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services for the years ended December 31 are as follows:

	2013	2012
General and administrative	**$ 115,564,127**	$ 113,379,433
Health care	**160,156,942**	149,720,107
	$ 275,721,069	$ 263,099,540

14. Subsequent Events

The Hospital evaluates subsequent events, which are events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the financial statements as of the balance sheet date. For the year ended December 31, 2013, the Hospital evaluated the impact of subsequent events through May 6, 2014, representing the date on which the financial statements were available to be issued. Certain non-recognized subsequent events were identified for disclosure in Note 10 in the accompanying notes to the financial statements.

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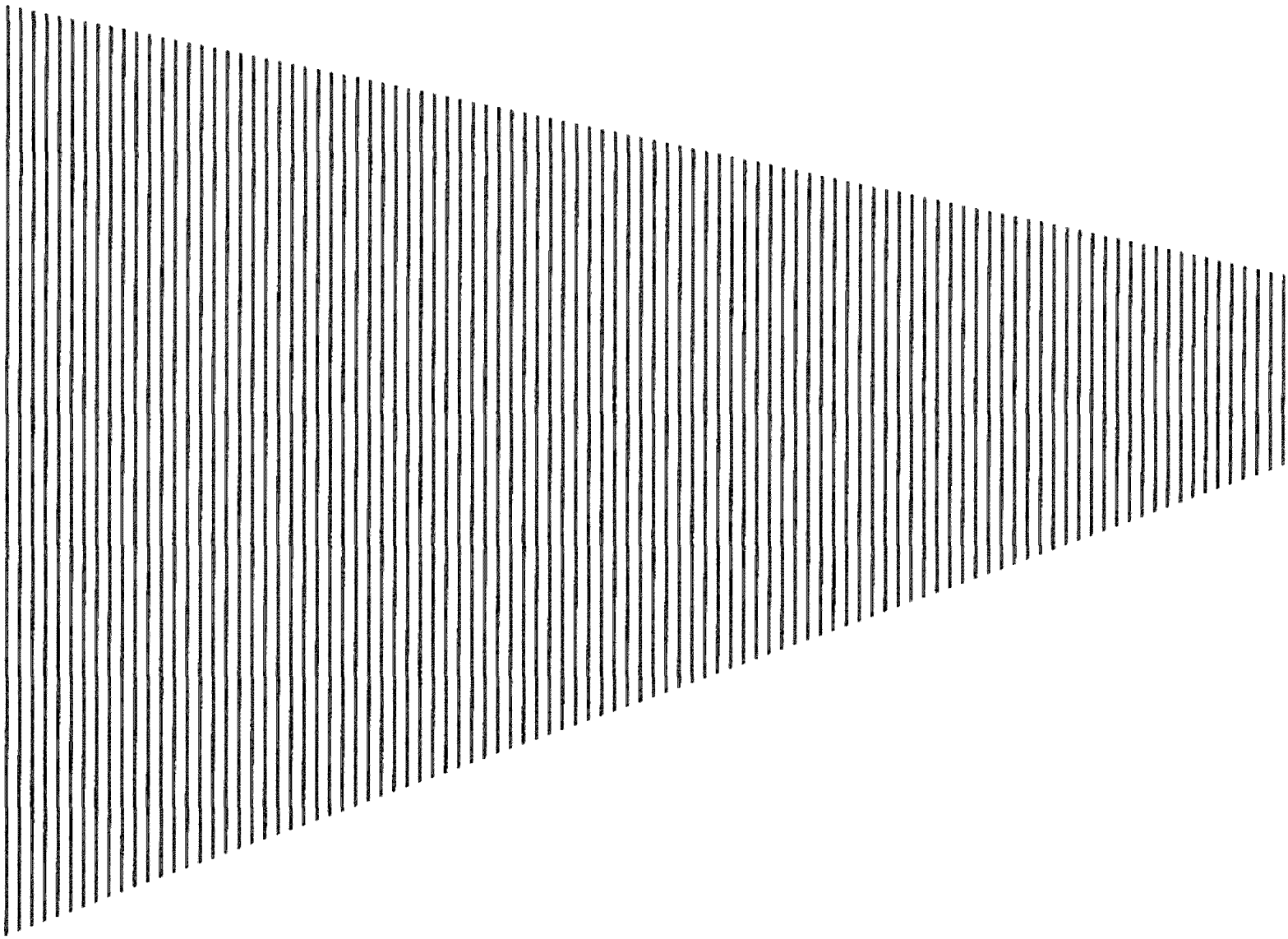
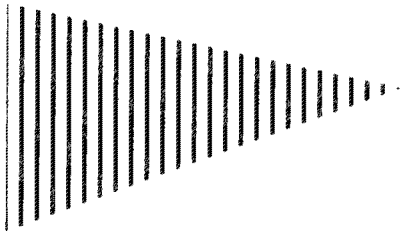


Consolidated Financial Statements and Supplementary Information

St. Joseph Services Corporation
(dba St. Joseph Health System and Subsidiaries)
Years Ended December 31, 2013 and 2012
With Report of Independent Auditors

Ernst & Young LLP



Building a better working world

St. Joseph Services Corporation
(dba St. Joseph Health System and Subsidiaries)

Consolidated Financial Statements and Supplementary Information

Years Ended December 31, 2013 and 2012

Contents

Building a better working world

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Report of Independent Auditors

The Board of Trustees
St. Joseph Services Corporation
(dba St. Joseph Health System and Subsidiaries)

We have audited the accompanying financial statements of St. Joseph Services Corporation (dba St. Joseph Health System and Subsidiaries) (the System), which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations and 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 financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Building a better working world

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the System at December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Supplementary Information

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

Ernst + [redacted]

April 28, 2014

St. Joseph Services Corporation
(dba St. Joseph Health System and Subsidiaries)

Consolidated Balance Sheets

	December 31	
	2013	**2012**
Assets		
Current assets:		
Cash	**$ 12,877,255**	$ 6,613,318
Accounts receivable:		
Patient and third-party payors, net of allowance for uncollectible accounts (2013 – $46,371,652; 2012 – $31,749,670)	**63,998,050**	52,813,111
Pledges, net of allowance for uncollectible accounts (2013 – $38,584; 2012 – $45,079)	**371,229**	449,912
Other receivables	**10,566,258**	3,819,179
Due from affiliates	**1,385,370**	2,478,537
Supplies	**5,794,445**	6,609,495
Prepaid expenses	**3,328,884**	3,249,148
Current portion of assets limited as to use	**7,292,138**	4,971,553
Total current assets	**105,613,629**	81,004,253
Pledges receivable, net of current portion and discounts	**445,180**	479,149
Due from affiliates	**6,158,573**	6,039,585
Investments	**178,590,366**	158,579,889
Assets limited as to use:		
Under indenture agreements, less current portion	**11,842,462**	12,040,326
Property, plant, and equipment, net	**177,685,048**	183,793,784
Other assets:		
Deferred costs, net of amortization	**2,997,651**	3,039,062
Other	**344,702**	447,332
	3,342,353	3,486,394
Total assets	**$ 483,677,611**	$ 445,423,380

	December 31	
	2013	2012
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	**$ 22,303,618**	$ 18,691,703
Payroll and related accruals	**11,557,061**	10,281,806
Due to affiliates	**1,259,794**	369,912
Accrued interest	**3,643,318**	3,666,807
Payable to health insurance programs, net	**5,534,105**	7,844,706
Current portion of insurance claims reserves	**1,385,373**	1,509,897
Current maturities of long-term debt	**6,298,970**	2,175,534
Total current liabilities	**51,982,239**	44,540,365
Other long-term liabilities	**2,522,226**	2,240,673
Reserve for insurance claims	**5,541,492**	6,039,585
Derivative liability	**9,660,174**	13,290,750
Long-term debt, less current portion	**136,543,102**	140,937,640
Total liabilities	**206,249,233**	207,049,013
Net assets:		
Unrestricted	**274,219,071**	235,508,099
Board-designated endowments	**215,585**	215,585
Total unrestricted	**274,434,656**	235,723,684
Temporarily restricted	**2,993,722**	2,650,683
Total net assets	**277,428,378**	238,374,367
Total liabilities and net assets	**$ 483,677,611**	$ 445,423,380

See accompanying notes.

St. Joseph Services Corporation
(dba St. Joseph Health System and Subsidiaries)

Consolidated Statements of Operations and Changes in Net Assets

	Year Ended December 31	
	2013	**2012**
Unrestricted revenue, gains, and other support:		
Patient service revenue, net of contractual allowances and discounts	**$ 390,816,896**	$ 358,590,015
Less provision for bad debts	**43,369,753**	32,364,532
Net patient service revenue, less provision for bad debts	**347,447,143**	326,225,483
Other revenue	**13,484,204**	8,126,593
Total unrestricted revenue, gains, and other support	**360,931,347**	334,352,076
Expenses:		
Salaries and wages	**148,220,784**	141,026,033
Employee benefits	**35,818,233**	38,904,313
Professional fees	**12,735,375**	11,762,205
Supplies and pharmaceuticals	**48,789,352**	47,681,875
Purchased services, utilities, and other	**73,965,276**	64,304,044
Provision for bad debts	**272,281**	(4,819)
Depreciation and amortization	**19,350,856**	18,693,605
Interest	**7,343,535**	7,563,003
Management fees	**2,299,355**	2,111,153
Fundraising and grants	**323,454**	282,260
Total operating expenses	**349,118,501**	332,323,672
Income from operations	**11,812,846**	2,028,404
Nonoperating gains (losses):		
Investment income	**21,295,280**	13,132,209
Gains under interest rate swap agreements	**5,998,268**	1,855,110
Gain (loss) on disposal of assets	**2,543**	(94,023)
Unrestricted contributions received (made)	**218,295**	(326,348)
Net assets acquired in acquisition of Bellville St. Joseph	**(1,036,934)**	–
Total nonoperating gains, net	**26,477,452**	14,566,948
Revenues in excess of expenses	**38,290,298**	16,595,352

St. Joseph Services Corporation
(dba St. Joseph Health System and Subsidiaries)

Consolidated Statements of Operations and Changes in Net Assets (continued)

	Year Ended December 31	
	2013	**2012**
Changes in unrestricted net assets:		
Revenues in excess of expenses	**$ 38,290,298**	$ 16,595,352
Net assets released from restriction for property and equipment and other	**200,213**	692,148
Equity transfers to affiliates	**220,461**	20,000
Grant proceeds received and used in the current year for property and equipment	**–**	50,000
Increase in unrestricted net assets	**38,710,972**	17,357,500
Temporarily restricted:		
Restricted contributions and grant proceeds	**1,051,994**	980,996
Restricted investment income	**4,844**	7,096
Net assets released from restrictions	**(713,799)**	(992,406)
Increase (decrease) in temporarily restricted net assets	**343,039**	(4,314)
Increase in net assets	**39,054,011**	17,353,186
Net assets, beginning of year	**238,374,367**	221,021,181
Net assets, end of year	**$ 277,428,378**	$ 238,374,367

See accompanying notes.

St. Joseph Services Corporation
(dba St. Joseph Health System and Subsidiaries)

Consolidated Statements of Cash Flows

	Year Ended December 31	
	2013	2012
Operating activities		
Increase in net assets	$ 39,054,011	$ 17,353,186
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Unrealized gain on investments, net	(17,015,291)	(364,962)
Net assets acquired in acquisition of Bellville	1,036,934	–
(Gain) loss on disposal of assets	(2,543)	94,023
Depreciation and amortization	19,350,856	18,693,605
Provision for bad debts	43,642,034	32,359,713
Change in value of interest rate swap agreements	3,630,576	23,085
Restricted contributions and investment income received	(1,056,838)	(988,092)
Changes in operating assets and liabilities:		
Accounts receivable, patient, and third-party payors, net of acquisition	(53,677,045)	(34,431,716)
Investments	(2,995,186)	(14,429,173)
Other receivables	(5,553,368)	943,466
Supplies and prepaid expenses, net of acquisition	1,245,962	650,247
Other assets	(283,611)	140,144
Accounts payable and accrued expenses, payroll and related accruals, and accrued interest, net of acquisition	2,683,966	2,316,178
Other long-term liabilities	(5,793,289)	60,324
Payable to health insurance programs	(2,310,601)	(349,671)
Net cash provided by operating activities	21,956,567	22,070,357
Investing activities		
Change in assets limited as to use	(2,122,721)	(922,689)
Purchases of property, plant, and equipment	(10,617,390)	(18,313,230)
Net cash used in investing activities	(12,740,111)	(19,235,919)
Financing activities		
Repayment of long-term debt	(4,009,357)	(1,321,302)
Restricted contributions and investment income received	1,056,838	988,092
Net cash used in financing activities	(2,952,519)	(333,210)
Increase in cash	6,263,937	2,501,228
Cash at beginning of year	6,613,318	4,112,090
Cash at end of year	$ 12,877,255	$ 6,613,318
Supplemental cash flow information		
Interest paid	$ 7,315,514	$ 7,610,770
Net assets acquired in acquisition of Bellville	$ (1,036,934)	$ -

See accompanying notes

St. Joseph Services Corporation
(dba St. Joseph Health System and Subsidiaries)

Notes to Consolidated Financial Statements

December 31, 2013

1. Organization and Significant Accounting Policies

Organization

St. Joseph Services Corporation (dba St. Joseph Health System and Subsidiaries) (the System) is a nonprofit corporation engaged in providing health care and related services to a 12-county service area in the Brazos Valley. The System is affiliated with Sylvania Franciscan Health, the Sisters of St. Francis of Sylvania, Ohio (the Sisters), and the corporate entities affiliated with these organizations.

Sylvania Franciscan Health (the Corporation) is the formal expression of the sponsored health and human services ministry of the Sisters. Among the member organizations in Ohio, Kentucky, and Texas are seven hospitals, eight long-term care facilities, six assisted living facilities, an independent senior housing facility, a counseling center, a domestic violence shelter, and other supporting organizations.

The accounting principles followed by the System and the methods of applying those principles that materially affect the determination of financial position, results of operations, and cash flows are summarized below.

Mission and Business Statement

The mission of the System is to steward the health ministry of the Sisters of St. Francis in the Brazos Valley by providing governance and direction to all the system organizations that endeavor to be responsive to community health needs.

The System provides health care services to the citizens of Bryan and College Station, Texas, and the 12 counties in the System's Brazos Valley service area through its acute care and specialty care facilities. Only those activities directly associated with the furtherance of this purpose are considered to be operating activities. Other activities that result in gains or losses unrelated to the System's primary mission are considered to be nonoperating. Nonoperating gains and losses include investment income (loss), the gains and losses on interest rate swap agreements, gains and losses on disposals of assets, and unrestricted contributions.

1. Organization and Significant Accounting Policies (continued)

Consolidation

All significant intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements of the System include the accounts of the following entities:

Entity	System's Relationship to Entity
St. Joseph Regional Health Center of Bryan, Texas (the Hospital)	Sole member
St. Joseph Foundation of Bryan, Texas (the Foundation)	Sole member
Burleson St. Joseph Health Center (Burleson)	Sole member
Madison St. Joseph Health Center (Madison)	Sole member
Bellville St. Joseph Health Center (Bellville) (acquired March 1, 2013)	Sole member
St. Joseph Manor (SJM)	Sole member
Burleson St. Joseph Manor (BSJM)	Sole member
St. Joseph Regional Health Partners (SHP)	Sole member
St. Joseph Regional Health Partners ACO	Sole member
St. Joseph Physician Associates (SJPA)	Sole member
Tau Enterprises, Inc. (Tau) (dissolved effective September 30, 2012)	Sole shareholder
Alliance Health Providers of Brazos Valley, Inc. (Alliance)	Sole shareholder

The System acquired Bellville St. Joseph Health Center on March 1, 2013, which is an acute care hospital in Bellville, Texas, for no consideration. The acquisition enabled the System to expand its delivery of health care services in Texas. The significant net assets acquired were $1,137,820 in accounts receivable, $249,855 in inventory, $260,793 in prepaid expenses and other assets, $2,115,996 in property, plant, and equipment, $2,945,073 in accounts payable and accruals, and $1,856,325 in debt. This acquisition resulted in a loss of $1,036,934 based on the deficit of net assets acquired and has been included in revenues in excess of expenses. All activity since the date of acquisition has been included in the consolidated financial statements.

1. Organization and Significant Accounting Policies (continued)

Use of Estimates

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

Cash

Cash consists of currency on hand and demand deposits held at financial institutions. Assets limited as to use by board designation or other arrangements under trust agreements are excluded from cash in the consolidated statements of cash flows.

Charity Care

A patient is classified as a charity patient by reference to certain established policies. Essentially, these policies define charity services as those for which no payment is anticipated. When assessing a patient's inability to pay, the System utilizes the generally recognized poverty income levels and certain other measures of poverty, and also assesses certain cases where charges incurred are significant in comparison to income. Charity care is not reported as revenue in the consolidated statements of operations and changes in net assets.

Income Taxes

The System, the Hospital, the Foundation, SJM, Burleson, BSJM, Madison, Bellville, SHP, ACO, and SJPA are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Alliance and Tau are for-profit corporations incorporated under the Texas Business Corporation Act. Federal income tax returns are filed on a separate-entity basis. There are no material unrecorded tax liabilities or uncertain tax positions as of December 31, 2013 or 2012.

1. Organization and Significant Accounting Policies (continued)

Investments and Investment Income

Investments, including assets limited as to use, consisting of U.S. government securities, corporate debt securities, mortgage-backed securities, domestic equities, pooled accounts and money market funds are carried at fair market value with gains and losses reported in the consolidated statements of operations and changes in net assets. The pooled asset accounts fair values are calculated by using a net asset value provided by the custodian of the fund. The net asset value is based on the value of the underlying assets owned by the fund. Cash equivalents are primarily money market funds. Investments are classified as noncurrent assets in the consolidated balance sheets.

In December 2012, the Hospital transferred its investments to Sylvania Franciscan Health's master investment pool (Master Investment Pool) in which affiliated organizations participate. The accompanying consolidated financial statements reflect the Hospital's total interest in the net assets and transactions of the Master Investment Pool as allocated by the custodian. Net assets, as well as earnings and losses of the Master Investment Pool, are allocated to the Hospital based on the sum of the individual accounts of the Master Investment Pool's participants.

Investment income on proceeds of borrowings held by a trustee, to the extent not capitalized, is reported as other operating revenue. Investment income from all other investments, including unrealized gains and losses on investments, is reported as nonoperating gains (losses).

Supplies

Supplies are stated at the lower of cost using the first-in, first-out method, or market.

Operating Indicator

For purposes of display, transactions deemed by management to be ongoing and major or central to the missions of the System and its subsidiaries are reported as unrestricted revenue and expenses. Unrestricted revenue includes that generated from direct patient care, related support services, and interest income on trustee-held funds required by bond indenture. Peripheral or incidental transactions are reported as nonoperating gains and losses.

1. Organization and Significant Accounting Policies (continued)

Assets Limited as to Use

Certain funds are trustee-held for retirement of revenue bonds or funding of capital projects. Accordingly, these assets have been classified as noncurrent, except for amounts held for current payments on revenue bonds and payments for capital-related expenditures. The resulting interest and investment income accrues to the funds. Cash equivalents consist primarily of money market funds.

Property, Plant, and Equipment

Property, plant, and equipment acquisitions are recorded at cost or fair value at the date of donation. Property, plant, and equipment donated to the System for operations are recorded as unrestricted support. Depreciation is provided over the estimated useful life of each class of depreciable assets based on expected productive life, and is computed using the straight-line method. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

When events, circumstances, or operating results indicate that the carrying values of certain long-lived assets that are expected to be held and used might be impaired, the System prepares projections of the undiscounted future cash flows expected to result from the use of the assets and their eventual disposition. If the projections indicate that the recorded amounts are not expected to be recoverable, such amounts are reduced to estimated fair value. Fair value may be estimated based upon internal evaluations of each market that include quantitative analyses of revenues and cash flows, reviews of recent sales of similar facilities, and independent appraisals. For the year ended December 31, 2013 and 2012, no impairments were recognized.

Patient Receivables and Net Patient Service Revenue

Patient receivables consist of amounts due from third-party payors, including federal and state indemnity and managed care programs, managed care health plans and commercial insurance companies, and individual patients for health care services rendered. The System does not require collateral or other security on its patient receivables. Patient accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the System analyzes its historical and expected net collections considering business

1. Organization and Significant Accounting Policies (continued)

and economic conditions, trends in health care coverage, and other collection indicators for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Periodically throughout the year, management assesses the adequacy of the allowance for doubtful accounts based upon specific accounts, historical write-off experience, and current market conditions. The results of this review then are used to make any modifications to the provision for bad debts in order to establish an appropriate allowance for uncollectible receivables.

For receivables associated with services provided to patients who have third-party coverage, the System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make realization of amounts due unlikely. For receivables associated with self-pay patients, which include both patients without insurance and patients with deductibles and copayment balances due for which third-party coverage exists for part of the bill, the System records a provision for bad debts on the basis of its past experience. The difference between the standard rates and the amount actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The System's allowance for doubtful accounts and charity allowance for self-pay patients decreased from 89% of self-pay accounts receivable at December 31, 2012, to 84% of self-pay accounts receivable at December 31, 2013. In addition, the System's self-pay bad debt write-offs decreased from $32,483,774 for fiscal year 2012 to $29,007,944 for fiscal year 2013. The System has not changed its charity care or uninsured discount policies during fiscal years 2012 or 2013. The System does not maintain a material allowance for doubtful accounts from third-party payors nor did it have significant bad debt write-offs from third-party payors.

A summary of activity in the System's allowance for doubtful accounts is as follows:

	Balances at Beginning of Year	Provision of Bad Debt, Net of Recoveries	Accounts Written Off	Balances at End of Year
Year ended December 31, 2013	**$ 31,749,670**	**$ 43,629,926**	**$ (29,007,944)**	**$ 46,371,652**
Year ended December 31, 2012	$ 31,862,882	$ 32,370,562	$ (32,483,774)	$ 31,749,670

1. Organization and Significant Accounting Policies (continued)

The System recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. Net patient service revenue is reported on the accrual basis in the period in which services are provided and is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors (included as a payable to health insurance programs in the accompanying consolidated financial statements). Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. During fiscal years 2013 and 2012, the System recognized adjustments related to prior years that increased net patient service revenue by $8,204,233 and $7,332,178, respectively. It is at least reasonably possible that the estimated adjustments could change by material amounts in the near term.

For uninsured patients who do not qualify for charity care, the System recognizes revenue on the basis of its standard rates for services provided, or on the basis of discounted rates, if negotiated. On the basis of historical experience, a significant portion of the System's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the System records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts, recognized in the period from these major payor sources, is approximately as follows:

	Medicare	Medicaid	Commercial	Self-Pay	Other	Total All Payors
2013						
Patient service revenue (net of contractual allowances)	**$ 146,000,000**	**$ 26,000,000**	**$ 110,000,000**	**$ 83,000,000**	**$ 26,000,000**	**$ 391,000,000**
	37.4%	**6.7%**	**28.1%**	**21.2%**	**6.6%**	**100%**

	Medicare	Medicaid	Commercial	Self-Pay	Other	Total All Payors
2012						
Patient service revenue (net of contractual allowances)	$ 135,000,000	$ 21,000,000	$ 120,000,000	$ 69,000,000	$ 14,000,000	$ 359,000,000
	37.6%	5 9%	33 4%	19.2%	3.9%	100%

1. Organization and Significant Accounting Policies (continued)

The 1115 Transformation Waiver is a program that balances payment for uncompensated care costs with the need to improve quality of care for Texas recipients. The program divides the state into 20 Regional Health Partnerships, creating an environment where regional collaboration is essential to earn monies. The System recognized all funds received under the program as operating revenue in the applicable year, and any amounts relating to that year that are not yet received are included in receivables in the accompanying consolidated balance sheets. The Hospital recognized revenue of $14,043,364 for the year ended December 31, 2013. The System recognized revenue of $5,386,714 for funds received from the Upper Payment Limit (UPL) programs for the year ended December 31, 2012. The 1115 Transformation Waiver resulted in the discontinuation of the UPL supplemental payment program in the state.

Significant concentrations of accounts receivable from patient and third-party payors include 37% and 43% from government-related programs at December 31, 2013 and 2012, respectively, and 35% and 33% from commercial insurers and managed care organizations at December 31, 2013 and 2012, respectively, with the remaining accounts receivable due directly from patients.

Net revenues from the Medicare and Medicaid programs accounted for approximately 46% and 41% of the System's net patient service revenue for the years ended December 31, 2013 and 2012, respectively.

Deferred Costs

Deferred costs represent costs incurred to issue debt obligations or other financial instruments, net of amortization. Deferred costs are amortized over the period the obligation or financial instrument is outstanding, using the interest method.

Professional Liability Insurance

The System is a participant in the Corporation's Self-Insurance Program (the Insurance Program) for professional and general liability insurance coverage. Effective April 1, 2012, the insurance coverage is provided through SFH Assurance, LTD., a wholly-owned subsidiary of the Corporation. Excess coverage has been purchased in amounts deemed adequate to cover claims in excess of the annual Insurance Program limits. Payment of claims in any one year from the Insurance Program and from excess insurance coverage purchased by the Corporation is subject to certain limitations. Payments made by the System to the Insurance Program, which are based

1. Organization and Significant Accounting Policies (continued)

on actuarially determined premiums, and for the System's portion of the Corporation's cost for excess insurance coverage are amortized over the coverage period or plan year. The Insurance Program allocates to the System a portion of the known claims and tail liability, which is recorded on the consolidated balance sheets with an offsetting receivable from the Insurance Program. Any liabilities for claims exceeding coverage limits are recorded at the time these become probable and estimable.

The policies issued by the Self Insurance Program are subject to a retrospective rating plan, under which retrospective premiums are calculated based on any surplus or deficiency resulting from the policy period. Retrospective credits and assessments are included in income in the period in which they are determined.

Electronic Health Record Incentive Payments

The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health (HITECH) Act. The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program beginning in 2011 for eligible providers that adopt and meaningfully use certified EHR technology. Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicaid incentive payments are available to providers that adopt, implement, or update certified EHR technology. Providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicaid incentive payments. The System accounts for HITECH incentive payments under a grant accounting model. Income from incentive payments is recognized as revenue after the Hospital has demonstrated that it has complied with the meaningful use criteria over the entire applicable compliance period and there is reasonable assurance the grants will be received. Incentive payments totaling $6,310,597 and $1,591,675 for the years ended December 31, 2013 and 2012, respectively, are included in total operating revenue in the accompanying consolidated statements of operations and changes in net assets. Income from incentive payments is subject to retrospective adjustment as incentive payments are calculated using Medicare cost report data that is subject to audit. Additionally, the System's compliance with the meaningful use criteria is subject to audit by the federal government.

1. Organization and Significant Accounting Policies (continued)

Contributions and Pledges Receivable

Contributions and pledges receivable are recorded at fair value at the date the pledge is received. Contributions not restricted by donor are included in unrestricted net assets. Contributions and pledges receivable that are received with donor stipulations that limit the use of donated assets are recorded as temporarily restricted net 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 and changes in net assets as net assets released from restrictions. Allowances for uncollectible pledges are provided for as deemed necessary.

Net Assets

Unrestricted net assets generally result from revenues from providing services, receiving unrestricted contributions, and receiving dividends or interest from investing in income-producing assets, less expenses incurred in providing services, raising contributions, and performing administrative functions. Temporarily restricted net assets are those whose use has been limited by grant agreements and donors to a specific time period or purpose.

Adoption of New Accounting Pronouncements

In October 2012, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2012-04, *Technical Corrections and Improvements*. The ASU provided source literature amendments, guidance clarifications, reference corrections, and relocated guidance. The amendments that are subject to the transition guidance were effective for fiscal periods beginning after December 15, 2012, and therefore was adopted effective January 1, 2013. The ASU did not have an impact on the consolidated financial statements.

In October 2012, the FASB issued ASU 2012-05, *Statement of Cash Flows, Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*. The amendments require cash receipts from the sale of donated financial assets that had no restrictions and were immediately converted to cash to be classified as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts should be classified as cash flows from financing

1. Organization and Significant Accounting Policies (continued)

activities. Otherwise, cash receipts from the sale of donated financial assets should be classified as cash flows from investing activities. The pronouncement is effective for fiscal years beginning after June 15, 2013. The ASU is not expected to have a material impact on the consolidated financial statements.

In February 2013, the FASB issued ASU 2013-04, *Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date*. The amendment requires an entity to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date. The pronouncement is effective for fiscal years beginning after December 15, 2013. The ASU is not expected to have a material impact on the consolidated financial statements.

In April 2013, the FASB issued ASU 2013-06, *Services Received from Personnel of an Affiliate*. The amendment requires a recipient not-for-profit entity to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity and for which the affiliate does not charge the recipient not-for-profit entity. The pronouncement is effective for fiscal years beginning after June 15, 2014. The ASU is not expected to have a material impact on the consolidated financial statements.

2. Net Patient Service Revenue

Government-Sponsored Programs

The Hospital, Burleson, Madison, SJM, Bellville, and BSJM have agreements with third-party payors that provide for payments at amounts different from their established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare

For the Hospital and Bellville, inpatient services rendered to Medicare program beneficiaries are primarily paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services are paid based on a prospective payment system. The Hospital is reimbursed for certain services at a tentative rate, with final settlement determined after submission of annual cost

2. Net Patient Service Revenue (continued)

reports and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through 2009 and Bellville's Medicare cost reports have been settled by the Medicare fiscal intermediary through 2010.

Burleson, Madison, and the Grimes unit of the Hospital received the Critical Access Hospital (CAH) designation from the Centers for Medicare and Medicaid Services. The CAH designation increases Medicare reimbursement by allowing hospitals to receive cost-based reimbursement on inpatient discharges and outpatient services, rather than prospectively determined rates per discharge, among other reimbursement changes. These facilities are reimbursed at a tentative rate, with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The Madison, Burleson, and Grimes Medicare cost reports have been settled by the Medicare fiscal intermediary through 2010.

Medicaid

Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per discharge. Outpatient services are reimbursed under fee schedules and a cost reimbursement methodology. The Hospital, Burleson, Madison, and Bellville are reimbursed at a tentative rate, with final settlement determined after submission of annual cost reports and audits thereof by the Medicaid fiscal intermediary. The Hospital Medicaid cost report has been settled through 2006 by the Medicaid fiscal intermediary. The Burleson Medicaid cost report has been settled through 2010, the Madison Medicaid cost report has been settled through 2010, the Grimes Medicaid cost report has been settled through 2010, and the Bellville Medicaid cost report has been settled through 2009 by the Medicaid fiscal intermediary.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The System believes that it is in compliance with all applicable laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Certain payments for services provided under the Medicare and Medicaid programs and other organizations are subject to review of the medical necessity of admission and propriety of discharge, diagnosis, and coding. As part of the Tax Relief and Health Care Act of 2006, Congress directed the expansion of the Recovery Audit Contractors (RAC) reviews.

2. Net Patient Service Revenue (continued)

Management believes adequate allowance has been provided for possible adjustments that might result from retrospective billing reviews, including the ongoing or future RAC reviews.

Commercial Insurance, Managed Care, and Other Payors

The Hospital, Burleson, Madison, Belville, and SJPA have also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges, fee-for-service, and prospectively determined daily rates.

The Hospital, Burleson, Madison, and Bellville have adopted an uninsured discount policy whereby patients without insurance coverage receive discounts from established charges. The resulting adjustment is recorded as revenue deductions from gross charges to arrive at net patient service revenue. The Hospital, Burleson, and Madison recorded uninsured discounts of $39,594,200 and $33,376,029 during the years ended December 31, 2013 and 2012, respectively.

3. Charity Care

The Hospital, Burleson, Madison, Bellville, SJPA, SJM, and BSJM maintain records to identify and monitor the level of charity care they provide. These records include the amount of costs forgone for services and supplies furnished under its charity care policy and equivalent service statistics. The costs of providing care are estimated using the System's internal cost data and are calculated in compliance with guidelines established by both the Catholic Health Association and the Internal Revenue Service. The amount of traditional charity care provided, determined on the basis of estimated cost, was $20,942,475 and $17,827,199 for the years ended December 31, 2013 and 2012, respectively.

4. Investments

Investments at December 31 consist of the following:

	Unrestricted Investments		Assets Limited as to Use	
	2013	2012	2013	2012
Cash equivalents	**$ 34**	$ 65,697	**$ 17,111,152**	$ 5,905,373
Money market pooled asset	**792,805**	7,875,354	–	–
Domestic equity pooled asset	**65,476,002**	32,179,820	–	–
International equity pooled asset	**37,087,434**	7,943,536	–	–
Fixed income pooled asset	**65,818,031**	110,515,482	–	–
Alternative investment pooled asset	**9,416,060**	–	–	–
U.S. government securities	–	–	**1,424,195**	1,431,524
Mortgage-backed securities	–	–		9,091,973
Corporate debt securities	–	–	**599,253**	583,009
Total	**178,590,366**	158,579,889	**19,134,600**	17,011,879
Less current portion	–	–	**(7,292,138)**	(4,971,553)
Noncurrent portion	**$ 178,590,366**	$ 158,579,889	**$ 11,842,462**	$ 12,040,326

Investment return consists of the following for the years ended December 31:

	2013	2012
Operating investment income	**$ 73,037**	$ 403,892
Nonoperating investment income	**21,295,280**	13,132,209
Restricted income	**4,844**	7,096
	$ 21,373,161	$ 13,543,197

Nonoperating investment income includes net realized gains of $4,279,989 and $12,767,247 for the years ended December 31, 2013 and 2012, respectively, and net unrealized gains of $17,015,291 and $364,962 for the years ended December 31, 2013 and 2012, respectively.

5. Property, Plant, and Equipment

A summary of property, plant, and equipment is as follows as of December 31:

	2013	2012
Land and improvements	**$ 18,702,710**	$ 18,518,943
Buildings and improvements	**198,702,911**	194,564,859
Fixed equipment	**7,429,674**	7,410,364
Major movable equipment	**131,959,682**	115,232,422
Allowance for depreciation and amortization	**(180,494,727)**	(161,907,272)
	176,300,250	173,819,316
Construction in progress	**1,384,798**	9,974,468
	$177,685,048	$183,793,784

Estimated costs to complete construction projects approximate $22,046,300 at December 31, 2013. At December 31, 2013, major moveable equipment includes $11,862,792 in capitalized software costs and $862,356 was expensed due to amortization. At December 31, 2012, construction in progress includes $3,208,314 in capitalized software costs. The System capitalized interest cost of $179,895 and $144,500 during 2013 and 2012, respectively.

6. Long-Term Debt

Long-term debt consists of the following as of December 31:

	2013	2012
Brazos County Health Facilities Development Corporation Franciscan Services Corporation Revenue Refunding Bonds, Series 1993B (St. Joseph Regional Health Center of Bryan, Texas)	**$ 16,772,200**	$ 17,057,800
Brazos County Health Facilities Development Corporation Franciscan Services Corporation Obligated Group Revenue Bonds, Series 1997A (St. Joseph Regional Health Center of Bryan, Texas)	**47,152,000**	47,672,000
Brazos County Health Facilities Development Corporation Franciscan Services Corporation Obligated Group Revenue Bonds, Series 1997B (St. Joseph Manor)	**13,895,000**	13,895,000
Brazos County Health Facilities Development Corporation Franciscan Services Corporation Obligated Group Revenue Bonds, Series 2002 (St. Joseph Regional Health Center of Bryan, Texas)	**27,500,000**	27,500,000
Brazos County Health Facilities Development Corporation Franciscan Services Corporation Obligated Group Revenue Bonds, Series 2008 (St. Joseph Regional Health Center of Bryan, Texas)	**27,545,000**	28,090,000
Brazos County Health Facilities Development Corporation Burleson St. Joseph Manor Revenue Bonds, Series 2009	**6,825,000**	7,140,000
Note payable to financial institution, interest payable quarterly, annual interest of 3.25%, collateralized by certain property	**1,800,000**	–
Notes payable to financial institutions, payable monthly, annual interest of 3.75%, collateralized by certain property	**1,978,492**	2,437,523
Charitable gift annuity liability	**128,512**	150,450
	143,596,204	143,942,773
Less current maturities	**6,298,970**	2,175,534
Less discounts on bonds	**754,132**	829,599
Long-term debt, less current portion	**$ 136,543,102**	$ 140,937,640

6. Long-Term Debt (continued)

The Hospital, SJM, SJPA (effective June 30, 2012), and the corporate office of Sylvania Franciscan Health are members of the Sylvania Franciscan Health Obligated Group (the Obligated Group), which has adopted a common plan of financing under a master trust indenture.

The Obligated Group has issued several series revenue bonds through Brazos County Health Facilities Development Corporation in connection with various financing and construction projects. Under a master trust indenture, each member of the Obligated Group is jointly and severally liable for payment of Series 1993B, 1997A, 1997B, 2002, and 2008 Bonds as a result of each having pledged to meet the principal and interest on each note for so long as any bonds are outstanding. In addition, the Obligated Group has agreed to certain operational and financial restrictions to limit additional indebtedness and guarantees, maintain specific financial ratios, and fulfill sinking fund requirements in various trustee accounts, among other covenants, of which they are in compliance. The total amount of Obligated Group bonds outstanding at December 31, 2013 and 2012, is $132,864,200 and $134,214,800, respectively. Additionally, the Obligated Group has guaranteed the debt of certain affiliates. The total amount of debt outstanding at December 31, 2013 and 2012, guaranteed by the Obligated Group, is $61,640,000 and $51,377,000, respectively.

The Series 1993B Bonds consist of term bonds that mature in varying amounts through January 1, 2019, with annual interest ranging from 4.875% to 6% payable semiannually. Bonds outstanding may be redeemed at par.

The Series 1997A Bonds consist of term bonds that mature in varying amounts annually through January 1, 2028, and bear annual interest ranging from 4.30% to 5.37%, payable semiannually. Outstanding bonds maturing on or after January 1, 2017, are subject to optional redemption equal to the principal plus accrued interest, if any, to the redemption date.

The Series 1997B Bonds consist of term bonds that mature in varying amounts annually through January 1, 2028, and bear annual interest at 5.37%, payable semiannually. Outstanding bonds maturing on or after January 1, 2022, are subject to optional redemption equal to the principal plus accrued interest.

6. Long-Term Debt (continued)

The Series 2002 Bonds consist of term bonds that mature in varying amounts annually beginning January 1, 2029 through January 1, 2032, and bear annual interest at 5.38% payable semiannually. Bonds outstanding on or after January 1, 2014, may be redeemed at par plus accrued interest.

The Series 2008 Bonds consist of term bonds that mature in varying amounts annually through January 1, 2038, and bear annual interest at a fixed rate ranging from 4.00% to 5.50%.

In conjunction with a refinancing, BSJM issued the Series 2009 Bonds, which mature on July 1, 2029. The Series 2009 Bonds were issued pursuant to a trust indenture between the Brazos County Health Facilities Development Corporation, as issuer, and Wells Fargo Bank, N.A. (Wells Fargo), as trustee. The proceeds from the sale of the Series 2009 Bonds were borrowed by BSJM, pursuant to a loan agreement with the issuer under which BSJM agrees to make payments sufficient to pay the principal and interest as they become due. The Hospital is named as a guarantor pursuant to the loan agreement. The Series 2009 Bonds are supported by a letter of credit issued by Wells Fargo. The letter of credit expires on February 26, 2015. As of December 31, 2013, there have been no draws on the letter of credit. The interest rate for the 2009 Bonds, which is determined weekly, averaged approximately .20% for 2013, and was .16% at December 31, 2013. BSJM may select other interest rate modes for the 2009 Bonds, subject to certain limitations. Outstanding bonds are subject to optional redemption at a price equal to par plus accrued interest to the date of redemption.

Bellville has a note payable to a financial institution, interest payable quarterly and bearing annual interest at 3.25%, collateralized by certain property that matures on January 23, 2014.

The System has four notes payable to financial institutions, payable monthly and bearing annual interest at 3.75%, collateralized by certain property with varying maturity dates from September 2015 to September 2024.

In 2002, the Hospital received an office building and land valued at $400,000 in exchange for an annuity with monthly payments of $2,376 through 2018, bearing annual interest at 4.6%.

6. Long-Term Debt (continued)

The following is a schedule of future minimum payments at December 31, 2013, by year and in the aggregate, under long-term debt agreements:

2014	$ 6,298,970
2015	4,363,854
2016	4,538,511
2017	4,434,008
2018	4,182,462
Thereafter	119,778,399
Total	$ 143,596,204

7. Other Financial Instruments and Obligations

The System has an interest rate swap program that utilizes swap transactions to improve the Hospital's capital structure, potentially including net interest cost reduction, hedging, cash flow performance, enhancement of fixed income, and other direct and indirect benefits.

Effective February 3, 2004, the Hospital and Merrill Lynch Capital Services, Inc. (MLCS) entered into a basis swap agreement (the 2004 Swap). The 2004 Swap provides that the Hospital will receive from MLCS a variable amount of interest at a rate of 76.75% of the London Interbank Offered Rate (LIBOR) and pay to MLCS a variable rate of interest based on the SIFMA index on the notional amount of $13,750,000.

Effective August 30, 2005, the Hospital and MLCS entered into a total return swap agreement (the 2005 Swap). The 2005 Swap provides that the Hospital will receive from MLCS a fixed amount of interest of 5.0% and pay to MLCS a variable rate of interest based upon the SIFMA index on the initial notional amount of $16,555,000. These notional amounts decline each year by the same amount as the amortization of the Series 1993B Bonds.

Effective August 16, 2007, the Hospital and MLCS entered into five total return swaps and one fixed-payor swap (the 2007 Swaps) related to the outstanding 1997A and 1997B Bonds. The five total return swaps provide that the Hospital will receive from MLCS a fixed amount of interest of 4.945% on a notional amount of $57,957,000 and 4.375% on a notional amount of $3,090,000, and pay to MLCS a variable rate of interest based upon the SIFMA Index on each notional amount. The fixed payor swap provides that the Hospital will receive from MLCS a variable rate

7. Other Financial Instruments and Obligations (continued)

of interest of 67% of three-month LIBOR and pay to MLCS a fixed rate of interest of 3.864% on the notional amount of $48,090,000. The value of the 2007 Swaps and related income activity is allocated between the Hospital and SJM based on the percentage of the 1997A and 1997B Bonds held.

Effective March 12, 2008, the Hospital and MLCS entered into a fixed spread basis swap related to the outstanding 2008 Bonds (the 2008 Swap). The 2008 Swap provides that the Hospital will receive from MLCS a variable rate of interest based upon 67% of one-month LIBOR plus 0.42%, and pay to MLCS a variable rate of interest based upon the SIFMA index on the initial notional amount of $30,000,000.

Effective September 21, 2009, BSJM and Wells Fargo entered into a fixed-payor swap related to the outstanding 2009 Bonds (the 2009 Swap). The 2009 Swap provides that BSJM will receive from Wells Fargo a variable rate of interest based upon the SIFMA index and pay to Wells Fargo a fixed annual rate of interest of 2.427% on the initial notional amount of $8,025,000. The notional amount of the swap is reduced each year consistent with the principal payments made on the 2009 Bonds, and the notional amount at December 31, 2013, is $6,825,000.

Interest rate swap contracts between the System and the swap counterparties expose the System to market risk and credit risk. Credit risk is the risk that contractual obligations of the counterparty will not be fulfilled. Counterparty credit risk is managed by requiring high credit standards for the System's counterparty. The counterparty to these contracts is a financial institution that carries investment-grade credit ratings. The interest rate swap contracts contain certain collateral provisions applicable to both parties to mitigate credit risk. The System has complied with these provisions as required. The System was not required to post collateral at December 31, 2013 and 2012. The System may be required to post additional collateral to secure obligations that would be owed to the counterparty under the agreements if terminated, regardless of whether the agreements are actually terminated. The System does not anticipate nonperformance by its counterparty. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degrees of market risk that may be undertaken. Management also mitigates risk through periodic reviews of its derivative positions in the context of its blended cost of capital.

7. Other Financial Instruments and Obligations (continued)

The following table summarizes the fair value of the System's interest rate swaps at December 31:

Description	Termination Date	Notional Amount	Asset (Liability) Fair Value at December 31 2013	2012
Variable basis – 2004 Swap	Feb 2014	$ 13,750,000	**$ 1,259**	$ 923
Total return – 2007 Swaps	Oct 2014	3,090,000	**(91,955)**	(107,181)
Total return – 2007 Swaps	Feb 2018	13,985,000	**(416,842)**	(410,418)
Total return – 2007 Swaps	Feb 2022	30,077,000	**(896,486)**	(882,671)
Total return – 2007 Swaps	May 2018	3,870,000	**(115,351)**	(113,573)
Total return – 2007 Swaps	Feb 2022	10,025,000	**(298,809)**	(294,205)
Fixed payer – 2007 Swaps	Jan 2028	48,090,000	**(7,141,612)**	(11,249,908)
Fixed payer – 2009 Swap	Sep 2014	6,825,000	**(102,307)**	(250,135)
Fixed spread basis – 2008 Swap	Mar 2028	30,000,000	**(598,071)**	16,418
Total return– 2005 Swap	Aug 2015	16,555,000	–	–
		$ 176,267,000	**$ (9,660,174)**	$(13,290,750)

At December 31, 2013 and 2012, the market value of all the interest rate swap agreements was a net liability of $9,660,174 and $13,290,750, respectively, which is included in other long-term liabilities in the accompanying consolidated financial statements. The change in the value of the interest rate swap agreements as of December 31, 2013 and 2012, was an unrealized gain of $3,630,576 and unrealized loss of $23,085, respectively. The activity related to the interest rate swap agreements as of December 31, 2013 and 2012, was a net gain of $2,367,692 and $1,878,195, respectively. These amounts are included as a component of nonoperating gains (losses) in the accompanying consolidated financial statements.

8. Fair Value Measurements

The System discloses information about its financial assets and liabilities using a fair value hierarchy that is intended to increase consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy is based on inputs to valuation techniques that

8. Fair Value Measurements (continued)

are used to measure fair value, and that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources, while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The fair value hierarchy consists of the following three levels:

Level 1 – Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities that are not active, inputs other than quoted prices that are observable, and market-corroborated inputs that are derived principally from, or corroborated by, observable market data.

Level 3 – Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

The following table represents the System's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2013, and the basis for that measurement:

		Fair Value Measurement at December 31, 2013, Using		
	Total Fair Value Measurement at December 31, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Master Investment Pool holdings				
Money market pooled asset	$ 792,805	$ –	$ 792,805	$ –
Domestic equity pooled asset	65,476,002	–	65,476,002	–
International equity pooled asset	37,087,434	–	37,087,434	–
Fixed income pooled asset	65,818,031	–	65,818,031	–
Alternative investment pooled asset	9,416,060	–	9,416,060	–
Cash equivalents	17,111,186	17,111,186	–	–
U S government securities	1,424,195	–	1,424,195	–
Corporate debt securities	599,253	–	599,253	–
	$ 197,724,966	$ 17,111,186	$ 180,613,780	$ –
Interest rate swaps	$ (9,660,174)	$ –	$ (9,660,174)	$ –

8. Fair Value Measurements (continued)

	Total Fair Value Measurement at December 31, 2012	Fair Value Measurement at December 31, 2012, Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Master Investment Pool holdings				
Cash equivalents	$ 65,697	$ 65,697	$ –	$ –
Domestic equity securities	650,682	650,682	–	–
Money market pooled asset	7,875,354	–	7,875,354	–
Domestic equity pooled asset	31,529,138	–	31,529,138	–
International equity pooled asset	7,943,536	–	7,943,536	–
Fixed income pooled asset	110,515,482	–	110,515,482	–
Cash equivalents	5,905,373	5,905,373	–	–
U S government securities	1,431,524	–	1,431,524	–
Mortgage-backed securities	9,091,973	–	9,091,973	–
Corporate debt securities	583,009	–	583,009	–
	$ 175,591,768	$ 6,621,752	$ 168,970,016	$ –
Interest rate swaps	$ (13,290,751)	$ –	$ (13,290,751)	$ –

The valuation methodologies used for instruments measured at fair value as presented in the table above are as follows:

Investments

Investments valued at quoted prices available in an active market are classified within Level 1 of the valuation hierarchy. Investments valued based on evaluated bid prices provided by third-party pricing services, for which quoted market prices are not available, and investments valued based on net asset value provided by the custodian of the Master Investment Pool are both classified within Level 2 of the valuation hierarchy. The net asset value is based on the value of the underlying assets owned by the fund.

Interest Rate Swap Agreements

The fair values of interest rate swap agreements are determined based on the present value of expected future cash flows using discount rates appropriate with the risks involved and are classified within Level 2 of the valuation hierarchy.

8. Fair Value Measurements (continued)

Debt

The estimated fair value of the System's outstanding revenue bonds is $141,352,792 and $144,162,689 at December 31, 2013 and 2012, respectively, based on broker quoted market prices. For all other debt the carrying value approximates fair value at December 31, 2013 and 2012.

9. Commitments and Contingencies

The System is involved in litigation arising in the course of business. In the opinion of management, the liability, if any, arising from such litigation is adequately covered by the Program or other insurance as mentioned in Note 1, and is not expected to have a material adverse effect on the System's consolidated financial position.

The System has guaranteed the debt of certain affiliates as disclosed in Note 6. The System may be required to post additional collateral to secure obligations that would be owed to the counterparty under the interest rate swap agreements, as discussed in Note 7.

On October 5, 1995, Burleson executed an operating lease agreement with Burleson County Hospital District to lease substantially all of the property, plant, and equipment of the acute care facility located in Caldwell, Texas, for five years, with three renewal terms of five years each. Effective October 1, 2005, the Hospital executed a second lease renewal that extended the lease for eight years, with one renewal option for an additional period of eight years. Effective October 1, 2013, the Hospital executed a new lease for five years, with three renewal options of five years each.

On March 17, 1996, the Hospital executed an operating lease agreement with Grimes County to lease substantially all the plant, property, and equipment of the acute care facility located in Navasota, Texas, for seven years, with two renewal terms of seven years each. The lease was renewed for a seven-year term effective September 17, 2010.

9. Commitments and Contingencies (continued)

The following is a schedule of future minimum payments at December 31, 2013, by year and in the aggregate, under noncancelable operating leases and medical agreements:

2014	$ 19,714,714
2015	11,434,933
2016	6,780,001
2017	6,355,794
2018	5,727,900
Total	$ 50,013,342

Expense for operating leases and medical agreements for the years ended December 31, 2013 and 2012, was $24,585,048 and $19,550,720, respectively.

10. Retirement Plans

Defined Benefit Plan

The System participates with other affiliated organizations in the Sisters of St. Francis Lay Employees' Retirement Plan (the Sisters' Plan), which is a noncontributory defined benefit retirement plan covering eligible lay employees. The Sisters' Plan provides for retirement and disability retirement benefits based on years of service and an employee's highest consecutive three-year average earnings. In addition, the Sisters and the System intend, but do not guarantee, to continue to make annual contributions to the fund in an amount equal to a percentage of projected covered compensation. Effective December 31, 2013, the Sisters' Plan was frozen and all pension plan benefits earned through that date were immediately vested for all participants who were actively employed with the System on December 31, 2013. The defined benefit plan will be replaced with a defined contribution pension plan as of January 1, 2014.

The Sisters' Plan is accounted for as a multiemployer pension plan. Accordingly, the System records its required contributions to the Sisters' Plan as net periodic pension expense. Participating employers will continue to contribute an amount equal to a percentage of projected covered compensation.

10. Retirement Plans (continued)

The System recognized net periodic pension expense of $7,644,412 and $7,352,211 for the years ended December 31, 2013 and 2012, respectively, based on amounts funded to the Sisters' Plan. The projected and accumulated benefit obligation exceeded the fair value of plan assets by approximately $84,700,000 and $58,200,000, respectively, at December 31, 2013, using a weighted-average discount rate of 4.95%, an expected long-term rate of return on plan assets of 8.0%, and an expected rate of compensation increase of 3.5%.

Defined Contribution Plan

The Hospital employees are eligible to participant in a defined contribution employee benefit plan. All employees of the Hospital are eligible to participate upon the date of employment. The System may elect to make discretionary matching contributions of $.50 for every $1.00 of an employee's elective deferrals, up to 2% of an employee's compensation. Employees become 100% vested in the employer's contribution after three years of service. The System contributed approximately $841,730 and $681,091 during the years ended December 31, 2013 and 2012, respectively. Effective January 1, 2014, the System will provide employees with an employer basic contribution equal to 1% of compensation, plus a matching contribution equal to 50% of the first 6% that employees contribute, resulting in a maximum matching contribution of 3% of compensation. Employees will become 100% vested in the 1% basic contribution after three years of service and are immediately vested in the matching contribution.

11. Transactions With Affiliates

The System paid Sylvania Franciscan Health approximately $4,440,543 and $3,589,971 for various expenses during 2013 and 2012, respectively. Additionally, under the Program (see Note 1), the System paid premiums of $2,750,909 and $0 to the Program for professional and general liability insurance coverage during 2013 and 2012, respectively. The System has recorded a receivable from Sylvania Franciscan Health at December 31, 2013 and 2012, of $617,081 and $968,640, respectively, which was included in due from affiliates in the accompanying consolidated financial statements. This receivable represented a refund of premiums paid and was recorded as a reduction of premium expense in 2011.

12. Functional Expenses

The System and its subsidiaries provide general health care services to residents within their geographic locations. Expenses related to providing these services at December 31 are as follows:

	2013	2012
Fundraising	**$ 83,917**	$ 145,040
Grants	**239,537**	137,220
General and administrative	**137,072,341**	131,458,860
Health care	**211,722,706**	200,582,552
	$349,118,501	$332,323,672

13. Subsequent Events

The System evaluates subsequent events, which are events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the financial statements as of the balance sheet date. For the year ended December 31, 2013, the System evaluated the impact of subsequent events through April 28, 2014, representing the date on which the financial statements were available to be issued. Certain non-recognized subsequent events were identified for disclosure in Note 10 in the accompanying notes to the consolidated financial statements.

Supplementary Information

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Consolidating Balance Sheet

December 31, 2013

	St Joseph Services Corporation (dba St Joseph Health System)	Alliance Health Providers of Brazos Valley, Inc.	Consolidation and Eliminations	St. Joseph Services Corporation (dba St. Joseph Health System) and For-Profit Subsidiaries	St. Joseph Regional Health Center of Bryan, Texas	Madison St Joseph Health Center	Burleson St Joseph Health Center	Bellville St Joseph Health Center	Hospitals' Subtotal	St Joseph Foundation of Bryan, Texas	St. Joseph Regional Health Partners	St. Joseph Physician Associates	Burleson St. Joseph Manor	St. Joseph Manor	Consolidation and Eliminations	Consolidated St Joseph Services Corporation (dba St. Joseph Health System)
Assets																
Current assets																
Cash and cash equivalents	$ –	$ 223 816	$ –	$ 223 816	$ 10 686 998	$ 484 595	$ 284 539	$ 93 431	$ 11 549 563	$ 707 907	$ –	$ 295 875	$ 33 707	$ 66 388	$ –	$ 12 877 255
Accounts receivable																
Patient and third-party payors net	–	–	-	–	56 929 424	1 148 816	1 530 080	1 002 590	60 610 910	–	–	1 555 636	368 497	1 463 007	–	63 998 050
Trade net	–	2 335		2 335	–	–	–	–	–	–	–	–	–	–	–	2 335
Pledges net	–			–	–	–	–	–	–	368 894	–	–	–	–	–	368 894
Other receivables	–	–	-	–	7 281 661	676 212	417 854	2 145 443	10 521 170	–	–	–	–	45 088	–	10 566 258
Due from affiliate			–	-	1 216 529	44 276	36 693	39 715	1 337 213	–	–	–	20 921	27 236	–	1 385 370
Supplies	-	–	-	–	5 303 554	130 966	81 968	277 957	5 794 445	–	–	–	–	–	–	5 794 445
Prepaid expenses and other assets	304 126	17 537	-	321 663	1 846 593	13 542	28 153	55 820	1 944 108	63 696	–	980 913	9 764	8 740	–	3,328 884
Current portion of assets limited as to use	-				6 918 710	–	–	–	6 918 710	–	–	–	–	373,428	–	7 292 138
Total current assets	304 126	243 688		547 814	90 183 469	2 498 407	2 379 287	3 614 956	98 676 119	1 140 497	–	2 832 424	432 889	1 983 887	–	105 613 629
Pledges receivable net of current position	-			-	–	–	–	–	–	445 180	–	–	–	–	–	445 180
Due from affiliate	-				5 428 168	196 491	161 536	158 861	5 945 056	–	–	–	93 106	120 411	–	6 158 573
Receivable from related parties	175 224	305 487	(1 092)	479 619	77 877	684 945	38 317	–	801 139	171 643	–	1 100	41 885	125 815	(1 621 201)	–
Investments		-			177 862 188	–	–	–	177 862 188	728 178	–	–	–	–	–	178 590 366
Assets whose use is limited net of current portion	-	–	–	–	10 296 313	-	–	–	10 296 313	–	–	–	–	1 546 149		11 842 462
Property plant and equipment net	37 751	–	–	37 751	160 130 134	1 455 162	1 197 923	2 147 306	164 930 525	15 886	–	–	4 345 794	8 355 092	-	177 685 048
Other assets																
Deferred costs net	-	–	–	–	2 370 475	–	–	–	2 370 475	–	–	–	374 531	252 645		2 997 651
Investment in subsidiaries	501 059	–	(501 059)	–	–	-	–	–	–	–	–	–	–	–	–	–
Beneficial interest in the assets of the Foundation	-	–	–	–	1 420 011	68 032	153 256	100	1 641 399	–	–	1 629	20 366	20 827	(1 684 221)	-
Other	–	–	–	–	189 701	–	–	–	189 701	–	–	–	155 001	–		344 702
	501,059	–	(501 059)	–	3,980,187	68 032	153,256	100	4 201 575	–	–	1,629	549,898	273,472	(1 684 221)	3 342 353
Total assets	$ 1 018 160	$ 549 175	$ (502 151)	$ 1 065 184	$ 447 958 336	$ 4 903 037	$ 3 930 319	$ 5 921 223	$ 462 712 915	2 501 384	$ –	$ 2 835 153	$ 5,463,572	$ 12 404 826	$ (3 305 422)	$ 483 677 611

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Consolidating Balance Sheet (continued)

Year Ended December 31, 2013

	St. Joseph Services Corporation (dba St. Joseph Health System)	Alliance Health Providers of Brazos Valley, Inc.	Consolidation and Eliminations	St. Joseph Services Corporation (dba St. Joseph Health System) and For-Profit Subsidiaries	St Joseph Regional Health Center of Bryan, Texas	Madison St Joseph Health Center	Burleson St Joseph Health Center	Bellville St Joseph Health Center	Hospitals' Subtotal	St. Joseph Foundation of Bryan, Texas	St. Joseph Regional Health Partners	St. Joseph Physician Associates	Burleson St. Joseph Manor	St. Joseph Manor	Consolidation and Eliminations	Consolidated St. Joseph Services Corporation (dba St. Joseph Health System)
Liabilities and net assets																
Current liabilities																
Accounts payable and accrued expenses	$ 477 170	$ 47 026	$ –	$ 524 196	$ 20 097 011	$ 205 615	$ 166 883	$ 283 128	$ 20 752 637	$ 673	$ 59 028	$ 729 536	$ 51 258	$ 184 290	$ –	$ 22 303 618
Payroll and related accruals	577 193	–	–	577 193	9 750 024	235 784	165 198	278 373	10 429 379	–	10 125	338 403	92 338	109 621	–	11 557 061
Due to affiliates	133 878	–	–	133 878	84 064	–	–	1 041 852	1 125 916	–	–	–	–	–	–	1 259 794
Accrued interest	–	–	–	–	3 228 710	–	–	10 939	3 239 649	–	–	–	30 241	373 428	–	3 643 318
Payable to Health Insurance Programs	–	–	–	–	4 879 275	–	434 653	222 293	5 536 221	–	–	–	(2 116)	–	–	5 534 105
Current maturities of long-term debt	–	–	–	–	4 173 970	–	–	1 800 000	5 973 970	–	–	–	325 000	–	–	6 298 970
Current portion of insurance claims reserves	–	–	–	–	1 216 531	44 277	35 693	39 715	1 337 216	–	–	–	20 921	27 236	–	1 385 373
Total current liabilities	1 188 241	47 026	–	1 235 267	43 429 585	485 676	803 427	2 634 448	47 353 136	673	69 153	1 067 939	519 642	694 577	–	51 982 239
Payable to related party	77 877	1 092	(1 092)	77 877	1 348 288	13 958	94 636	1 436	1 458 318	2 401	–	–	29 307	53 298	(1 621 201)	–
Due to affiliates	–	–	–	–	4 866 119	177 105	146 776	158 861	5 348 861	–	–	–	83 684	108 947	–	5 541 492
Long-term debt less current portion	–	–	–	–	116 297 062	–	–	–	116 297 062	–	–	–	6 500 000	13 746 040	–	136 543 102
Derivative liability	–	–	–	–	7 496 824	–	–	–	7 496 824	–	–	–	102 307	2 061 043	–	9 660 174
Other long-term liabilities	–	–	–	–	1 634 972	292 196	–	–	1 927 168	–	–	–	–	595 058	–	2 522 226
Shareholders equity (deficit)																
Common stock	–	143	(143)	–	–	–	–	–	–	–	–	–	–	–		
Additional contributed capital	–	715 377	(715 377)	–	–	–	–						–	–	–	–
Retained earnings (deficit)		(214 463)	214 463	–	–								–	–		–
Total shareholders equity (deficit)	–	501 057	(501 057)	–	–	–	–	–	–	–	–	–	–	–		
Net assets																
Unrestricted	(247 958)	–	(3)	(247 961)	270 969 173	3 866 070	2 732 224	2 084 526	279 651 993	890	(69 153)	1 765 585	(1 791 734)	(4 874 964)	–	274 434 656
Temporarily restricted	–	–	–	–	1 916 313	68 032	153 256	100	2 137 701	2 497 420		1,629	20 366	20 827	(1,684,221)	2 993 722
Total net assets	(247 958)	–	(3)	(247 961)	272 885,486	3 934 102	2,885 480	2 084 626	281 789 694	2 498,310	(69 153)	1 767 214	(1 771 368)	(4 854,137)	(1 684,221)	277 428 378
Total liabilities and net assets	$ 1 018 160	$ 549 175	$ (502 151)	$ 1 065 184	$ 447 958 336	$ 4 903 037	$ 3 930 319	$ 5 921 223	$ 462 712 915	$ 2 501 384	$ –	$ 2 835 153	$ 5 463 572	$ 12 404 826	$ (3 305 422)	$ 483 677 611

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Consolidating Statement of Operations and Changes in Net Assets

Year Ended December 31, 2013

	St Joseph Services Corporation (dba St. Joseph Health System)	Alliance Health Providers of Brazos Valley, Inc.	Consolidation and Eliminations	St Joseph Services Corporation (dba St. Joseph Health System) and For-Profit Subsidiaries	St Joseph Regional Health Center of Bryan, Texas	Madison St Joseph Health Center	Burleson St Joseph Health Center	Bellville St Joseph Health Center	Hospitals' Subtotal	St Joseph Foundation of Bryan, Texas	St Joseph Regional Health Partners	St Joseph Physician Associates	Burleson St Joseph Manor	St. Joseph Manor	Consolidation and Eliminations	Consolidated St. Joseph Services Corporation (dba St Joseph Health System)
Unrestricted revenue gains and other support																
Gross patient service revenue	$	$	$	$	$ 1,387,848,642	$ 48,683,772	$ 36,098,235	$ 13,741,974	$ 1,486,372,623	$	$	$ 56,890,641	$ 5,556,721	$ 12,957,252	$ (160,715)	$ 1,561,616,522
Deductions - patient service revenues																
Allowances and contractual adjustments					962,270,773	31,273,226	22,716,776	3,178,765	1,019,439,540			36,349,849	810,347	3,520,254	(110,000)	1,060,009,990
Charity Care					109,825,469	205,270	627,125	131,814	110,789,678			(42)				110,789,636
Total deductions					1,072,096,242	31,478,496	23,343,901	3,310,579	1,130,229,218		–	36,349,807	810,347	3,520,254	(110,000)	1,170,799,626
Net patient service revenue (net of CA and discounts)					315,752,400	17,205,276	12,754,334	10,431,395	356,143,405		–	20,540,834	4,746,374	9,436,998	(50,715)	390,816,896
Provision for bad debts					31,297,797	5,977,707	3,419,673	1,670,722	42,365,899			1,003,854				43,369,753
Net patient service revenue less provision for bad debts					284,454,603	11,227,569	9,334,661	8,760,673	313,777,506			19,536,980	4,746,374	9,436,998	(50,715)	347,447,143
Other revenue	12,772,940	239,067	(67,394)	12,944,613	9,014,484	661,100	465,990	1,545,512	11,687,086	598,988		11,542,999	59,415	15,919	(23,364,816)	13,484,204
Total unrestricted revenue gains and other support	12,772,940	239,067	(67,394)	12,944,613	293,469,087	11,888,669	9,800,651	10,306,185	325,464,592	598,988		31,079,979	4,805,789	9,452,917	(23,415,531)	360,931,347
Expenses																
Salaries and wages	4,057,864	17,580		4,075,444	97,961,471	4,803,484	4,138,557	3,106,591	110,010,103	306,130	270,556	27,743,542	2,506,547	3,288,463	20,000	148,220,784
Contract labor	1,068,661			1,068,661	3,084,207	72,321	189	723,375	3,880,173	37,208		67,175	720	266		5,054,203
Employee benefits	731,232	942		732,174	27,605,892	1,359,631	1,128,393	637,103	30,731,019	58,970	49,570	2,660,910	704,321	905,754	(24,485)	35,818,233
Professional fees	122,561			122,561	19,922,840	1,023,251	1,051,589	422,214	22,419,894			50,533	18,870	15,237	(9,891,720)	12,735,375
Supplies	2,510			2,510	35,684,562	458,771	312,608	678,867	37,134,808			559,776	341,109	210,781	(47,086)	38,201,894
Pharmaceuticals					8,962,914	171,567	202,726	225,510	9,562,717			701,594	88,920	234,227		10,587,458
Purchased services	2,567,697	185,807		2,753,504	26,335,977	846,716	926,829	388,041	28,497,563	54,862	439,277	1,840,148	495,322	2,542,639	(105,578)	36,517,736
Utilities and other	1,907,094	8,509	(59,882)	1,855,721	19,280,233	492,269	809,957	2,270,051	22,852,510	105,074	70,360	3,414,081	301,920	537,244	(401,023)	28,735,887
Provision for bad debts										12,108			38,103	222,070		272,281
Depreciation and amortization	5,689			5,689	17,154,673	216,973	137,273	397,856	17,906,775	1,106		843,823	212,406	381,057		19,350,856
Interest					6,436,143			62,449	6,498,592				83,404	761,539		7,343,535
Insurance	10,277	16,009		26,286	2,528,658	87,097	83,768	95,718	2,795,241	520		737,555	41,738	56,108		3,657,450
Assessment	2,299,355	7,512	(7,512)	2,299,355	10,763,417	530,963	358,994		11,653,374	24,957		740,823	120,128	226,144	(12,765,427)	2,299,355
Grants										439,748					(200,211)	239,537
Fundraising										83,917						83,917
Total operating expenses	12,772,940	236,359	(67,394)	12,941,905	275,721,067	10,063,043	9,150,880	9,007,775	303,942,765	1,124,600	829,763	39,359,960	4,953,508	9,381,529	(23,415,531)	349,118,501
Income (loss) from operations		2,708		2,708	17,748,020	1,825,626	649,771	1,298,410	21,521,827	(525,612)	(829,763)	(8,279,981)	(147,719)	71,388		11,812,846
Nonoperating gains (losses)																
Investment income					3,047,903	8	69		3,047,980	5,697						3,053,677
Net realized gain on investments					1,225,704				1,225,704							1,225,704
Unrealized gain/loss on investments					16,934,398				16,934,398	85,517				(4,624)		17,015,291
Gain under interest rate swap agreements					4,591,005				4,591,005				(15,146)	1,422,409		5,998,268
Royalty income					608				608							608
Unrestricted contributions					169,000	600		48,695	218,295							218,295
Gain on disposal of assets					3,475				3,475			(3,089)	1,068	1,089		2,543
Other								(1,036,934)	(1,036,934)							(1,036,934)
Equity in gain/loss of subsidiaries	2,707		(2,708)	(1)												
Total nonoperating gains (losses) net	2,707		(2,708)	(1)	25,972,093	608	69	(988,239)	24,984,531	91,214		(3,089)	(14,078)	1,418,874		26,477,452
Revenues in excess (deficit) of expenses	$ 2,707	$ 2,708	$ (2,708)	$ 2,707	$ 43,720,113	$ 1,826,234	$ 649,840	$ 310,171	$ 46,506,358	$ (434,398)	$ (829,763)	$ (8,283,070)	$ (161,797)	$ 1,490,262	$	$ 38,290,298

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Consolidating Statement of Operations and Changes in Net Assets (continued)

Year Ended December 31, 2013

	St Joseph Services Corporation (dba St. Joseph Health System)	Alliance Health Providers of Brazos Valley, Inc.	Consolidation and Eliminations	St Joseph Services Corporation (dba St. Joseph Health System) and For-Profit Subsidiaries	St Joseph Regional Health Center of Bryan, Texas	Madison St. Joseph Health Center	Burleson St Joseph Health Center	Bellville St. Joseph Health Center	Hospitals' Subtotal	St. Joseph Foundation of Bryan, Texas	St Joseph Regional Health Partners	St. Joseph Physician Associates	Burleson St. Joseph Manor	St. Joseph Manor	Consolidation and Eliminations	Consolidated St Joseph Services Corporation (dba St Joseph Health System)
Other changes in unrestricted net assets																
Net assets released from restrictions for property and equipment	$	$	$	$	$ 182,340	$ 16,050	$	$	$ 198,390	$	$	$	$ 1,823	$	$	$ 200,213
Equity transfers to affiliates					(6,325,002)			1,774,355	(4,550,647)	433,509	682,328	2,284,534	793,102	577,635		220,461
Increase (decrease) in unrestricted net assets	2,707	2,708	(2,708)	2,707	37,577,451	1,842,284	649,840	2,084,526	42,154,101	(889)	(147,435)	(5,998,536)	633,128	2,067,897		38,710,972
Temporarily restricted																
Restricted contributions and grant proceeds					354,234				354,234	697,760						1,051,994
Beneficial interest in assets of Foundation					119,389	(11,289)	940	100	109,140			252	(2,269)	40	(107,163)	
Net assets released from restrictions					(135,778)				(135,778)	(578,021)						(713,799)
Restricted investment income										4,844						4,844
Increase (decrease) in temporarily restricted net assets					337,845	(11,289)	940	100	327,596	124,583		252	(2,269)	40	(107,163)	343,039
Increase (decrease) in net assets	2,707	2,708	(2,708)	2,707	37,915,296	1,830,995	650,780	2,084,626	42,481,697	123,694	(147,435)	(5,998,284)	630,859	2,067,937	(107,163)	39,054,011
Change in net assets	2,707	2,708	(2,708)	2,707	37,915,296	1,830,995	650,780	2,084,626	42,481,697	123,694	(147,435)	(5,998,284)	630,859	2,067,937	(107,163)	39,054,011
Net assets beginning of year	(250,665)			(250,665)	234,970,190	2,103,107	2,234,700		239,307,997	2,374,616	78,282	7,765,498	(2,402,227)	(6,922,074)	(1,577,059)	238,374,367
Net assets end of year	$ (247,958)	$ 2,708	$ (2,708)	$ (247,958)	$ 272,885,486	$ 3,934,102	$ 2,885,480	$ 2,084,626	$ 281,789,694	$ 2,498,310	$ (69,153)	$ 1,767,214	$ (1,771,368)	$ (4,854,137)	$ (1,684,222)	$ 277,428,378

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Consolidating Balance Sheet

December 31, 2012

	St. Joseph Services Corporation (dba St Joseph Health System)	Alliance Health Providers of Brazos Valley, Inc	Tau Enterprises, Inc.	Consolidation and Eliminations	St. Joseph Services Corporation (dba St. Joseph Health System) and For-Profit Subsidiaries	St Joseph Regional Health Center of Bryan, Texas	Madison St. Joseph Health Center	Burleson St Joseph Health Center	Hospitals' Subtotal	St. Joseph Foundation of Bryan, Texas	St Joseph Health Partners	St. Joseph Physician Associates	Burleson St. Joseph Manor	St. Joseph Manor	Consolidation and Eliminations	Consolidated St. Joseph Services Corporation (dba St. Joseph Health System)
Assets																
Current assets																
Cash	$ –	$ 105 736	$ –	$ –	$ 105 736	$ 5 224 650	$ 188 438	$ 75 946	$ 5 489 034	$ 626 721	$ –	$ 295 076	$ 49 164	$ 47 587	$ –	$ 6 613 318
Accounts receivable																
Patient and third-party payors net	–	–	–	–	–	45 392 163	1 619 183	1 211 473	48 222 819	–	–	3 489 785	297 175	803 332	–	52 813 111
Pledges net	–	–	–	–	–	–	–	–	–	449 912	–	–	–	–	–	449 912
Other receivables	–	107	–	–	107	3 771 866	–	–	3 771 866	–	–	–	2 118	45 088	–	3 819 179
Due from affiliates	–	–	–	–	–	2 343 882	47 434	36 116	2 427 432	–	–	–	23 054	28 051	–	2 478 537
Supplies	–	–	–	–	–	6 343 126	155 928	110 441	6 609 495	–	–	–	–	–	–	6 609 495
Prepaid expenses and other assets	285 944	9 833	–	–	295 777	1 949 382	12 528	188 519	2 150 429	59 920	80 872	619 577	21 404	21 169	–	3 249 148
Current portion of assets limited as to use	–	–	–	–	–	4 596 685	–	–	4 596 685	–	–	–	1 440	373 428	–	4 971 553
Total current assets	285 944	115 676	–	–	401 620	69 621 754	2 023 511	1 622 495	73 267 760	1 136 553	80 872	4 404 438	394 355	1 318 655	–	81 004 253
Pledges receivable net of current position	–	–	–	–	–	–	–	–	–	479 149	–	–	–	–	–	479 149
Due from affiliates	–	–	–	–	–	5 500 967	189 738	144 462	5 835 167	–	–	–	92 216	112 202	–	6 039 585
Receivable from related parties	895 215	460 669	–	(2 060)	1 353 824	–	199 872	249 469	449 341	131 518	–	167	–	–	(1 934 850)	–
Investments		–	–	–	–	157 949 336	–	–	157 949 336	630 553			–	–		158 579 889
Assets whose use is limited, net of current portion	–	–	–		–	10 494 570	–	–	10 494 570	–	–		–	1 545 756	–	12 040 326
Property, plant, and equipment, net	33 805	–			33 805	163 847 389	998 180	950 977	165 796 546	16 992		4 812 454	4 493 530	8 640 457	–	183 793 784
Other assets																
Deferred costs net	–					2 369 677		–	2 369 677	–	–		398 694	270 691		3 039 062
Investment in subsidiaries	498 352	–	–	(498 352)		–	–	–	–	–			–		–	
Beneficial interest in the assets of the Foundation	–	–		–		1 300 621	79 322	152 316	1 532 259	–	–	1 377	22 635	20 787	(1 577 058)	
Other	–	–	–			282 331		–	282 331	–			165 001		–	447 332
	498 352		–	(498 352)		3 952 629	79 322	152 316	4 184 267	–	–	1 377	586 330	291 478	(1 577 058)	3 486 394
Total assets	$ 1,713 316	$ 576 345	$ –	$ (500 412)	$ 1 789 249	$ 411 366 645	$ 3 490 623	$ 3 119 719	$ 417 976 987	$ 2 394 765	$ 80 872	$ 9 218 436	$ 5 566 431	$ 11 908 548	$ (3 511 908)	$ 445 423 380

St Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Consolidating Balance Sheet (continued)

	St Joseph Services Corporation (dba St. Joseph Health System)	Alliance Health Providers of Brazos Valley, Inc.	Tau Enterprises, Inc	Consolidation and Eliminations	St. Joseph Services Corporation (dba St Joseph Health System) and For-Profit Subsidiaries	St Joseph Regional Health Center of Bryan, Texas	Madison St Joseph Health Center	Burleson St. Joseph Health Center	Hospitals' Subtotal	St. Joseph Foundation of Bryan, Texas	St. Joseph Health Partners	St. Joseph Physician Associates	Burleson St. Joseph Manor	St. Joseph Manor	Consolidation and Eliminations	Consolidated St. Joseph Services Corporation (dba St. Joseph Health System)
Liabilities and net assets																
Current liabilities																
Accounts payable and accrued expenses	$ 990 752	$ 75 937	$ –	$ (4)	$ 1 066 685	$ 16 161 576	$ 173 808	$ 193 029	$ 16 528 413	$ –	$ –	$ 829 480	$ 188 582	$ 78 543	$ –	$ 18 691 703
Payroll and related accruals	697 903	–	–	–	697 903	8 705 328	198 215	132 733	9 036 276	–	2 590	371 293	82 376	91 368	–	10 281 806
Due to affiliates	109 374	–	–	–	109 374	260 538	–	–	260 538	–	–	–	–	–	–	369 912
Accrued interest	–	–	–	–	–	3 261 685	–	–	3 261 685	–	–	–	31 694	373 428	–	3 666 807
Payable to Health Insurance Programs	–	–	–	–	–	7 137 142	409 651	299 599	7 846 392	–	–	–	(1 686)	–	–	7 844 706
Current portion of insurance claims reserves	–	–	–	–	–	1 375 242	47 434	36 116	1 458 792	–	–	–	23 054	28 051	–	1 509 897
Current maturities of long-term debt	–	–	–	–	–	1 860 534	–	–	1 860 534	–	–	–	315 000	–	–	2 175 534
Total current liabilities	1 798 029	75 937	–	(4)	1 873 962	38 762 045	829 108	661 477	40 252 630	–	2 590	1 200 773	639,020	571 390	–	44 540 365
Other long-term liabilities	–	–	–	–	–	853 341	275 657	–	1 128 998	–	–	–	–	1 111 675	–	2 240 673
Due to affiliates	–	–	–	–	–	5 500 967	189 738	144 462	5 835 167	–	–	–	92 216	112 202	–	6 039 585
Payable to related party	165 952	2 060	–	(2 060)	165 952	865 577	93 013	79 081	1 037 671	20 149	–	252 165	162 286	296 627	(1 934 850)	–
Derivative liability	–	–	–	–	–	10 037 284	–	–	10 037 284	–	–	–	250 176	3 003 330	–	13 290 750
Long-term debt less current portion	–	–	–	–	–	120 377 241	–	–	120 377 241	–	–	–	6 825 000	13 735 399	–	140 937 640
Shareholders Equity (deficit)																
Common stock	–	143	–	(143)	–	–	–		–		–		–	–		–
Additional contributed capital	–	715 377	–	(715 377)	–	–	–		–		–		–	–		–
Retained earnings (deficit)	–	(217 172)	–	217 172	–	–	–	–	–	–	–		–	–	–	–
Total shareholders equity (deficit)	–	498 348	–	(498 348)	–	–	–	–	–	–	–		–	–	–	–
Net assets																
Unrestricted	(250 665)	–			(250 665)	233 391 723	2 023 785	2 082 383	237 497 891	(213 806)	78 282	7 764 121	(2 424 862)	(6 942 862)	–	235 508 099
Board-designated endowments	–	–	–	–	–	–	–	–	–	215 585	–	–	–	–	–	215 585
Total unrestricted	(250 665)	–	–	–	(250 665)	233 391 723	2 023 785	2 082,383	237 497,891	1,779	78 282	7 764 121	(2 424 862)	(6 942 862)	–	235 723 684
Temporarily restricted	–	–	–	–	–	1 578 467	79 322	152,316	1 810,105	2 372 837	–	1 377	22 635	20,787	(1 577 058)	2 650 683
Total net assets	(250 665)		–		(250 665)	234 970 190	2 103 107	2 234 699	239 307 996	2 374 616	78,282	7 765 498	(2 402 227)	(6 922 075)	(1 577 058)	238 374,367
Total liabilities and net assets	$ 1 713 316	$ 576 345	$ –	$ (500 412)	$ 1 789 249	$ 411 366 645	$ 3 490 623	$ 3 119 719	$ 417 976 987	$ 2 394 765	$ 80 872	$ 9 218 436	$ 5 566,431	$ 11 908 548	$ (3 511 908)	$ 445 423 380

St Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Consolidating Statement of Operations and Changes in Net Assets

Year Ended December 31, 2012

	St. Joseph Services Corporation (dba St. Joseph Health System)	Alliance Health Providers of Brazos Valley, Inc.	Tau Enterprises, Inc.	Consolidation and Eliminations	St Joseph Services Corporation (dba St. Joseph Health System) and For-Profit Subsidiaries	St Joseph Regional Health Center of Bryan, Texas	Madison St. Joseph Health Center	Burleson St Joseph Health Center	Hospitals' Subtotal	St. Joseph Foundation of Bryan, Texas	St. Joseph Health Partners	St. Joseph Physician Associates	Burleson St. Joseph Manor	St. Joseph Manor	Consolidation and Eliminations	Consolidated St. Joseph Services Corporation (dba St. Joseph Health System)
Unrestricted revenue gains and other support																
Patient service revenue (net of contractual allowances and discounts)	$ –	$ –	$ –	$ –	$ –	$ 295 386 618	$ 15 730 480	$ 10 772 755	$ 321 889 853	$ –	$ –	$ 24 914 895	$ 4 084 826	$ 7 713 343	$ (12 902)	$ 358 590 015
Provision for bad debts	–	–	–	–	–	22 610 079	5 610 191	2,378,919	30,599 189	–	–	1 765 343	–	–	–	32 364 532
Net patient service revenue less provision for bad debts	–	–	–	–	–	272 776 539	10 120 289	8 393 836	291 290 664	–	–	23 149 552	4 084 826	7 713 343	(12 902)	326 225 483
Other revenue	12 123 530	253 595	928 312	(68 218)	13 237 219	5 950,427	280,470	167 120	6,398 017	1 078 050	–	5 784 003	59,989	65 922	(18 496 607)	8 126 593
Total unrestricted revenue gains and other support	12 123 530	253 595	928 312	(68 218)	13 237 219	278 726 966	10 400,759	8 560 956	297 688 681	1 078 050	–	28 933 555	4 144 815	7 779 265	(18 509 509)	334 352 076
Expenses																
Salaries and wages	4 166 932	17 580	26 189	–	4 210 701	95 342 323	4 977 993	4 060 918	104 381 234	438 615	131 748	26 118 607	2 437 742	3,307 386	–	141 026 033
Employee benefits	603 090	1 209	9 734	–	614 033	30 350 520	1 559 502	1 227 019	33 137 041	92 011	25 410	3 150 705	826 619	1 117 386	(58 492)	38 904 313
Professional fees	–	–	–	–	–	14 805 689	944 418	1 014 045	16 764 152	–	–	62 601	20 100	14 400	(5,099 048)	11 762 205
Supplies and pharmaceuticals	184	–	–	–	184	44 049 274	716 883	466 538	45 232 695	–	–	1 615 748	433 951	455 550	(56 253)	47 681 875
Purchased services utilities and other	5 240 485	226 784	424 253	(33 362)	5 858 160	45 530 687	1 276 216	1 481 082	48 287 985	157 324	365 131	6 870 628	741 477	2 541 357	(518 018)	64 304 044
Provision for bad debts	–	–	–	–	–	–	–	–	–	(10 848)	–	–	7 583	(1 554)	–	(4 819)
Depreciation and amortization	1 686	38	305 247		306 971	16 569 232	200 307	126 433	16 895 972	1 621	–	938 899	211 981	375 412	(37 251)	18 693 605
Interest	–	–	75 117	–	75 117	6 611 517	–	–	6 611 517	–	–	–	97 475	783 900	(5 006)	7 563 003
Management fees	2 111 153	7 616	27 240	(34 856)	2 111 153	9 840 298	461 090	350 089	10 651 477	37 461	–	991 245	139 308	269 220	(12 088 711)	2 111 153
Fundraising and grants	–	–	–	–	–	–	–	–	–	971 249	–	–	–	–	(688 989)	282 260
Total operating expenses	12 123 530	253,227	867 780	(68 218)	13 176 319	263 099 540	10,136 409	8 726 124	281 962 073	1 687 433	522,289	39 748 033	4 916 236	8 863 057	(18 551 768)	332 323 672
Income (loss) from operations	–	368	60 532		60 900	15 627 426	264,350	(165 168)	15 726 608	(609 383)	(522 289)	(10 814 478)	(771 421)	(1 083 792)	42 259	2 028 404
Nonoperating gains (losses)																
Investment income (loss)	–	–		–	–	13 139 145	–	–	13 139 145	27 900	–	–	–	(29 829)	(5 007)	13 132 209
Gain (loss) under interest rate swap agreements	–		–		–	1 783 963		–	1 783 963	–	–	–	(69 958)	141 105		1 855 110
Gain (loss) on disposal of assets	–		–		–	(52 716)	–	–	(52 716)	–	–	(41 307)	–	–		(94 023)
Unrestricted contributions	–	–	–		–	(326 548)	200	–	(326 348)	–	–	–	–	–	–	(326 348)
Total nonoperating gains (losses) net	–				–	14 543 844	200	–	14 544 044	27 900	–	(41 307)	(69 958)	111 276	(5 007)	14 566 948
Revenues in excess of (less than) expenses	$	$ 368	$ 60 532	$	$ 60 900	$ 30 171 270	$ 264 555	$ (165 168)	$ 30 270 652	$ (581 483)	$ (522 289)	$ (10 855 785)	$ (841 379)	$ (972 516)	$ 37 252	$ 16 595 352

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Consolidating Statement of Operations and Changes in Net Assets (continued)

	St. Joseph Services Corporation (dba St. Joseph Health System)	Alliance Health Providers of Brazos Valley, Inc	Tau Enterprises, Inc.	Consolidation and Eliminations	St Joseph Services Corporation (dba St Joseph Health System) and For-Profit Subsidiaries	St Joseph Regional Health Center of Bryan, Texas	Madison St. Joseph Health Center	Burleson St Joseph Health Center	Hospitals' Subtotal	St. Joseph Foundation of Bryan, Texas	St. Joseph Health Partners	St. Joseph Physician Associates	Burleson St. Joseph Manor	St. Joseph Manor	Consolidation and Eliminations	Consolidated St. Joseph Services Corporation (dba St. Joseph Health System)
Other changes in unrestricted net assets																
Net assets released from restrictions for property and equipment	$ –	$	$	$ –	$ –	$ 531 327	$ 124 997	$ 7 941	$ 664 265	$ 1	$ 1	$ 1	$ 649	$ 27 231	$ –	$ 692 148
Equity transfers to affiliates	–	–		–	–	(16 936 996)	(277 753)	287 753	(16 926 996)	180 000	600 570	11 336 375	2 277 342	2 552 709		20 000
Grant proceeds received and used in the current year for property and equipment			–		–		–	50 000	50 000	–		–			–	50 000
Other changes in unrestricted net assets	(2 175 108)		–	(60 900)	(2 236 008)	1 067 259		–	1 067 259	–		–	–	–	1 168 749	–
Increase (decrease) in unrestricted net assets	(2 175 108)	368	60 532	(60 900)	(2 175 108)	14 832 860	111 794	180 526	15 125 180	(401 482)	78 282	480 591	1 436 612	1 607 424	1 206 001	17 357 500
Temporarily restricted																
Restricted contributions and grant proceeds	–	–	–	–	–	191 623	–	–	191 623	789 373	–	–	–	–		980 996
Beneficial interest in assets of the Foundation	–	–	–	–	–	(200 453)	(85 134)	67 804	(217 783)	–	–	1 377	405	(22 722)	238 723	–
Restricted investment income	–		–		–		–	–	–	7 096	–	–		–	–	7,096
Net assets released from restrictions	–	–		–		–	–	–	–	(992,406)	–				–	(992,406)
Increase (decrease) in temporarily restricted net assets	–	–	–	–		(8,830)	(85 134)	67 804	(26 160)	(195 937)		1,377	405	(22 722)	238 723	(4 314)
(Decrease) increase in net assets	(2 175 108)	368	60 532	(60 900)	(2 175 108)	14 824 030	26 660	248 330	15 099 020	(597 419)	78 282	481 968	1 437 017	1 584 702	1 444 724	17 353 186
Net assets beginning of year as adjusted	1 924 443	–		–	1 924 443	220 146,160	2 076 447	1 986 369	224 208 976	2 972 035	–	7 283 530	(3 839,244)	(8 506,777)	(3 021 782)	221 021 181
Net assets end of year	$ (250 665)	$ 368	$ 60 532	$ (60 900)	$ (250 665)	$ 234 970 190	$ 2 103 107	$ 2 234 699	$ 239 307 996	$ 2 374 616	$ 78 282	$ 7 765 498	$ (2 402 227)	$ (6 922 075)	$ (1 577 058)	$ 238 374 367

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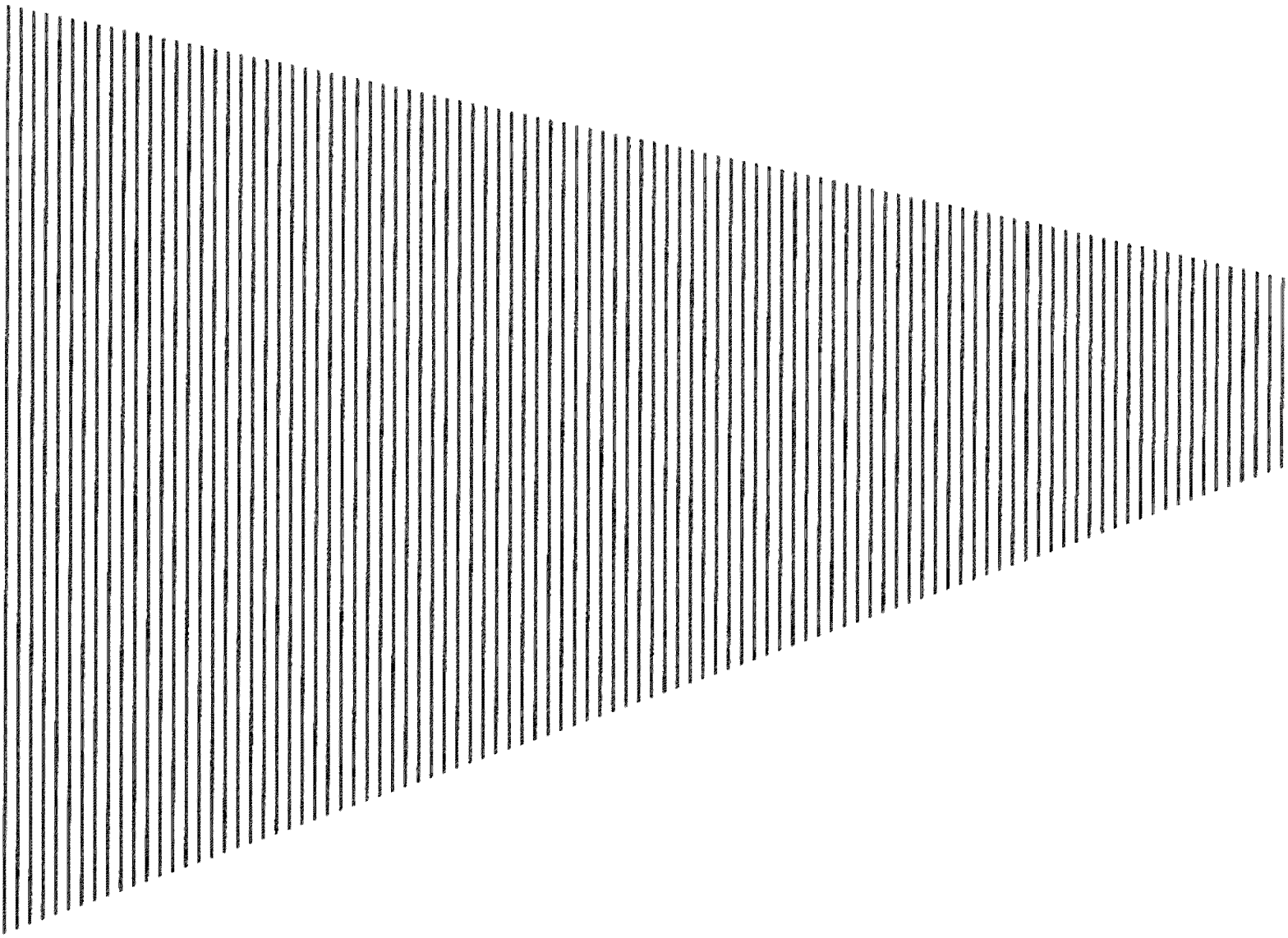
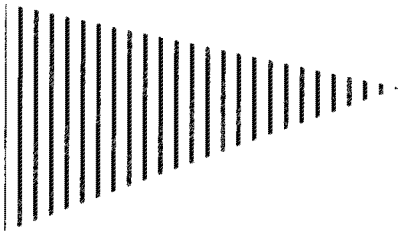


Combined Financial Statements and Other Supplementary Information

Sylvania Franciscan Health and Subsidiaries
Sisters of St. Francis of Sylvania, Ohio
Years Ended December 31, 2013 and 2012
With Reports of Independent Auditors

Ernst & Young LLP



Building a better working world

Sylvania Franciscan Health and Subsidiaries
Sisters of St. Francis of Sylvania, Ohio

Combined Financial Statements and
Other Supplementary Information

Years Ended December 31, 2013 and 2012

Contents

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Building a better working world

Report of Independent Auditors

The Board of Trustees
Sylvania Franciscan Health and Subsidiaries
Sisters of St. Francis of Sylvania, Ohio

We have audited the accompanying combined financial statements of Sylvania Franciscan Health and subsidiaries, which comprise the combined statements of financial position as of December 31, 2013 and 2012, and the related combined statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Sylvania Franciscan Health and Subsidiaries at December 31, 2013 and 2012, and the combined results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Adoption of ASU 2012-01, Health Care Entities, Continuing Care Retirement Communities – Refundable Advance Fees

As discussed in Note 2 to the consolidated financial statements, the Company changed its method for accounting for refundable advance fees for continuing care retirement communities as a result of the adoption of the amendments to the FASB Accounting Standards Codification resulting from Accounting Standards Update 2012-01, Health Care Entities, Continuing Care Retirement Communities – Refundable Advance Fees, effective January 1, 2012. Our opinion is not modified with respect to this matter.

Ernst & Young LLP

May 6, 2014

Sylvania Franciscan Health and Subsidiaries
Sisters of St. Francis of Sylvania, Ohio

Combined Statements of Financial Position

	December 31	
	2013	**2012**
		(As Adjusted)
Assets		
Current assets:		
Cash and cash equivalents	**$ 37,646,141**	$ 36,464,001
Investments	**6,234,414**	144,062
Current portion of trustee-held funds	**8,108,841**	5,777,015
Accounts and notes receivable:		
Patients and residents	**156,546,705**	128,246,635
Less allowances for doubtful accounts	**59,432,079**	42,701,911
	97,114,626	85,544,724
Other receivables	**12,676,093**	5,992,856
	109,790,719	91,537,580
Due from affiliates	**643,461**	811,346
Inventories	**9,425,150**	10,893,816
Prepaid expenses and other	**6,201,429**	5,288,322
Total current assets	**178,050,155**	150,916,142
Assets whose use is limited:		
Board-designated and restricted funds	**93,013,922**	81,204,180
Trustee-held funds, less current portion	**26,767,540**	56,151,002
Self-Insurance Program	**20,550,681**	18,303,190
Foundation investments	**41,655,971**	37,943,310
Other investments	**1,579,803**	1,476,283
	183,567,917	195,077,965
Net property and equipment	**394,327,439**	379,516,002
Other assets:		
Financing costs, net of amortization	**5,553,234**	5,672,058
Notes and other receivables	**1,030,298**	3,979,736
Goodwill	**3,873,161**	3,873,161
Certificate of need, net of amortization	**3,575,238**	3,451,995
Long-term investments	**238,608,898**	217,171,484
Other	**773,803**	1,071,287
	253,414,632	235,219,721
Total assets	**$ 1,009,360,143**	$ 960,729,830

	December 31	
	2013	2012
		(As Adjusted)
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses:		
Accounts payable	$ **39,143,143**	$ 44,611,629
Compensation, fees, and amounts withheld from compensation	**19,833,113**	17,600,179
Accrued interest	**5,070,646**	4,927,176
Other	**643,730**	1,380,730
	64,690,632	68,519,714
Deferred revenue	**260,407**	119,383
Settlements payable under third-party reimbursement contracts	**7,780,631**	10,879,065
Lines of credit	**2,763,635**	2,778,635
Current portion of reserve for insurance claims	**2,065,937**	2,205,135
Current portion of retirement and post-retirement benefit obligations	**198,377**	245,421
Current portion of refundable and non-refundable entrance fees	**1,082,898**	1,302,265
Current portion of long-term debt and capital lease obligations	**10,942,953**	5,815,908
Total current liabilities	**89,785,470**	91,865,526
Long-term liabilities:		
Retirement plans	**13,302,497**	25,406,885
Post-retirement benefit obligations	**666,710**	1,088,548
Reserve for insurance claims	**8,263,743**	8,820,542
Derivative liability, net	**10,205,399**	14,048,674
Refundable and non-refundable entrance fees, less current portion	**22,112,939**	22,553,222
Long-term debt and capital lease obligations, less current portion	**313,915,901**	320,456,825
Other	**2,642,238**	2,337,738
Total liabilities	**460,894,897**	486,577,960
Net assets:		
Unrestricted	**532,483,628**	459,486,405
Temporarily restricted	**11,770,192**	10,465,778
Permanently restricted	**4,211,426**	4,199,687
Total net assets	**548,465,246**	474,151,870
Total liabilities and net assets	$ **1,009,360,143**	$ 960,729,830

See accompanying notes

Sylvania Franciscan Health and Subsidiaries
Sisters of St. Francis of Sylvania, Ohio

Combined Statements of Operations

	Year Ended December 31	
	2013	**2012**
		(As Adjusted)
Revenue, gains, and other support		
Net patient service revenue, net of contractual allowances and discounts	**$ 679,002,547**	$ 634,065,518
Provision for bad debts	**58,393,617**	46,922,880
Net patient service revenue, less provision for bad debts	**620,608,930**	587,142,638
Other revenue	**25,245,915**	20,742,256
Rental revenue	**10,752,154**	9,264,796
Net assets released from restrictions	**478,731**	321,331
Total revenue, gains, and other support	**657,085,730**	617,471,021
Expenses		
Salaries and wages	**278,086,079**	258,357,724
Employee benefits	**74,482,998**	75,941,595
Purchased services, utilities, and other	**121,670,817**	112,399,595
Supplies and pharmaceuticals	**101,175,685**	98,155,211
Provision for bad debts	**868,641**	271,348
Depreciation and amortization	**37,383,137**	35,265,594
Professional fees	**21,408,597**	20,794,934
Interest	**13,577,028**	13,341,586
Total expenses	**648,652,982**	614,527,587
Operating income	**8,432,748**	2,943,434
Nonoperating gains (losses)		
Investment income	**18,938,641**	20,958,882
Net unrealized gains on investments	**27,890,877**	8,078,703
Contributions	**1,321,001**	1,759,658
Fund-raising expenses	**(1,585,601)**	(1,342,357)
Gains under interest rate swap agreements	**6,086,113**	2,074,264
Losses on disposal of assets	**(142,981)**	(95,438)
Gain from insurance proceeds	**–**	613,572
Other	**608**	(520,431)
Loss on acquisition of Bellville St. Joseph Health Center	**(1,036,934)**	–
Nonoperating gains, net	**51,471,724**	31,526,853
Excess of revenue over expenses	**$ 59,904,472**	$ 34,470,287

See accompanying notes.

Sylvania Franciscan Health and Subsidiaries
Sisters of St. Francis of Sylvania, Ohio

Combined Statements of Changes in Net Assets

	Year Ended December 31	
	2013	**2012**
		(As Adjusted)
Unrestricted net assets		
Excess of revenue over expenses	**$ 59,904,472**	$ 34,470,287
Other changes:		
Change in pension liability	**12,824,810**	(3,801,639)
Net assets released from restrictions	**267,941**	1,065,399
Increase in unrestricted net assets	**72,997,223**	31,734,047
Temporarily restricted net assets		
Contributions	**1,770,162**	1,388,945
Investment income	**71,547**	198,059
Net unrealized gains on investments	**767,024**	265,630
Net assets released from restrictions	**(1,304,319)**	(1,471,818)
Increase in temporarily restricted net assets	**1,304,414**	380,816
Permanently restricted net assets		
Investment income (loss)	**14,579**	(1,424)
Net unrealized gains on investments	**580**	366
Donations and other, net	**(3,420)**	15,951
Increase in permanently restricted net assets	**11,739**	14,893
Increase in net assets	**74,313,376**	32,129,756
Net assets at beginning of year, as adjusted	**474,151,870**	442,022,114
Net assets at end of year	**$ 548,465,246**	$ 474,151,870

See accompanying notes

Sylvania Franciscan Health and Subsidiaries
Sisters of St. Francis of Sylvania, Ohio

Combined Statements of Cash Flows

	Year Ended December 31	
	2013	**2012**
		(As Adjusted)
Operating activities and nonoperating (losses) gains		
Increase in net assets	**$ 74,313,376**	$ 32,129,756
Adjustments to reconcile increase in net assets to net cash provided by operating activities and nonoperating (losses) gains:		
Loss on acquisition of Bellville St. Joseph Health Center	**1,036,934**	–
Write-off of financing costs	**–**	238,109
Amortization of entrance fees	**(863,385)**	(1,058,327)
Change in fair value of interest rate swaps	**(3,718,421)**	(196,069)
Change in unrealized gains on investments	**(28,658,481)**	(8,344,699)
Provision for bad debts	**59,262,258**	47,194,228
Restricted contributions and investment income received	**(1,856,288)**	(1,424,019)
Depreciation and amortization	**37,383,137**	35,265,594
Losses on disposal of assets	**142,981**	95,438
Gain from insurance proceeds	**–**	(613,572)
Changes in operating assets and liabilities:		
Patients and residents accounts receivable	**(69,693,822)**	(51,249,639)
Inventories and other current assets	**(5,436,189)**	769,307
Other assets	**172,630**	693,675
Investments	**(3,389,056)**	(28,207,713)
Accounts payable and other current liabilities	**(7,149,829)**	6,328,995
Net settlements from third party	**(3,098,434)**	485,046
Reserve for insurance claims	**(695,997)**	921,178
Other liabilities	**(6,949,961)**	7,084,343
Net cash provided by operating activities and nonoperating (losses) gains	**40,801,453**	40,111,631
Investing activities		
Payments received on notes receivable	**546,602**	19,729,967
Purchases of property and equipment	**(46,572,283)**	(52,807,826)
Purchases of certificate of needs	**(221,127)**	(433,316)
Decrease (increase) in assets whose use is limited	**13,807,993**	(36,911,933)
Cash received upon acquisitions	**123,994**	–
Acquisition of physician practice	**–**	(1,300,000)
Proceeds from insurance claim	**–**	613,572
Net cash used in investing activities	**(32,314,821)**	(71,109,536)

Sylvania Franciscan Health and Subsidiaries
Sisters of St. Francis of Sylvania, Ohio

Combined Statements of Cash Flows (continued)

	Year Ended December 31	
	2013	**2012**
		(As Adjusted)
Financing activities		
Payments on capital leases	**$ (369,079)**	$ (582,692)
Entrance obligation remitted	**(4,781,114)**	(3,354,442)
Repayments of long-term debt	**(6,514,344)**	(11,444,944)
Proceeds from issuance of long-term debt	**2,570,515**	49,280,000
Net proceeds from line of credit	**(15,000)**	779,667
Restricted contributions and investment income received	**1,856,288**	1,424,019
Financing costs paid	**(51,758)**	(404,180)
Net cash (used in) provided by financing activities	**(7,304,492)**	35,697,428
Increase in cash and cash equivalents	**1,182,140**	4,699,523
Cash and cash equivalents at beginning of year	**36,464,001**	31,764,478
Cash and cash equivalents at end of year	**$ 37,646,141**	$ 36,464,001

See accompanying notes.

Sylvania Franciscan Health and Subsidiaries
Sisters of St. Francis of Sylvania, Ohio

Notes to Combined Financial Statements

December 31, 2013

1. Basis of Presentation

Sylvania Franciscan Health (the Combined Group or Corporation) is the formal expression of the sponsored health and human services ministry of the Sisters of St. Francis of Sylvania, Ohio (the Sisters). Among the member organizations in Ohio, Kentucky, and Texas are seven hospitals, eight long-term care facilities, six assisted-living facilities, independent senior housing, a counseling center, domestic violence shelter, and other supporting organizations.

The Combined Group includes the accounts of the following:

- Sylvania Franciscan Health (corporate office; Franciscan Services Self-Insurance Program, which was dissolved in November 2012; SFH Assurance, LTD.; and SFH Foundation)

- Franciscan Shelters (d.b.a. Bethany House)

- Sophia Center

- Franciscan Living Communities (corporate office; Providence Care Centers and subsidiaries, which include Providence Care Centers, The Commons of Providence, Providence Residential Community, and The Providence Care Centers; Franciscan Care Center; Rosary Care Center; St. Leonard and subsidiaries, which includes St. Leonard, Joseph Bernadine Residence, LLC., and St. Leonard Foundation; Franciscan Properties; Madonna Manor, Inc.; St. Clare Commons; Franciscan Homecare Services of NW Ohio; and Franciscan Homecare Services of Miami Valley). Effective April 1, 2012, Rosary Care Center was no longer a wholly owned subsidiary of Franciscan Living Communities and instead became a member of the Corporation. On March 26, 2013, all of the St. Leonard Center Limited Partnership net assets were acquired and merged into Joseph Bernardin Residence, LLC. With this transaction, amounts Communities had previously loaned in the past in the amount of $2,402,000 were converted to equity, and no further cash was exchanged. In addition, Communities assumed debt in the amount of $849,769 (which approximated fair value) and recorded other assets acquired and liabilities assumed at fair value.

1. Basis of Presentation (continued)

St. Joseph Services Corporation d.b.a. St. Joseph Health System and subsidiaries (St. Joseph Regional Health Center of Bryan, Texas (St. Joseph); St. Joseph Foundation of Bryan, Texas; Burleson St. Joseph Health Center; Madison St. Joseph Health Center; Bellville St. Joseph Health Center (acquired March 1, 2013), Alliance Health Providers of Brazos Valley, Inc.; St. Joseph Regional Health Partners; St. Joseph Regional Health Partners ACO; St. Joseph Physician Associates; Tau Enterprises, Inc. (dissolved effective September 30, 2012); St. Joseph Manor; and Burleson St. Joseph Manor). The Corporation acquired Bellville St. Joseph Health Center on March 1, 2013, which is an acute care hospital in Bellville, Texas for no consideration. The acquisition enabled the Corporation to expand its health care services in Texas. The significant net assets acquired were $1,137,000 in accounts receivable; $2,115,000 in property, plant, and equipment; $2,945,000 in accounts payables and accruals; and $1,856,000 in debt. This acquisition resulted in a loss of $1,036,000 based on the deficit of net assets acquired and has been included in excess of revenue over expenses. All activity since the date of acquisition has been included in the combined financial statements.

- Trinity Health System Corporation and subsidiaries (Trinity Hospital Holding Company, including Trinity East and Trinity West; Trinity Health Foundation; and its wholly owned for-profit subsidiary, Trinity Management Services Organization, Inc.).

- Trinity Hospital Twin City

All of the assets, liabilities, revenues, expenses, nonoperating gains and losses, and other changes in net assets of Trinity Health System Corporation and subsidiaries (collectively, Trinity Health System) are reflected in the combined statement of financial position. The Corporation maintains a 50% ownership interest in Trinity Health System.

Significant intercompany balances and transactions between these entities have been eliminated in combination.

2. Significant Accounting Policies

The accounting principles followed by the Combined Group and the methods of applying those principles that materially affect the determination and reporting of the combined financial position, results of operations, and cash flows are summarized below.

Operating Activity

The Combined Group's primary mission is to provide health care services through its acute care, specialty care facilities, and other organizations. Only those activities directly associated with the furtherance of this purpose are considered to be operating activities.

Other activities that result in gains and losses unrelated to the Combined Group's primary mission are considered to be nonoperating. Nonoperating gains and losses include investment income, net realized and unrealized gains and losses on sale of investments other than trustee-held investments related to borrowed funds, unrestricted contributions, fund-raising expenses, change in the fair value of interest rate swaps, gains and losses from insurance proceeds, gains and losses from acquisitions, gains and losses on disposals of property and equipment, and other extraordinary items.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Adjustments to estimates are recorded, as appropriate, in the periods in which they are determined.

Cash and Cash Equivalents

Cash and cash equivalents include currency on hand, demand deposits with financial institutions, and liquid investments with a maturity of three months or less. Assets whose use is limited by board designation or other arrangements under trust agreements are excluded from cash and cash equivalents in the combined statements of cash flows.

2. Significant Accounting Policies (continued)

Investments

Investments are carried at fair value and accounted for as trading securities. Investment income, including realized gains and losses and unrealized gains and losses, is included in excess of revenues over expenses unless restricted by the donor in connection with a gift. In December 2012, the Corporation established a master investment pool (Master Investment Pool) in which certain affiliated organizations participate. The accompanying combined financial statements reflect the total net assets and transactions of the Master Investment Pool. At December 31, 2013 and 2012, certain investments totaling $1,380,000 are carried at cost, adjusted for impairment deemed to be other than temporary, and are included in long-term investments. Management deemed it not practical to estimate the fair value of these investments.

Patient Accounts Receivable and Net Patient Service Revenue

Patient accounts receivable consist of amounts due from third-party payors, including federal and state indemnity and managed care programs, managed care health plans and commercial insurance companies, and individual patients for health care services rendered. The Corporation does not require collateral or other security on its patient receivables. Patient accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the Corporation analyzes its historical and expected net collections, considering business and economic conditions, trends in health care coverage, and other collection indicators for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Periodically throughout the year, management assesses the adequacy of the allowance for doubtful accounts based upon specific accounts, historical write-off experience, and current market conditions. The results of this review are then used to make any modifications to the provision for bad debts to establish an appropriate allowance for uncollectible receivables.

For receivables associated with services provided to patients who have third-party coverage, the Corporation analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary, for expected uncollectible deductibles and co-payments on accounts for which the third-party payor has not yet paid or for payors who are known to be having financial difficulties that make realization of amounts due unlikely. For receivables associated with self-pay residents, which includes both residents without insurance and residents with deductibles and co-payment balances due for which third-party coverage

2. Significant Accounting Policies (continued)

exists for part of the bill, the Corporation records a provision for bad debts on the basis of its past experience. The difference between the standard rates and the amount actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Corporation's allowance for doubtful accounts increased from 33% of accounts receivable at December 31, 2012, to 38% of accounts receivable at December 31, 2013. In addition, the Corporation's self-pay write-offs decreased approximately $3 million from $48 million in fiscal year 2012 to $45 million in fiscal year 2013. This decrease was mainly the result of a shift from bad debt to charity in fiscal year 2013. The Corporation has not changed its charity care policy or uninsured discount policies during fiscal years 2012 or 2013. The Corporation does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write-offs from third-party payors.

The provision for bad debts is included with net patient service revenue for the Corporation's acute care facilities as they do not assess the patient's ability to pay prior to providing the service, while the long-term care facilities' provision for bad debts is presented as an operating expense as they do assess the residents' ability to pay prior to providing the services and therefore the subsidiaries' presentation is retained in the combined financial statements.

The reimbursement of certain inpatient services under the Medicare and Medicaid programs is subject to final determination by the respective agencies. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Provision is made currently in the combined financial statements for estimated settlements under third-party reimbursement contracts and adjusted in future periods as final settlements are determined. These provisions and settlements are included in net patient service revenue. Management is of the opinion that adequate provision has been made for unsettled cost reports and for any adjustments that may result from settlements. Prior year settlements increased the excess of revenues over expenses by $8,224,100 in 2013 and $7,373,200 in 2012.

For uninsured residents who do not qualify for charity care, the Corporation recognizes revenue on the basis of its standard rates for services provided or on the basis of discounted rates if negotiated. On the basis of historical experience, a significant portion of the Corporation's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Corporation records a significant provision for bad debts related to uninsured patients in the period the services are provided.

2. Significant Accounting Policies (continued)

Patient service revenue, net of contractual allowances and discounts, recognized as of December 31, 2013 and 2012, from these major payor sources approximates the following:

2013	Medicare	Medicaid	Commercial	Self-Pay	Other	Total All Payors
Patient service revenue (net of contractual allowances and discounts)	**$ 256,000,000**	**$ 60,000,000**	**$ 148,000,000**	**$ 134,000,000**	**$ 81,000,000**	**$ 679,000,000**
	37.6%	**8.9%**	**21.8%**	**19.8%**	**11.9%**	**100.0%**
2012						
Patient service revenue (net of contractual allowances and discounts)	$ 243,000,000	$ 52,000,000	$ 155,000,000	$ 113,000,000	$ 71,000,000	$ 634,000,000
	38 3%	8 2%	24 5%	17 8%	11 2%	100 0%

The 1115 Transformation Waiver is a program that balances payment for uncompensated care costs with the need to improve quality of care for Texas recipients. The program divides the state into 20 Regional Health Partnerships, creating an environment where regional collaboration is essential to earn monies. The Corporation recognized all funds received under the program as operating revenue in the applicable year, and any amount relating to that year that is not yet received is included in receivables in the accompanying statements of financial position. The Corporation recognized revenue of $14,043,000 for the year ended December 31, 2013. The Corporation recognized revenue of $5,386,000 for funds received from the upper payment limit (UPL) programs for the year ended December 31, 2012. The 11105 Transformation Waiver resulted in the discontinuation of the UPL supplemental payment program in the state.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Corporation believes that it is in compliance with all applicable laws and regulations. Noncompliance with such laws and regulation can be subject to regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Charity Care

The members of the Corporation accept all patients regardless of their ability to pay. A patient is determined to be a charity patient by reference to certain established policies of the hospitals. Essentially, these policies define charity services as those services for which no payment is anticipated. In assessing a patient's inability to pay, the members utilize generally recognized

2. Significant Accounting Policies (continued)

poverty income level but also include certain cases where incurred charges are significant when compared to income. Charity care is reported as an adjustment to revenue in the combined statements of operations.

The Ohio Hospital Care Assurance Program (HCAP) provides some reimbursement to the Corporation for services provided to qualified persons who cannot afford to pay. The amount of HCAP reimbursements received by the Corporation was approximately $2,074,000 and $1,042,000 for the years ended December 31, 2013 and 2012, respectively.

Contributions and Pledges

Contributions and pledges are recorded at fair value. Contributions not restricted by donors are included in unrestricted net assets. Contributions that are received with donor stipulations that limit the use of the donated asset are recorded as temporarily restricted net 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 combined statements of operations as net assets released from restrictions. Allowances for uncollectible pledges are provided for as deemed necessary.

Inventories

Inventories of supplies are stated at the lower of cost, using the first-in, first-out method, or market.

Assets Whose Use Is Limited

Certain funds are board designated for acquisition of property and equipment. Trustee-held funds are for the retirement of revenue bonds and to fund construction programs. The funds for the Self-Insurance Program, as defined in Note 6, are for current and future malpractice claims. Accordingly, these assets have been classified as noncurrent, except for amounts held for current payments on revenue bonds and payments for capital-related expenditures. Foundation investments are used to fund special projects and support the Corporation's activities.

2. Significant Accounting Policies (continued)

Financing Costs

Financing costs are primarily amortized over the period the obligations are outstanding.

Certificates of Need

The certificates of need relate to Franciscan Living Communities and Rosary Care Center and are recorded at cost. Amortization is based on the straight-line method over the estimated useful life.

Goodwill

Goodwill is the excess of the acquisition cost of a business over the fair value of the identifiable net assets acquired. Goodwill is subject to annual impairment assessments.

Impairment of Long-Lived Assets

When events, circumstances, or operating results indicate that the carrying value of certain long-lived assets that are expected to be held and used might be impaired, the Corporation prepares projections of the undiscounted future cash flows expected to result from the use of the assets and their eventual disposition. If the projections indicate that the recorded amounts are not expected to be recoverable, such amounts are reduced to estimated fair value.

Fair value may be estimated based upon internal evaluations of each market that include quantitative analyses of revenues and cash flows, review of recent sales of similar facilities, and independent appraisals.

Property and Equipment

Property and equipment are carried at cost or fair value at date of gift. Expenditures for renewals or betterments are capitalized, and expenditures for maintenance and repairs are charged to expense. Depreciation of property and equipment and amortization of assets acquired under capital leases are provided by the straight-line method at rates based on the estimated lives or the

2. Significant Accounting Policies (continued)

terms of the leases. Amortization of assets under capital leases is included with depreciation expense. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Entrance Fees

Residents of Providence Residential Community and St. Leonard may pay an entrance fee prior to occupancy. The residency agreements provide that 90% or 50% of entrance fees for Providence Residential Community and 100% or 75% of entrance fees for St. Leonard are refunded after the death or departure of a resident. Refunds are paid to the former resident within 90 days of departure for Providence Residential Community, and the refundable portion of the entrance fee is recorded as a liability. Refunds are paid to the former resident once the unit has been reoccupied for St. Leonard, and for certain residential contracts, the refundable portion of the entrance fee is amortized on the straight-line method over the expected remaining life of the facility while others are recorded as a liability based on the nature of the contract. The nonrefundable portion of entrance fees (10% or 50% for Providence Residential Community and 25% for St. Leonard) and rental fees paid in advance are deferred and amortized into revenue using the straight-line method over the estimated lives of the residents. In 2013, the Corporation was required to adopt Accounting Standards Update (ASU) 2012-01, *Continuing Care Retirement Communities – Refundable Advance Fees.* See the adoption of the new accounting standards section of Note 2 for the resulting effect on the combined financial statements.

Net Assets

Unrestricted net assets generally result from revenues derived from providing services, producing and delivering goods, receiving unrestricted contributions, and receiving dividends or interest from investing in income-producing assets, less expenses incurred in providing services, producing and delivering goods, raising contributions, and performing administrative functions.

Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Temporarily restricted net assets are $11,770,000 and $10,465,000 as of December 31, 2013 and 2012, respectively, and are mainly for the Corporation's operations and capital initiatives. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity. Permanently restricted net assets are $4,211,000 and $4,199,000 as of December 31, 2013 and 2012, respectively, and are endowment funds.

2. Significant Accounting Policies (continued)

Net assets were released from temporary restriction from continuing operations by incurring expenses and purchasing assets to satisfy the restrictions in the amounts of $1,304,319 and $1,471,818 during the years ended December 31, 2013 and 2012, respectively.

Derivatives

The Corporation uses derivatives to modify the interest rates and manage risks associated with its outstanding debt. The Corporation recognizes all derivatives on the combined statements of financial position at fair value and changes in fair value are recorded through income in excess of revenue over expenses.

Income Taxes

The Combined Group consists mostly of nonprofit organizations affiliated with the Sisters. Each nonprofit member of the Combined Group has been granted an exemption from federal income taxes under Section 501(c)(3) or Section 501(a) of the Internal Revenue Code. Alliance Health Providers of Brazos Valley, Inc. is a for-profit corporation and files a federal income tax return on a separate-entity basis. There is presently no premium, income, or capital gains taxes imposed by the government of the Cayman Islands, and if any form of taxation were to be enacted in the future, SFH Assurance, LTD has been granted an exemption until the year 2032. There are no material unrecorded tax liabilities or uncertain tax positions at December 31, 2013 or 2012.

Electronic Health Record Incentive Payments

The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH). The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program beginning in 2011 for eligible providers that adopt and meaningfully use certified EHR technology. Eligibility for annual Medicare incentive payments depends on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicaid incentive payments are available to providers that adopt, implement, or update certified EHR technology. Providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicaid incentive payments.

2. Significant Accounting Policies (continued)

The Corporation accounts for HITECH incentive payments under a grant accounting model. Income from Medicare incentive payments is recognized as revenue after the Corporation has demonstrated that it complied with the meaningful use criteria over the entire applicable compliance period and there is reasonable assurance the grants will be received. The Corporation recognized revenue from Medicaid incentive payments after it has demonstrated compliance with the meaningful use criteria. Incentive payments totaling approximately $8,962,000 and $6,325,000 for the years ended December 31, 2013 and 2012, respectively, are included in total other operating revenue in the accompanying combined statement of operations and changes in net assets. Income from incentive payments is subject to retrospective adjustment as incentive payments are calculated using Medicare cost report data that is subject to audit. Additionally, the Corporation's compliance with the meaningful use criteria is subject to audit by the federal government.

Adoption of New Accounting Standard

In July 2012, the Financial Accounting Standards Board (FASB) issued ASU 2012-01, which clarifies that a continuing care retirement community should classify a refundable advance fee as deferred revenue only when its resident contract provides for repayment of the fee upon reoccupany and repayment is limited to the proceeds it receives from the new occupant; otherwise the advance fee is classified as a liability. The pronouncement is effective for fiscal periods beginning after December 15, 2012, and must be adopted retrospectively and, therefore, was adopted January 1, 2013, with an effective date of January 1, 2012. The adoption of this ASU decreased net assets by $3,855,000 as of January 1, 2012, decreased operating income by $261,000, and increased refundable entrance fees by $4,117,000 for the year ending December 31, 2012. Lastly, the impact of adopting this ASU resulted in a decrease in operating income of $287,000 for the year ending December 31, 2013.

In October 2012, the FASB issued ASU 2012-04, *Technical Corrections and Improvements*. The ASU provided source literature amendments, guidance clarifications, reference corrections, and relocated guidance. The amendments that are subject to the transition guidance will be effective for fiscal periods beginning after December 15, 2012, and therefore, was adopted effective January 1, 2013. The ASU did not have an effect on the combined financial statements.

2. Significant Accounting Policies (continued)

In October 2012, the FASB issued ASU 2012-05, *Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows.* The amendments require cash receipts from the sale of donated financial assets that had no restrictions and were immediately converted to cash to be classified as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes, in which cash those cash receipts should be classified as cash flows from financing activities. Otherwise, cash receipts from the sale of donated financial assets should be classified as cash flows from investing activities. The pronouncement is effective for fiscal years beginning after June 15, 2013. The ASU is not expected to have a material effect on the combined financial statements.

In February 2013, the FASB issued ASU 2013-04, *Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date.* The amendment requires an entity to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date. The pronouncement is effective for fiscal years beginning after December 15, 2013. The ASU is not expected to have a material effect on the combined financial statements.

In April 2013, the FASB issued ASU 2013-06, *Services Received from Personnel of an Affiliate.* The amendment requires a recipient not-for-profit entity to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity and for which the affiliate does not charge the recipient not-for-profit entity. The pronouncement is effective for fiscal years beginning after June 15, 2014. The ASU is not expected to have a material effect on the combined financial statements.

Subsequent Events

The Combined Group evaluates subsequent events, which are events that occur after the balance sheet date but before the combined financial statements are issued, for potential recognition in the combined financial statements as of the balance sheet date. For the year ended December 31, 2013, the Combined Group evaluated the impact of subsequent events through May 6, 2014, representing the date on which the combined financial statements were available to be issued. No recognized subsequent events were identified for recognition or disclosure in the combined statements of financial position or the accompanying notes to the combined financial statements. Certain non-recognized subsequent events were identified for disclosure in Note 9 in the accompanying notes to the combined financial statements.

3. Charity Care

The members of the Combined Group maintain records to identify and monitor the level of charity care they provide. These records include the amount of costs for services and supplies furnished under their charity care policy and equivalent service statistics. The costs of providing care is estimated using the Combined Group's internal cost data and is calculated in compliance with guidelines established by both the Catholic Health Association and the Internal Revenue Service. The amount of traditional charity care provided, determined on the basis of cost, was approximately $26,917,000 and $23,159,000 for the years ended December 31, 2013 and 2012, respectively.

4. Assets and Liabilities Measured at Fair Value

Assets whose use is limited are recorded at fair value and consist of the following:

	December 31	
	2013	**2012**
Board-designated funds	**$ 93,013,922**	$ 81,204,180
Trustee-held funds, including current portion of $8,108,841 and $5,777,015 for 2013 and 2012, respectively	**34,876,381**	61,928,017
Self-Insurance Program	**20,550,681**	18,303,190
Foundation investments	**41,655,971**	37,943,310
Other investments	**1,579,803**	1,476,283
Total	**191,676,758**	200,854,980
Less amounts in current assets	**8,108,841**	5,777,015
Total assets whose use is limited	**$ 183,567,917**	$ 195,077,965
Cash and cash equivalents	**$ 24,116,692**	$ 24,659,818
U.S. government securities	**13,520,661**	34,110,946
Corporate bonds	**1,267,521**	32,726,884
Mutual funds	**77,810,522**	80,541,824
Equities	**74,053,587**	27,992,063
Other	**797,775**	823,445
Certificate of deposit	**110,000**	–
Total	**$ 191,676,758**	$ 200,854,980

4. Assets and Liabilities Measured at Fair Value (continued)

Long-term investments consist of the following:

	December 31 2013	2012
Cash and cash equivalents	**$ 921,554**	$ 20,658,451
U.S. government securities	**166**	1,524,025
Corporate bonds	**–**	5,884,238
Mutual funds	**116,245,066**	138,902,144
Equities	**126,295,769**	48,862,857
Other	**1,380,757**	1,483,831
Total investments	**244,843,312**	217,315,546
Less amounts in current assets	**6,234,414**	144,062
Total long-term investments	**$ 238,608,898**	$ 217,171,484

The following schedule summarizes the investment return and its classification in the combined statements of operations and changes in unrestricted net assets from continuing operations:

	Year Ended December 31 2013	2012
Income:		
Interest and dividends	**$ 6,293,452**	$ 7,820,354
Net realized gains	**12,874,729**	13,829,376
Net unrealized gains	**28,658,481**	8,344,699
Total investment return	**$ 47,826,662**	$ 29,994,429
Interest income included in operations	**$ 143,414**	$ 494,213
Nonoperating investment income and realized and unrealized gains	**47,683,248**	29,500,216
Total investment return	**$ 47,826,662**	$ 29,994,429

The Combined Group designates investment return on trustee-held funds related to borrowed funds for support of current operations. The remainder is classified as nonoperating.

4. Assets and Liabilities Measured at Fair Value (continued)

Accounting Standards Codification 820, *Fair Value Measurement,* includes a fair value hierarchy that is intended to increase consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that is either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources, while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The fair value hierarchy consists of the following three levels:

- Level 1 – Inputs are quoted prices in active markets for identical assets or liabilities.

- Level 2 – Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities that are not active, inputs other than quoted prices that are observable, and market-corroborated inputs that are derived principally from or corroborated by observable market data.

- Level 3 – Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

As of December 31, 2013 and 2012, the assets and liabilities listed in the fair value hierarchy tables below utilize the following valuation techniques and inputs:

U.S. government securities – The fair value of investments in U.S. government, state, and municipal obligations is primarily determined using techniques consistent with the income approach. Significant observable inputs to the income approach include data points for benchmark constant maturity curves and spreads.

4. Assets and Liabilities Measured at Fair Value (continued)

Corporate bonds – The fair value of investments in U.S. and international corporate bonds is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include benchmark yields, reported trades, observable broker-dealer quotes, issuer spreads, and security-specific characteristics, such as redemption options.

Equities – The fair value of investments in U.S. and international equity securities is based on the closing price reported on the active market on which the individual securities are traded.

Mutual funds – The fair value of mutual funds is primarily determined using the calculated net asset value. The values of the underlying investments are fair value estimates determined by external fund managers.

Certificates of deposit – The fair value of certificates of deposit is primarily based on cost plus accrued interest.

Derivatives – The fair value of the Corporation's derivatives is determined based on the present value of expected future cash flows using discount rates appropriate with the risks involved.

4. Assets and Liabilities Measured at Fair Value (continued)

The following tables represent the Combined Group's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2013 and 2012, and the basis for that measurement:

		Fair Value Measurement at December 31, 2013, Using:		
	Total Fair Value Measurement	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets whose use is limited:				
Cash and cash equivalents	$ 24,116,692	$ 22,520,903	$ 1,595,708	$ –
U.S. government securities	13,520,661	–	13,520,661	–
Fixed income:				
International	18,382	–	18,382	–
Domestic	1,249,139	–	1,249,139	–
Mutual funds:				
International	25,226,164	25,226,164	–	–
Domestic	46,845,312	46,845,312	–	–
Alternative	5,739,046	5,739,046	–	–
Equities				
International	19,136,702	19,136,702	–	–
Domestic	54,916,885	54,916,885	–	–
Certificate of deposit	110,000	–	110,000	–
Other	797,775	598,960	108,020	90,795
	191,676,758	174,984,053	16,601,910	90,795
Other investments:				
Cash and cash equivalents	921,554	921,554	–	–
U.S. government securities	166	–	166	–
Mutual funds.				
International	40,678,214	40,678,214	–	–
Domestic	57,484,990	57,484,990	–	–
Alternative	18,081,862	11,990,217	6,091,645	–
Equities				
International	36,894,338	36,894,338	–	–
Domestic	89,401,431	89,401,431	–	–
	243,462,555	237,370,744	6,091,811	–
Total investments	$ 435,139,313	$ 412,354,797	$ 22,693,721	$ 90,795
Other assets:				
Derivative asset	$ 254,101	$ –	$ 254,101	$ –
Other long-term liabilities				
Derivative obligation	$ 10,205,399	$ –	$ 10,205,399	$ –

4. Assets and Liabilities Measured at Fair Value (continued)

	Total Fair Value Measurement	Fair Value Measurement at December 31, 2012, Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets whose use is limited:				
Cash and cash equivalents	$ 24,659,818	$ 24,659,818	$ –	$ –
U.S government securities	34,110,946	–	34,110,946	–
Corporate bonds:				
International	1,419	–	1,419	–
Domestic	32,725,465	–	32,725,465	–
Mutual funds.				
International	8,867,130	8,867,130	–	–
Domestic	71,674,694	71,674,694	–	–
Equities				
International	2,242,851	2,242,851	–	–
Domestic	25,749,212	25,749,212	–	–
Other	823,445	313,916	82,423	427,106
	200,854,980	133,507,621	66,920,253	427,106
Other long-term investments:				
Cash and cash equivalents	20,658,451	20,658,451	–	–
U.S government securities	1,524,025	–	1,524,025	–
Corporate bonds:				
Domestic	5,884,238	–	5,884,238	–
International				
Mutual funds.				
International	58,681	58,681	–	–
Domestic	138,843,463	138,843,463	–	–
Equities:				
International	9,935,887	9,935,887	–	–
Domestic	38,926,970	38,926,970	–	–
Certificate of deposits	103,074	–	103,074	–
	215,934,789	208,423,452	7,511,337	–
Total investments	$ 416,789,769	$ 341,931,073	$ 74,431,590	$ 427,106
Other assets:				
Derivative asset	$ 378,955	$ –	$ 378,955	$ –
Other long-term liabilities:				
Derivative obligation	$ 14,048,674	$ –	$ 14,048,674	$ –

4. Assets and Liabilities Measured at Fair Value (continued)

The carrying value of cash and cash equivalents, accounts receivable, and accounts payable are reasonable estimates of fair value due to the short-term nature of these financial instruments. Investments are recorded at fair value. The carrying value and fair value of the Combined Group's long-term debt, as estimated by discounted cash flow analyses using the current borrowing rate for similar types of borrowing arrangements and adjusted for credit, respectively, were approximately $324,859,000 and $319,909,000, respectively, at December 31, 2013, and approximately $326,273,000 and $336,367,000, respectively, at December 31, 2012. Other financial instruments reported as noncurrent assets and liabilities have carrying values that approximate fair value.

5. Net Property and Equipment

Net property and equipment consist of the following:

	December 31	
	2013	**2012**
Land and land improvements	**$ 40,031,370**	$ 39,095,993
Buildings and fixed equipment	**514,317,697**	464,375,533
Major movable equipment	**240,968,121**	217,200,614
Construction in progress	**2,208,368**	27,220,580
	797,525,556	747,892,720
Less allowances for depreciation	**(403,198,117)**	(368,376,718)
Totals	**$ 394,327,439**	$ 379,516,002

The estimated cost to complete construction in progress projects was approximately $25,139,000 and $37,700,000 at December 31, 2013 and 2012, respectively. At December 31, 2013, major movable equipment includes $11,862,000 in capitalized software costs, and $862,000 was expensed due to amortization. At December 31, 2012, construction in progress includes $3,208,000 in capitalized software costs.

6. Professional Liability Insurance

SFH Assurance, LTD (the Self-Insurance Program) was established by the Corporation to provide up to $4 million of professional liability for acute care entities and $2 million for long-term care entities ($9 million in aggregate), $1 million for each employers' liability claim, $1 million for each employee benefits liability claim, and $2 million for each general liability claim ($6 million aggregate) to the affiliated entities of the Combined Group. The Corporation has also purchased excess coverage insurance. The Self-Insurance Program has a claims-made policy and provides for primary-level funding. Each affiliated entity makes an annual contribution to the Self-Insurance Program based upon a liability risk analysis study for each policy year, which is actuarially determined. The policies issued by the Self-Insurance Program are subject to a retrospective rating plan, under which retrospective premiums are calculated based on any surplus or deficiency resulting from the policy period. Retrospective credits and assessments are included in income in the period in which they are determined.

Losses are paid from the Self-Insurance Program for covered claims on behalf of each participant in any policy year, assuming the policy limit is not exceeded. Also, if the Self-Insurance Program contains insufficient amounts to pay the maximum that can be paid in any policy year, each participant will be assessed the amount of the shortfall based on its historical contributions to the Self-Insurance Program. The Self-Insurance Program accrues for estimated losses attributable to reported claims, the development of these known claims, incurred but not reported claims, and legal expenses for periods covered by the claims-made insurance using a discount rate of 3.0%. The Self-Insurance Program accrued approximately $10,330,000 and $11,026,000 at December 31, 2013 and 2012, respectively, related to amounts that potentially will be paid from assets presently held in the Self-Insurance Program. Although management believes that the Self-Insurance Program's reserves are adequate, there can be no assurance that the reserves will not require material adjustment in future years. Changes in estimates of outstanding losses resulting from the continuous review process and differences between estimates and payments for losses are recognized as income or expense in the period in which the estimates are changed or payments are made.

The policies issued by the Self-Insurance Program are subject to a retrospective rating plan, under which retrospective premiums are calculated based on any surplus or deficiency resulting from the policy period. Retrospective credits and assessments are included in income in the period in which they are determined.

7. Lines of Credit

The Corporation has an unsecured $10 million line of credit through May 31, 2013, with a local bank of which the outstanding balance was approximately $963,000 and $703,000 at December 31, 2013 and 2012. The interest rate was 1.19% and 1.25% at December 31, 2013 and 2012, respectively.

Trinity Hospital Twin City has an unsecured $2,000,000 line of credit with a local bank, of which the outstanding balance was $1,800,000 and $2,000,000 at December 31, 2013 and 2012, respectively. The interest rate was 1.25% and 1.70% at December 31, 2013 and 2012, respectively. Rosary has a $100,000 line of credit with a bank at an interest rate of prime (3.25% at December 31, 2012) and secured by the assets of Rosary. The amount outstanding as of December 31, 2013 and 2012, is $0 and $75,000, respectively.

The Trinity Hospital Twin City and Rosary lines of credit are guaranteed by the Corporation.

8. Long-Term Debt and Interest Rate Swaps

Long-term debt and capital lease obligations consist of the following:

	December 31 2013	2012
Revenue bonds		
Brazos County (Texas) Health Facilities Development Corporation.		
Series 1993B – St. Joseph Regional Health Center	$ 16,772,200	$ 17,057,800
Series 1997A – St Joseph Regional Health Center	47,152,000	47,672,000
Series 1997B – St. Joseph Manor	13,895,000	13,895,000
Series 2002 – St Joseph Regional Health Center	27,500,000	27,500,000
Series 2008 – St. Joseph Regional Health Center	27,545,000	28,090,000
Series 2009 – Burleson St. Joseph Manor	6,825,000	7,140,000
County of Erie, Ohio:		
Series 1996A – Providence Care Centers	460,000	895,000
Series 2009C – Providence Care Centers	4,480,000	4,505,000
Series 2009B – The Commons of Providence	3,465,000	3,484,250
Series 2009A – Providence Residential Community Corporation	7,280,000	7,315,000
Series 2009B – The Commons of Providence	2,805,000	2,850,750
County of Montgomery, Ohio:		
Series 2010 – St. Leonard	40,005,000	40,575,000
St. Clare Commons 2012A Project	33,200,000	33,200,000
Village of Botkins, Ohio:		
Series 2012 – Franciscan Care Center	9,605,000	9,760,000
Kentucky Economic Development Finance Authority:		
Series 2010 – Madonna Manor, Inc.	28,440,000	28,440,000
City of Steubenville, Ohio.		
Series 2010 – Trinity	39,560,000	41,085,000
County of Tuscarawas, Ohio:		
Trinity Hospital Twin City	5,520,000	5,760,000
City of Sylvania, Ohio		
Series 2012 – Rosary Care Center	4,325,000	4,395,000
Other		
Notes and mortgages payable to financial institutions, various interest rates with final installments due at various dates from 2014 to 2025	7,741,898	4,202,096
Other notes payable	175,000	175,000
Charitable gift annuity	128,512	150,450
Capital lease obligations collateralized by equipment	172,802	541,881
	327,082,412	328,689,227
Less current portion	(10,942,953)	(5,815,908)
Less original discount	(2,223,558)	(2,416,494)
Total long-term debt and capital lease obligations	$ 313,915,901	$ 320,456,825

8. Long-Term Debt and Interest Rate Swaps (continued)

The current members of the Obligated Group are St. Joseph Regional Health Center of Bryan, Texas (St. Joseph); the corporate office of the Corporation; St. Joseph Manor; and St. Joseph Physician Associates (SJPA) effective June 30, 2012, which have adopted a common plan of financing under a Master Trust Indenture.

Under the Master Trust Indenture, each member of the Obligated Group is jointly and severally liable for payment of debt issued pursuant to the Master Trust Indenture. The Obligated Group has issued several series of revenue bonds through Brazos County (Texas) Health Facilities Development Corporation (BCHFDC) in connection with various financing and construction projects. Under the Master Trust Indenture, the Obligated Group is jointly and severally liable for payment of Series 1993B, 1997A, 1997B, 2002, and 2008 Bonds, as a result of each having pledged to meet the principal and interest on each note for so long as any bonds are outstanding. In addition, the Obligated Group has agreed to certain operational and financial restrictions to limit additional indebtedness and guarantees, maintain specified financial ratios, and fulfill sinking fund requirements in various trustee-held accounts, among other covenants. The assets and other accounts of SFH Assurance, Ltd. are not subject to the provisions of the Master Trust Indenture.

In addition, the Obligated Group has issued notes to secure the guaranty by St. Joseph of obligations under the reimbursement agreement relating to the letter of credit securing the BCHFDC Series 2009 Burleson St. Joseph Manor Bonds and the guaranty by Sylvania Franciscan Health of the Kentucky Economic Development Finance Authority Madonna Manor Series 2010 Bonds and the St. Clare Commons direct financing.

The Series 1993B Bonds consist of term bonds that mature in varying amounts through January 1, 2019, with interest ranging from 4.875% to 6.00% payable semiannually. Bonds outstanding may be redeemed at par.

The Series 1997A Bonds consist of term bonds that mature in varying amounts annually through January 1, 2028, and bear interest ranging from 4.30% to 5.37%, payable semiannually. Outstanding bonds maturing on or after January 1, 2017, are subject to optional redemption equal to the principal plus accrued interest, if any, to the redemption date.

8. Long-Term Debt and Interest Rate Swaps (continued)

The Series 1997B Bonds consist of term bonds that mature in varying amounts annually beginning January 1, 2020 through January 1, 2028, and bear interest at 5.37%, payable semiannually. Outstanding bonds maturing on or after January 1, 2022, are subject to optional redemption equal to the principal plus accrued interest.

The Series 2002 Bonds consist of term bonds that mature in varying amounts annually beginning January 1, 2029 through January 1, 2032, and bear interest at 5.38%, payable semiannually. Bonds outstanding on or after January 1, 2014, may be redeemed at par plus accrued interest.

The Series 2008 Bonds consist of term bonds that mature in varying amount annually through January 1, 2038, and bear interest at a fixed rate ranging from 4.0% to 5.5%.

In connection with the refinancing of its Series 1999 Bonds, BCHFDC issued the Series 2009 Bonds on behalf of Burleson St. Joseph Manor (BSJM), which mature on July 1, 2029, and bear interest at a variable rate. Bond proceeds were borrowed under a loan agreement, with the issuer under which BSJM agrees to make payments sufficient to pay principal and interest as they become due. St. Joseph has been named as guarantor pursuant to the loan agreement. The Series 2009 Bonds are supported by a letter of credit issued by Wells Fargo Bank, N.A. (Wells Fargo). The letter of credit expires on February 26, 2015. As of December 31, 2013, there have been no draws on the letter of credit. The interest rate for the 2009 Bonds, which is determined weekly, averaged approximately .20% for 2013 and was .16% at December 31, 2013. BSJM may select other interest rate modes for the 2009 Bonds, subject to certain limitations. Outstanding bonds are subject to optional redemption at a price equal to par plus accrued interest to the date of redemption.

Effective February 3, 2004, St. Joseph and Merrill Lynch Capital Services, Inc. (MLCS) entered into a basis swap agreement. The basis swap provides that St. Joseph will receive from MLCS a variable amount of interest at a rate of 76.75% of the London Interbank Offered Rate (LIBOR) and pay MLCS a variable rate of interest based upon the Securities Industry and Financial Markets Association (SIFMA) index on the notional amount of approximately $13,750,000.

8. Long-Term Debt and Interest Rate Swaps (continued)

Effective August 30, 2005, St. Joseph and MLCS entered into a total return swap agreement (the 2005 Swap). The 2005 Swap provides that St. Joseph will receive from MLCS a fixed amount of interest of 5.0% and pay to MLCS a variable rate of interest based upon the SIFMA index on the initial notional amount of $16,555,000. This notional amount declines each year by the same amount as the amortization of the Series 1993B Bonds.

Effective August 16, 2007, St. Joseph and MLCS entered into five total return swaps and one fixed-payor swap (the 2007 Swaps) related to the outstanding 1997A and 1997B Bonds. The total return swaps provide that St. Joseph will receive from MLCS a fixed amount of interest of 4.945% on a notional amount of $57,957,000 and 4.375% on a notional amount of $3,090,000 and pay to MLCS a variable rate of interest based upon the SIFMA index on each notional amount. The fixed payor swap expires on January 1, 2028, and provides that St. Joseph will receive from MLCS a variable rate of interest of 67% of three-month LIBOR and pay to MLCS a fixed rate of interest of 3.864% on the notional amount of $48,090,000. Effective March 12, 2008, St. Joseph and MLCS entered into a fixed spread basis swap (2008 Swap) related to the outstanding 2008 Bonds. The 2008 Swap expires on March 1, 2028, and provides that St. Joseph will receive from MLCS a variable rate of interest based upon 67% of one-month LIBOR plus 0.42% and pay to MLCS a variable rate of interest based upon the SIFMA index on the initial notional amount of $30,000,000. On September 21, 2009, BSJM entered into a swap agreement with respect to the Series 2009 Bonds (the 2009 Swap) with Wells Fargo Bank N.A. The 2009 Swap, which is scheduled to mature on September 1, 2014, provides that BSJM will receive from Wells Fargo a variable rate of interest based upon the SIFMA index and pay to Wells Fargo a fixed rate of interest of 2.42% on the initial notional amount of $8,025,000. The notional amount of the swap is reduced each year consistent with the principal payments made on the 2009 Bonds, and the notional amount at December 31, 2013, is $6,825,000.

Interest rate swap contracts between St. Joseph and swap counterparties expose St. Joseph to market risk and credit risk. Credit risk is the risk that contractual obligations of the counterparty will not be fulfilled. Counterparty credit risk is managed by requiring high credit standards for the St. Joseph's counterparty. The counterparty to these contracts is a financial institution that carries investment-grade credit ratings. The interest rate swap contracts contain certain collateral provisions applicable to both parties to mitigate credit risk; collateral was not required at December 31, 2013 and 2012. St. Joseph may be required to post additional collateral to secure obligations that would be owed to the counterparty under the agreements if terminated,

8. Long-Term Debt and Interest Rate Swaps (continued)

regardless of whether the agreements are actually terminated. St. Joseph does not anticipate nonperformance by its counterparty. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degrees of market risk that may be undertaken. Management also mitigates risk through periodic reviews of its derivative positions in the context of its blended cost of capital.

At December 31, 2013 and 2012, the market value of these interest rate swap agreements was a liability of $9,660,000 and $13,290,000, respectively.

The County of Erie, Ohio, issued its Series 1996A Bonds on behalf of Providence Care Centers. Payments consist of serial bonds that are subject to the final mandatory redemption of $460,000 on October 1, 2014, bearing interest at a variable rate (.13% and .20% at December 31, 2013 and 2012, respectively). The bonds are supported by an irrevocable letter of credit by JPMorgan Chase Bank, N.A., which expires on October 15, 2014. The Series 1996A Bonds are secured by property.

The Series 2009A, B, and C bonds consist of serial bonds, which are subject to mandatory redemption on each October 15 in increasing annual amounts through October 5, 2034, bearing interest at a variable rate (2.12% and 2.15% at December 31, 2013 and 2012, respectively). Each Series of the 2009 bonds is secured by the property of Providence Care Centers, a pledge of the gross revenues of accounts receivable, inventory, equipment, and an assignment of lease rentals and is cross-collateralized by a grant of subordinate interests in the real property and a pledge of personal properties of the other subsidiaries of Providence Care Centers. The bondholder has agreed that it will not elect its right to tender the Series 2009 bonds for purchase until at least October 1, 2015.

Providence Care Centers has an interest rate swap agreement for $9,263,000 of the total borrowings outstanding. The swap is recorded at fair value, which is a liability of $545,000 and $757,000 at December 31, 2013 and 2012, respectively.

In June 2010, the County of Montgomery, Ohio, issued $41.1 million Demand Revenue Bonds, Series 2010 (Series 2010 Bonds) on behalf of St. Leonard. In connection with the issuance of the Series 2010 Bonds, St. Leonard entered into lease and sublease agreements with Montgomery County, which extend through the term of the bonds. Payments under the sublease are equal to

8. Long-Term Debt and Interest Rate Swaps (continued)

the principal and interest on the bonds. The 2010 bonds are secured by the property of St. Leonard and a pledge of the gross revenues of St. Leonard. The Series 2010 Bonds consist of serial bonds, which are subject to mandatory redemption on each April 1 in increasing annual amounts through April 1, 2040, bearing interest at a fixed rate ranging from 6% to 6.625%. To secure its obligation under the sublease, St. Leonard delivered to the Trustees its Series 2010 Note in the amount of $41.1 million issued pursuant to the St. Leonard Master Indenture, payable in installments and bearing interest in the amounts equal to the principal interest on the Series 2010 Bonds. St. Leonard is the only current member of the Obligated Group under the St. Leonard Master Indenture. The Series 2010 note is secured by the property of St. Leonard.

On June 15, 2012, St. Clare Commons financed $33.2 million to construct a new continuing care retirement community in Perrysburg, Ohio. St. Clare Commons leased to Fifth Third Bank its interest in this project, and in turn, Fifth Third Bank leased this project to the County of Wood, Ohio, for sublease to St. Clare Commons. This financing is secured by a pledge of St. Clare Commons revenues. All liability associated to this agreement is fully guaranteed by the Obligated Group. St. Clare Commons has agreed to make rental payments back to Fifth Third Bank, which consists of monthly interest payments beginning August 1, 2012, based on a 3.17% rate through June 1, 2022, and quarterly principal payments beginning September 1, 2014 through June 1, 2042.

On March 1, 2012, the Village of Botkins, Ohio, issued $9,760,000 of HealthCare Revenue Bonds, Series 2012 (Series 2012 Bonds) and obtained a direct loan in the amount of $1,925,000. The Series 2012 Bonds are subject to redemption semiannually in varying amounts through March 1, 2038. In connection with the issuance of the Series 2012 Bonds, the Franciscan Care Center entered into lease and sublease agreements with the Village of Botkins, which extend through the terms of the series 2012 Bonds. The Series 2012 Bonds are secured by a first mortgage lien on the property. Interest and principal are due semiannually until maturity on March 1, 2038. The interest rate in effect at December 31, 2013, was 1.61%. The direct loan will be paid in equal monthly installments of $16,043 over the next ten years beginning April 1, 2012, and is secured by a second mortgage on the real estate of Franciscan Care Center and a lien on its business assets, including equipment, inventory, accounts receivable, general intangibles, and deposits. The amount outstanding at December 31, 2013, is $1,572,000. The interest rate in effect at December 31, 2013, was 2.12%. This direct loan is fully guaranteed by the Corporation.

8. Long-Term Debt and Interest Rate Swaps (continued)

On January 5, 2010, the Kentucky Economic Development Finance Authority issued $28,440,000 Healthcare Facilities Revenue Bonds (Madonna Manor, Inc. Project), Series 2010. Bond proceeds were borrowed under a loan agreement. Under the loan agreement, a note was issued to the Trustee payable in installments and bearing interest in amounts equal to the principal and interest on the bonds. All liability under the loan agreement and note is fully guaranteed by the Obligated Group. The Madonna Manor Series 2010 bonds consist of serial bonds, which are subject to mandatory redemption on each December 1 in increasing annual amounts through December 1, 2039, bearing interest at a rate of 7.00%. The bonds may be redeemed in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the date of redemption.

In December 2012, Madonna Manor renewed its total return swap with Bank of America Merrill Lynch (Bank of America) for the entire amount of borrowings through January 5, 2016, at a fixed interest rate based on Bank of America's bond rating. In accordance with the agreement, Madonna Manor makes semiannual (May 15 and November 15) variable interest payments at the SIFMA index rate in exchange for a 5.00% fixed rate on the notional amount of outstanding debt. The swap is recorded at its fair value, which is an asset of $254,000 and $378,000 at December 31, 2013 and 2012, respectively. Madonna Manor has certain cash collateral requirements associated with this swap. At December 31, 2013 and 2012, collateral was not required to be posted.

In August 2010, Trinity Hospital Holding Company and its subsidiaries, Trinity East and Trinity West, (collectively, Trinity) leased certain facilities to the City of Steubenville, Ohio (the City), through the year 2030. The City then agreed to loan Trinity the proceeds from the sale by the City of $43,930,000 of Hospital Facilities Revenue Refunding and Improvement Bonds, Series 2010. The City then subleased the facilities to Trinity East and Trinity West for the same term at a rental equal to the debt service on the Series 2010 Bonds. The obligations of Trinity to pay rent under the subleases have been evidenced and secured by the Series 2010 Note issued to The Bank of New York Mellon Trust Company, N.A. (Master Trustee) by Trinity pursuant to the terms of the Trinity Master Indenture dated August 1, 2010.

Trinity has assigned and granted an assignment of and a security interest in all present and future gross receipts of Trinity to secure payment of principal and interest on Series 2010 Bonds and the observance and performance of each member of Trinity of all of its covenants, agreements,

8. Long-Term Debt and Interest Rate Swaps (continued)

and obligations under the Trinity Master Indenture. The security interest does not include any interest in the net assets of the Foundation, which aggregated $17,282,000 and $15,006,000 at December 31, 2013 and 2012, respectively, nor any income generated from that interest. As security for its obligations under the Series 2010 Bonds, both Trinity East and Trinity West, have granted to the Trinity Master Trustee pursuant to the Trinity Master Indenture for the benefit of the bondholders a first mortgage lien on the real property and fixtures constituting the existing facilities.

The Trinity Series 2010 Bonds consist of serial bonds, which are subject to mandatory redemption on each October 1 in increasing annual amounts through October 1, 2030, bearing interest at a fixed rate ranging from 2% to 5%.

During September 2011, the County of Tuscarawas, Ohio, entered into a $6 million lease financing agreement with a local bank, and Trinity Hospital Twin City became the sublessee under the agreement in order to finance the acquisition of the hospital. Payments under the sublease are equal to principal and interest which through October 1, 2036, in a semiannual amount of $120,000, bearing interest at a variable rate (1.9% at December 31, 2013 and 2012).

In March 2012, the City of Sylvania, Ohio, issued $4,395,000 of City of Sylvania, Ohio Health Care Revenue Bonds, Series 2012 (Rosary Series 2012 Bonds). Subsequent to this, these bonds were purchased by Huntington National Bank. The site of these facilities has been leased to Rosary by the Sisters, who fully guarantee this liability. These improvements will then be sub-subleased to Rosary. The Rosary Series 2012 Bonds are subject to redemption semiannually in varying amounts, with the final payment due on March 1, 2038. The interest rate in effect at December 31, 2013, was 1.61%.

The Corporation also has certain entities that have various outstanding notes and mortgages payable as of December 31, 2013 and 2012, of $5,506,000 and $2,612,000, respectively. Interest rates range from 1.82% to 3.75% on these notes and mortgages at December 31, 2013.

Required principal payments of the Combined Group's long-term debt, excluding capital lease obligations, in each of the five years subsequent to December 31, 2013, are as follows: 2014 – $10,770,000; 2015 – $9,736,000; 2016 – $10,109,000; 2017 – $10,240,000; 2018 – $10,025,000; and thereafter $276,028,000.

8. Long-Term Debt and Interest Rate Swaps (continued)

Required principal payments of the Combined Group's capital lease obligations, in each of the years subsequent to December 31, 2013, are as follows: 2014 – $172,000.

In addition, the Obligated Group and various subsidiaries of the Corporation have agreed to certain operational and financial restrictions to limit additional indebtedness and guarantees and to maintain specified financial ratios among other covenants. As of December 31, 2013, the Corporation met all of its required covenants. Interest paid in 2013 and 2012, was $13,872,800 and $14,261,000, respectively. The Combined Group capitalized interest of $622,000 and $923,000 during 2013 and 2012, respectively.

9. Retirement and Post-Retirement Benefit Plans

The Corporation participates with other affiliated organizations in the Sisters of St. Francis Lay Employees' Retirement Plan (the Sisters' Plan), which is a noncontributory, defined benefit retirement plan covering eligible lay employees. The Sisters' Plan provides for retirement and disability retirement benefits based on years of service and an employee's highest consecutive three-year average earnings.

In addition, the Sisters and the Corporation intend, but do not guarantee, to continue to make annual contributions to the fund in an amount equal to a percentage of projected covered compensation. Effective December 31, 2013, the Sisters' Plan was frozen, and all pension plan benefits earned through that date were immediately vested for all participants who were actively employed with the System on December 31, 2013. The defined benefit plan will be replaced with a defined contribution pension plan as of January 1, 2014.

The Sisters' Plan is accounted for as a multiemployer pension plan. Accordingly, the Corporation records its required contributions to the Sisters' Plan as net periodic pension expense. The Corporation recognized net periodic pension expense of $13,105,000 and $12,427,000 for the years ended December 31, 2013 and 2012, respectively, based on amounts funded to the Sisters' Plan. The projected and accumulated benefit obligation exceeded the fair value of plan assets by approximately $84.7 million and $58.2 million, respectively, at December 31, 2013, using a weighted average discount rate of 4.95%, an expected long-term rate of return on plan assets of 8.0%, and an expected rate of compensation increase of 3.5%.

9. Retirement and Post-Retirement Benefit Plans (continued)

Trinity East has three defined benefit pension plans. Benefits under the pension plans are generally based on years of service and the employees' average annual compensation in five of the last ten years prior to retirement in which such earnings are the highest. Trinity East funds at least the amount necessary to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended, and the Internal Revenue Code. Effective June 1, 2014, the Trinity East plans will be frozen, and all pension plan benefits earned through that date will be immediately vested for all participants who were actively employed with Trinity on that date.

Trinity East and Trinity West have other post-retirement benefits relating to health insurance coverage for employees who participated in an early retirement program in a prior year. These post-retirement benefits are not impacted by the Medicare Prescription Drug Improvement and Modernization Act of 2003 as health care coverage terminates once retirees are Medicare eligible. The Corporation has also assumed a previously owned hospital's post-retirement benefit plan. Post-retirement benefit costs are funded as incurred.

Amounts included in unrestricted net assets at December 31, 2013, that have not yet been recognized in net periodic pension cost is the net unrecognized actuarial losses of $12,668,000. The net actuarial loss included in net periodic pension costs during the year ending December 31, 2013, is $587,000.

The table below sets forth the change in the plan assets and benefit obligation of the Trinity East pension plans and the Trinity East, Trinity West, and Providence Hospital post-retirement plans for the years ended December 31, 2013 and 2012. The table also reflects the funded status of the plans, as well as recognized and unrecognized amounts in the combined statements of financial position at December 31, 2013 and 2012.

9. Retirement and Post-Retirement Benefit Plans (continued)

	Trinity East Pension Benefits		Post-Retirement Benefits	
	2013	2012	2013	2012
Change in benefit obligation:				
Benefit obligation at beginning of year	$ 63,092,182	$ 55,478,119	$ 1,208,925	$ 1,188,005
Service cost	1,221,915	1,051,464	–	–
Interest cost	2,349,995	2,498,612	41,202	51,877
Participant contributions	–	–	6,638	7,593
Plan curtailment	(989,881)	–	–	–
Actuarial loss	(6,540,274)	6,028,187	(475,482)	86,565
Benefits paid	(2,097,820)	(1,964,200)	(37,906)	(125,115)
Benefit obligation at end of year	57,036,117	63,092,182	743,377	1,208,925
Change in plan assets:				
Fair value of plan assets at beginning of year	41,049,139	36,659,861	–	–
Actual return on plan assets	6,463,315	3,833,478	–	–
Employer contribution	2,520,000	2,520,000	31,268	117,522
Participant contributions	–	–	6,638	7,593
Benefits paid	(2,097,820)	(1,964,200)	(37,906)	(125,115)
Fair value of plan assets at end of year	47,934,634	41,049,139	–	–
Accrued benefit cost	$ (9,101,483)	$ (22,043,043)	$ (743,377)	$ (1,208,925)

The accumulated benefit obligation for all pension plans was $56,938,000 and $61,758,000 at December 31, 2013 and 2012, respectively.

9. Retirement and Post-Retirement Benefit Plans (continued)

The Trinity East plan assets are invested in an actively managed portfolio that integrates asset allocation strategies across equity and debt markets within the United States. The portfolio objectives are long-term growth balanced with moderate variability with an expected shift to assets with a more fixed income allocation as the plan population ages and nears retirement. The use of an appropriate asset management policy combines the various asset pools to ensure flexibility and to adapt to the changing retirement needs of the plan participants. The plan's objective is to have 45% to 65% invested in equities and 30% to 50% invested in fixed income securities. For the long-term, the primary investment objective for the portfolio is to earn the highest possible total return consistent with prudent levels of risk. The overall primary objective is to enable the three pension plans to meet their future obligations for employee retirement.

The weighted average asset allocations by asset category of the Trinity East plans are as follows:

	December 31	
	2013	**2012**
Asset category:		
Equity securities	**41%**	56%
Debt securities	**37**	44
Other	**22**	–
Total	**100%**	100%

9. Retirement and Post-Retirement Benefit Plans (continued)

The following table summarizes the Trinity East pension assets measured at fair value on a recurring basis as of December 31, 2013 and 2012, aggregated by the level in the fair value hierarchy within which those measurements are determined:

	Total Fair Value Measurement at December 31, 2013	Fair Value Measurement at December 31, 2013, Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	$ 10,875,194	$ 10,875,194	$ –	$ –
U.S. government and agency obligations	8,626,212	–	8,626,212	–
Corporate bonds:				
Domestic	7,867,072	–	7,867,072	–
International	839,677	–	839,677	–
Revenue bonds:				
Domestic	280,286	–	280,286	–
Mutual funds:				
Domestic	8,757,631	8,757,631	–	–
International	10,688,562	10,688,562	–	–
	$ 47,934,634	$ 30,321,387	$ 17,613,247	$ –

	Total Fair Value Measurement at December 31, 2012	Fair Value Measurement at December 31, 2012, Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	$ 1,065,110	$ 1,065,110	$ –	$ –
U.S. government and agency obligations	6,635,592	–	6,635,592	–
Equities:				
International	4,684,791	4,684,791	–	–
Corporate bonds:				
Domestic	9,836,769	–	9,836,769	–
International	418,382	–	418,382	–
Mutual funds:				
Domestic	18,408,495	18,408,495	–	–
	$ 41,049,139	$ 24,158,396	$ 16,890,743	$ –

9. Retirement and Post-Retirement Benefit Plans (continued)

Trinity East expects to contribute $2,520,000 to its pension plans in fiscal 2014. The Corporation expects to contribute $70,500 to its post-retirement plan in 2014.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid by the Trinity East pension plans and the Trinity East and West and Providence Hospital other benefits during the years ending December 31:

	Pension Benefits	Post-Retirement Benefits
2014	$ 2,511,738	$ 76,667
2015	2,616,745	67,862
2016	2,754,758	68,861
2017	2,898,792	69,065
2018	3,083,048	68,410
2019–2023	17,783,011	303,586

The components of net periodic benefit cost for the pension plans and other post-retirement benefit plans for the years ended December 31, 2013 and 2012, were as follows:

	Pension Benefits		Post-Retirement Benefits	
	2013	2012	2013	2012
Service cost	**$ 1,221,915**	$ 1,051,464	**$ –**	$ –
Interest cost	**2,349,995**	2,498,612	**41,202**	51,877
Expected return on plan assets	**(3,042,832)**	(2,951,732)	**–**	–
Recognized net actuarial loss (gain)	**1,872,570**	1,343,200	**(17,314)**	(32,587)
Curtailment loss recognized	**482**	–	**–**	–
Amortization of prior service cost	**1,602**	1,602	**–**	–
Net periodic benefit cost	**$ 2,403,732**	$ 1,943,146	**$ 21,888**	$ 19,290

9. Retirement and Post-Retirement Benefit Plans (continued)

Actuarial assumptions for the Trinity East pension plans are as follows:

	December 31	
	2013	**2012**
Weighted average assumptions used to determine net periodic benefit cost for years ended December 31:		
Discount rate	**3.8%**	3.8%
Expected long-term rate of return on plan assets	**7.4**	7.5
Expected rate of compensation increase	**3.0**	3.0
Weighted average assumptions used to determine benefit obligation for years ended December 31:		
Discount rate	**4.7**	4.6
Rate of compensation increase	**3.0**	3.0

In selecting the expected long-term return on plan assets, Trinity East pension plans considered the average rate of earnings on the funds invested or to be invested to provide for the benefits of these plans. This included considering the asset allocation and the expected returns likely to be earned over the life of the plans. This basis is consistent with prior year.

Actuarial assumptions for the Providence Hospital plan are as follows:

	December 31	
	2013	**2012**
Weighted average assumptions used to determine net periodic benefit cost for years ended December 31:		
Discount rate	**3.62%**	4.67%
Weighted average assumptions used to determine benefit obligation for years ended December 31:		
Discount rate	**4.45**	3.62

An increase of 8.5% in the health care cost trend rate was assumed for Providence Hospital plan next year. This rate is assumed to decrease gradually to 5% in 2021 and remain at that level thereafter. A 1% increase in the health care cost rate would increase the accumulated post-retirement benefit obligation by $53,668 and the net periodic cost by $4,100. A 1% decrease in the health care cost rate would decrease the accumulated post-retirement benefit obligation by $48,310 and the net periodic cost by $3,656.

9. Retirement and Post-Retirement Benefit Plans (continued)

Trinity Hospital Holding Company has supplemental pension and welfare agreements with certain key executives that provide for fixed payments at the date of retirement, death, or disability and lump-sum life insurance benefits. Trinity Hospital Holding Company is providing for these benefits over the estimated term of employment of the employees to age 65. The present value of these benefits of approximately $1,352,000 and $1,001,000 at December 31, 2013 and 2012, respectively, has been included in the combined statements of financial position as long-term post-retirement benefit obligations payable. Approximately $235,000 and $293,000 was charged to expense for these benefits for the years ended December 31, 2013 and 2012, respectively. Trinity Hospital Holding Company has purchased life insurance contracts on certain employees, which, upon the death of the employee, may be used to fund the supplemental pension and welfare arrangements with the key executives.

The Corporation has a supplemental retirement plan for former key employees. The Corporation recognizes expense on a prorated basis over the expected service period of the participants. The plan is funded with investments held in a rabbi trust. The plan assets are included with assets whose use is limited on the combined statements of financial position and totaled $1,067,386 and $1,123,035 at December 31, 2013 and 2012, respectively. At December 31, 2013 and 2012, respectively, the Corporation has a supplemental retirement obligation of $1,645,645 and $1,728,481.

The Corporation is the sponsor of the Sylvania Franciscan Sponsored Ministries 457(b) plan, which was established in 2011 to provide deferred compensation for a select group of management or highly compensated employees. At December 31, 2013 and 2012, respectively, the plan assets of $1,324,782 and $759,355 are included in assets whose use is limited, and a corresponding retirement obligation is recorded.

The Sisters of St. Francis 403(b) Voluntary Employee Deferral Plan is a single-employer, defined contribution employee benefit plan. All entities of the Corporation who have adopted the plan are eligible to participate upon the date of employment. In addition, St. Joseph may elect to make discretionary matching contributions of $.50 for every $1.00 of an employee's elective deferrals, up to 2% of an employee's compensation. Employees become 100% vested in the employer's contribution after three years of service. The Corporation contributed $1,077,461 and $681,091 during the years ended December 31, 2013 and 2012, respectively.

9. Retirement and Post-Retirement Benefit Plans (continued)

Effective January 1, 2014, all of the Corporation's employees, except Trinity East employees, will be eligible to participate in the Sisters of St. Francis 403(b) Voluntary Employer Deferral Plan. Trinity East employees will be eligible effective June 1, 2014. The Corporation will provide employees with an employer basic contribution equal to 1% of compensation, plus a matching contribution equal to 50% of the first 6% that employees contribute, resulting in a maximum matching contribution of 3% of compensation. Employees become 100% vested in the 1% basic contribution after three years of service and are immediately vested in the matching contribution.

10. Related-Party Transactions

Rosary Care Center entered into a lease agreement with the Sisters, which provides monthly rental payments and payments for expenses in connection with the maintenance and operation of the leased premises. Rental expenses amounted to $157,800 for the years ended December 31, 2013 and 2012. The monthly rental payments under the operating lease are $13,150 plus interest on the Sisters debt instrument and expenses relating to maintenance and operating of the premises.

Trinity Health System has transactions with Tri-State, a co-sponsor with the Corporation of Trinity Health System, which relate primarily to the rental of office space and the purchase of employee time, which are not material. Net amounts due from Tri-State of $356,000 and $525,000, respectively, at December 31, 2013 and 2012, are included in due from and to affiliates. The Corporation also has other amounts included in due to/from affiliates relating to transactions with the Sisters and related physician practices.

11. Contingencies

The Corporation is party to several lawsuits incidental to its operations. It is not possible at the present time to estimate the ultimate legal and financial liability, if any, of the Corporation with respect to such lawsuits. In the opinion of management, after consultation with legal counsel, adequate insurance exists to cover significant financial exposure, in the event there is any, to the Corporation. Accordingly, in the opinion of management, resolution of those matters is not expected to have a material adverse effect on the combined financial position.

11. Contingencies (continued)

On October 5, 1995, St. Joseph executed an operating lease agreement with Burleson County Hospital District to lease substantially all of the property, plant, and equipment of the acute care facility located in Caldwell, Texas, for five years with three renewal terms of five years each. Effective October 1, 2013, St. Joseph executed a new lease for five years, with three renewal options of five years each.

On March 17, 1996, St. Joseph executed an operating lease agreement with Grimes County to lease substantially all the plant, property, and equipment of the acute care facility located in Navasota, Texas, for seven years with two renewal terms of seven years each. The lease was renewed for a seven-year term effective September 17, 2010.

At December 31, 2012, future minimum lease payments under noncancelable operating leases, with initial lease terms of greater than one year aggregate as follows: 2014 – $20,045,300; 2015 – $11,480,723; 2016 – $6,713,387; 2017 – $6,289,180; 2018 – $5,382,286.

Rental expenses for operating leases and medical equipment for the years ended December 31, 2013 and 2012, amounted to $25,532,141 and $21,745,011, respectively.

12. Concentrations of Credit Risk

The members of the Combined Group grant 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 is as follows:

	December 31	
	2013	**2012**
Government-related programs	**37%**	43%
Patients	**35**	32
Other third-party payors	**28**	25
	100%	100%

13. Functional Expenses

The members of the Combined Group provide general health care services to residents within their geographic locations, including medical/surgical, pediatric, critical, emergency care, and post-acute residential care. Expenses from continuing operations relating to providing these services are as follows:

	Year Ended December 31	
	2013	**2012**
Health care services	**$ 457,735,654**	$ 435,580,274
General and administrative	**190,917,328**	178,947,313
	$ 648,652,982	$ 614,527,587

Other Supplementary Information

Building a better working world

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Report of Independent Auditors on Other Supplementary Information

The Board of Trustees
Sylvania Franciscan Health and Subsidiaries
Sisters of St. Francis of Sylvania, Ohio

Our audits were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The following combining statements of financial position, operations, and changes in net assets as of and for the year ended December 31, 2013, are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Ernst & Young LLP

May 6, 2014

Sylvania Franciscan Health and Subsidiaries
Sisters of St Francis of Sylvania, Ohio

Combining Statement of Financial Position - Assets

December 31, 2013

	Corporate Office	SFH Assurance, LTD	SFH Foundation	Combining Adjustments	Subtotal Sylvania Franciscan Health	Franciscan Shelters	Sophia Center	Franciscan Living Communities	St. Joseph Services Corporation and Subsidiaries	Trinity Health System Corporation and Subsidiaries (Ohio)	Trinity Hospital Twin City	Rosary Care Center	Combination Adjustments	Combined
Assets														
Current assets														
Cash and cash equivalents	$ 1 369 873	$ 35 196	$ 121 781	$	$ 1,526,850	$ 198 760	$ 43 056	$ 15 183,141	$ 12,877 255	$ 7 460 922	$ 355 872	$ 285	$ –	$ 37 646 141
Investments	–	–	–	–	–	142,769	–	–	–	6 091 645	–	–	–	6 234 414
Current portion of trustee-held funds	–	–	–	–	–	–	–	–	7 292 138	816 703	–	–	–	8 108,841
Accounts and notes receivable														
Patients and residents	–	–	–	–	–	–	137 050	7 539 905	110 369,702	31 881,386	6,037 108	581 554	–	156 546 705
Less allowances for doubtful accounts	–	–	–	–	–	–	64,615	660,097	46,371,652	8,916 654	3,386,600	32,461	–	59,432 079
	–	–	–	–	–	–	72 435	6,879 808	63,998,050	22 964 732	2 650,508	549,093	–	97 114,626
Other receivables	15	–	–	–	15	15,411	–	347,149	10,937,487	1,298,252	77,779	–	–	12,676,093
	15	–	–	–	15	15 411	72,435	7 226 957	74 935,537	24,262 984	2,728 287	549 093	–	109,790,719
Due from affiliates	2 025 184	–	–	(234 833)	1 790 351	–	–	150 704	1 385,370	1,186,989	48 159	3 344	(3 921,456)	643 461
Inventories	–	–	–	–	–	–	–	140 599	5,794,445	3,111,187	351,291	27,628	–	9 425 150
Prepaid expenses and other	97,092	–	173,750	–	270,842	16	1 695	581,434	3,328,884	1 845,144	137,272	36 142	–	6,201,429
Total current assets	3 492 164	35 196	295,531	(234 833)	3 588 058	356,956	117 186	23 282 835	105,613,629	44,775 574	3 620 881	616 492	(3 921 456)	178,050 155
Assets whose use is limited														
Board-designated and restricted funds	1,324 782	–	–	–	1,324 782	700 000	–	3 883 357	–	85 410 068	736 839	958 876	–	93 013,922
Trustee-held funds less current portion	1,067 386	–	–	–	1 067 386		–	9 930 660	11,842 462	3,701,899		225 133		26,767,540
Self-Insurance Program	–	20,550 681	–	–	20 550 681		–	–	–	–	–		–	20 550,681
Foundation investments	–	–	25 041 648	–	25,041 648	–		–		16 614,323		–		41 655 971
Other investments	–	–	–	–	–	–	–		–	1 579,803	–	–		1 579,803
	2 392,168	20,550,681	25 041 648	–	47,984 497	700,000	–	13 814,017	11 842 462	107 306 093	736,839	1 184 009	–	183 567 917
Net property and equipment	177,506	–	–	–	177,506	60 235	2 531	146 327 654	177 685 048	51 598 176	14 102,491	4,373,798	–	394 327 439
Other assets														
Financing costs net of amortization	–	–					–	2 145,578	2 997,651	252 547	59 484	97 974		5 553,234
Notes and other receivables	–			–		–		18 174	445 180	566 944		–	–	1 030 298
Due from affiliates	902 610	–		(902 610)		–		424 280	6 158 573	2 330 681	207 378	52 161	(9 173 073)	–
Goodwill	–		–		–		–		–	3 873 161			–	3 873,161
Certificates of need net of amortization	–	–	–	–	–			3 205,275		–	–	369 963		3 575,238
Long-term investments	31,848 375	–	–	–	31 848 375	–		28 170 157	178 590,366					238 608 898
Other	–	–	–	–				254 101	344 702	175 000	–			773,803
	32,750,985	–		(902 610)	31 848 375	–		34,217,565	188 536,472	7,198 333	266 862	520,098	(9,173,073)	253,414,632
Total assets	$ 38,812,823	$ 20,585,877	$ 25,337,179	$ (1,137,443)	$ 83,598,436	$ 1,117,191	$ 119,717	$ 217,642,071	$ 483,677,611	$ 210,878,176	$ 18,727,073	$ 6,694,397	$ (13,094,529)	$ 1,009,360,143

Sylvania Franciscan Health and Subsidiaries
Sisters of St. Francis of Sylvania, Ohio

Combining Statement of Financial Position – Liabilities and Net Assets

December 31, 2013

	Corporate Office	SFH Assurance, LTD	SFH Foundation	Combining Adjustments	Subtotal Sylvania Franciscan Health	Franciscan Shelters	Sophia Center	Franciscan Living Communities	St. Joseph Services Corporation and Subsidiaries	Trinity Health System Corporation and Subsidiaries (Ohio)	Trinity Hospital Twin City	Rosary Care Center	Combination Adjustments	Combined
Liabilities and net assets														
Current liabilities														
Accounts payable and accrued expenses														
Accounts payable	$ 369,245	$ 50 824	$ 46 458	$ –	$ 466 527	$ 5 839	$ 16,031	$ 4,368 560	$ 22 303 618	$ 10 578 752	$ 1 097 189	$ 405 730	$ (99 103)	$ 39 143 143
Compensation fees, and amounts withheld from compensation	672 506	–	–	–	672 506	5 400	4 040	1,991 009	11,557 061	4,992,789	480 264	130 044	–	19 833 113
Accrued interest	–	–	–	–	–			1 010 744	3,643 318	416 584	–	–	–	5 070 646
Due to affiliate	48 847	232	234 601	(234 833)	48,847			184 640	1 259 794	13,685	31,551	79 622	(1 618 139)	–
Other	–	–	–	–	–			–	–	643 730			–	643,730
	1 090 598	51,056	281,059	(234,833)	1,187 880	11 239	20 071	7 554,953	38 763 791	16 645 540	1,609,004	615 396	(1 717 242)	64 690 632
Deferred revenue	–	–	–	–	–	–	32 762	227 645			–	–		260,407
Settlements payable under third-party reimbursement contracts	–	–	–	–	–			314 380	5 534 105	1 227 002	648,987	56 157	–	7 780,631
Lines of credit	963,635	–	–	–	963 635			–			1 800,000	–		2 763,635
Note payable	–	–	–	–	–			145 000	–	–	–	–	(145,000)	–
Current portion of reserve for insurance claims	–	2 065,935	–	–	2 065 935			96,834	1,385,373	525,851	48 159	9 720	(2 065,935)	2 065,937
Current portion of retirement and post-retirement obligations	198 377	–	–	–	198 377	–	–	–	–	–	–	–		198 377
Current portion of refundable and non-refundable entrance fees		–	–	–	–	–	–	1 082 898			–	–		1 082 898
Current portion of long-term debt and capital lease obligations	–	–	–		–	–	–	2 125 792	6,298,970	2,123 718	244,473	150 000		10,942 953
Total current liabilities	2 252 610	2 116 991	281 059	(234 833)	4 415 827	11,239	52 833	11 547 502	51,982 239	20 522 111	4 350 623	831 273	(3 928 177)	89 785 470
Long-term liabilities														
Due to affiliates	902 610	902 610	–	(902 610)	902,610	–	–	–	–		–		(902 610)	–
Retirement plans	2 842 497	–		–	2 842,497	–	–	–	–	10 460 000	–	–		13 302 497
Post-retirement benefit obligations	666 710		–	–	666 710	–	–	–		–		–		666,710
Reserve for insurance claims	–	8 263 742	–		8 263 742	–	–	387,335	5 541 492	2 103 402	192,635	38 879	(8,263 742)	8 263 743
Derivative liability, net	–	–		–	–	–	–	545 225	9 660 174		–	–	–	10 205 399
Refundable and non-refundable entrance fees, less current portion	–	–			–	–	–	22 112 939		–		–	–	22 112,939
Long-term debt and capital lease obligations less current portion			–		–	–	–	129 843 472	136 543,102	38 062 425	5,291,902	4 175 000	–	313 915,901
Other	–	–		–	–	–	–	120,012	2,522 226		–			2,642,238
Total liabilities	6 664 427	11 283 343	281 059	(1 137 443)	17 091 386	11 239	52 833	164 556 485	206 249 233	71 147 938	9,835,160	5 045 152	(13 094 529)	460,894 897
Net assets														
Unrestricted	32 148 396	9 302 534	25 056 120		66 507 050	1 096 194	66,884	49 446,993	274 434 656	130 427 531	8 855,075	1,649 245	–	532,483 628
Temporarily restricted	–	–	–		–	9 758	–	1 554 961	2 993 722	7 174 913	36,838			11 770,192
Permanently restricted	–	–	–		–	–	–	2 083,632		2 127,794				4,211,426
Total net assets	32 148,396	9 302,534	25,056,120	–	66,507 050	1 105,952	66 884	53 085,586	277 428,378	139,730,238	8,891,913	1 649 245	–	548 465,246
Total liabilities and net assets	$ 38,812,823	$ 20,585,877	$ 25,337,179	$ (1,137,443)	$ 83,598,436	$ 1,117,191	$ 119,717	$ 217,642,071	$ 483,677,611	$ 210,878,176	$ 18,727,073	$ 6,694,397	$ (13,094,529)	$ 1,009,360,143

Sylvania Franciscan Health and Subsidiaries
Sisters of St. Francis of Sylvania, Ohio

Combining Statement of Operations

	Year Ended December 31, 2013													
	Corporate Office	SFH Assurance, LTD.	SFH Foundation	Combining Adjustments	Subtotal Sylvania Franciscan Health	Franciscan Shelters	Sophia Center	Franciscan Living Communities	St. Joseph Services Corporation and Subsidiaries	Trinity Health System Corporation and Subsidiaries (Ohio)	Trinity Hospital Twin City	Rosary Care Center	Combination Adjustments	Combined
Revenues, gains, and other support														
Net patient service revenue net of contractual allowances and discounts	$ –	$ –	$ –	$ –	$ –	$ –	$ 389 348	$ 53,682 983	$ 390 816 896	$ 210 257 334	$ 19 314 368	$ 4 541 618	$ –	$ 679 002 547
Provision for bad debts	–	–	–	–	–	–	–	–	43 369,753	12,583 726	2,440 138	–	–	58 393 617
Net patient service revenue less provision for bad debts	–	–	–	–	–	–	389 348	53,682 983	347 447,143	197 673,608	16 874,230	4 541 618	–	620 608 930
Other revenue	3 652,321	3 308 570	–	(26 964)	6,933 927	268,588	–	1 815 940	12 885,216	9 216 919	940,061	94 055	(6 908 791)	25 245 915
Rental revenue	–	–	–	–	–	–	3 000	10 419 782	–	–	329,372	–	–	10 752,154
Net assets released from restrictions	–	–	–	–	–	32,501	–	271,313	–	–	174 917	–	–	478,731
Total revenue gains and other support	3 652 321	3 308,570	–	(26 964)	6 933 927	301 089	392 348	66 190 018	360 332,359	206 890 527	18,318,580	4 635,673	(6 908 791)	657 085 730
Expenses														
Salaries and wages	2 710,240	–	–	–	2 710 240	211 363	252 109	25 189 101	152 931 649	84 283 185	9 977 523	2 530,909	–	278 086 079
Employee benefits	860 998	–	–	–	860 998	–	56 414	6,537,339	35 759,263	28 806 192	2 093 259	428 885	(59 352)	74 482 998
Purchased services, utilities, and other	3 144 046	3 296 365	22 561	(104 055)	6 358 917	98 128	109 784	14 201 992	71 049 972	31,679 682	3 604 618	1 417 163	(6,849 439)	121 670 817
Supplies and pharmaceuticals	30 021	–	–	–	30 021	671	3 216	5,467,013	48 789 352	44 670 458	1,853 926	361 028	–	101 175 685
Provision for bad debts	–	–	–	–	–	–	–	599 464	260 173	–	–	9,004	–	868 641
Depreciation and amortization	68 509	–	–	–	68 509	12,676	1 300	6 610 763	19 350 856	10,038 820	1 095 807	204,406	–	37,383,137
Professional fees	457,097	119 115	945 938	(26 964)	1,495,186	9,561	5,548	1 063 123	12 735,375	3,919 058	2 115 544	65 202	–	21,408 597
Interest	524	–	–	–	524	–	–	4,188,970	7,343,535	1,826 838	142 656	74,505	–	13 577,028
Total expenses	7 271 435	3 415,480	968 499	(131 019)	11,524,395	332 399	428 371	63,857,765	348,220 175	205,224 233	20 883 333	5 091 102	(6 908,791)	648,652,982
Operating (loss) income	(3 619 114)	(106 910)	(968,499)	104 055	(4 590 468)	(31 310)	(36,023)	2 332 253	12,112 184	1 666 294	(2 564 753)	(455 429)	–	8 432 748
Nonoperating gains (losses)														
Investment income (loss)	1 541 912	1 439,133	593 456	–	3,574 501	1 975		689,327	4 279 381	10 393 585	(128)			18,938,641
Net unrealized gains on investments	2 463 054	622 761	3 049,566	–	6 135 381	15 147	–	1 996 616	17 015 291	2,728 442	–	–		27 890 877
Contributions, net	14 900	–	–	–	14 900	–	21,308	152,785	817,283	254 568	43,018	17,139		1 321 001
Fund-raising expenses	–	–	–	–			(5 427)	(277 414)	(898 326)	(404 434)		–	–	(1 585 601)
Gains under interest rate swap agreements	–	–				–	–	87 845	5 998,268	–	–	–	–	6 086 113
Gains (losses) on disposal of assets	–	–		–		–		1 577	2 543	(123,457)	(23 644)		–	(142 981)
Other	–		–		–	–	–	–	608	–	–	–		608
Net assets acquired in acquisitions	–	–	–		–	–		–	(1,036 934)	–			–	(1,036 934)
Nonoperating gains net	4 019,866	2 061 894	3 643,022	–	9,724,782	17 122	15,881	2,650 736	26,178 114	12 848,704	19,246	17 139	–	51 471,724
Excess (deficit) of revenues over expenses	$ 400,752	$ 1,954,984	$ 2,674,523	$ 104,055	$ 5,134,314	$ (14,188)	$ (20,142)	$ 4,982,989	$ 38,290,298	$ 14,514,998	$ (2,545,507)	$ (438,290)	$ –	$ 59,904,472

Sylvania Franciscan Health and Subsidiaries
Sisters of St Francis of Sylvania, Ohio

Combining Statement of Changes in Net Assets

	Year Ended December 31, 2013												
	Corporate Office	SFH Assurance, LTD	SFH Foundation	Combining Adjustments	Subtotal Sylvania Franciscan Health	Franciscan Shelters	Sophia Center	Franciscan Living Communities	St Joseph Services Corporation and Subsidiaries	Trinity Health System Corporation and Subsidiaries (Ohio)	Trinity Hospital Twin City	Rosary Care Center	Combined
Unrestricted net assets													
Excess (deficit) of revenue over expenses	$ 400 752	$ 1,954 984	$ 2 674 523	$ 104 055	$ 5 134 314	$ (14 188)	$ (20 142)	$ 4 982 989	$ 38 290 298	$ 14 514 998	$ (2 545 507)	$ (438 290)	$ 59,904 472
Other changes													
Change in pension liability	–	–	–	–	–	–	–	–	–	12 824 810	–	–	12 824 810
Net assets released from restriction	–	–	–	–	–	–	–	–	200 213	67,728	–	–	267 941
Transfer of equity	(7,278 682)	–	80,766	(104,055)	(7,301,971)	709,480	20,000	2,138 708	220 461	–	2 978,913	1,234,409	–
(Decrease) increase in unrestricted net assets	(6 877 930)	1 954 984	2 755 289	-	(2,167 657)	695 292	(142)	7 121 697	38 710,972	27 407,536	433 406	796,119	72 997 223
Temporarily restricted net assets													
Contributions	-		-		–	32 950	–	114,433	1 051 994	468 879	101 906	–	1,770 162
Investment income	-				–	–	–	57 395	4,844	9 308	–	–	71 547
Net unrealized gains on investments				-	–	–	–	238 024	–	529 000	–	–	767,024
Net assets released from restrictions	-		-	-	–	(32 501)	–	(271,313)	(713,799)	(111,789)	(174,917)		(1,304,319)
Increase (decrease) in temporarily restricted net assets	-	-			–	449	–	138,539	343 039	895 398	(73 011)	–	1 304 414
Permanently restricted net assets													
Investment income				-	–	–	–	109	–	14 470	–	–	14 579
Net unrealized gains on investments	-	–	–	–		-	-	580	-	–		–	580
Donations and other, net	–	–	–	–		-		–		(3 420)	-	-	(3,420)
Increase in permanently restricted net assets	–	–	–	–		–		689		11 050	–	–	11,739
(Decrease) increase in net assets	(6 877 930)	1 954 984	2 755,289	–	(2,167,657)	695,741	(142)	7 260 925	39,054 011	28,313 984	360 395	796,119	74 313,376
Net assets at beginning of year	39 026,326	7,347,550	22,300,831	–	68,674,707	410,211	67 026	45 824,661	238,374,367	111,416,254	8,531 518	853 126	474,151,870
Net assets at end of year	$ 32,148,396	$ 9,302,534	$ 25,056,120	$ –	$ 66,507,050	$ 1,105,952	$ 66,884	$ 53,085,586	$ 277,428,378	$ 139,730,238	$ 8,891,913	$ 1,649,245	$ 548,465,246

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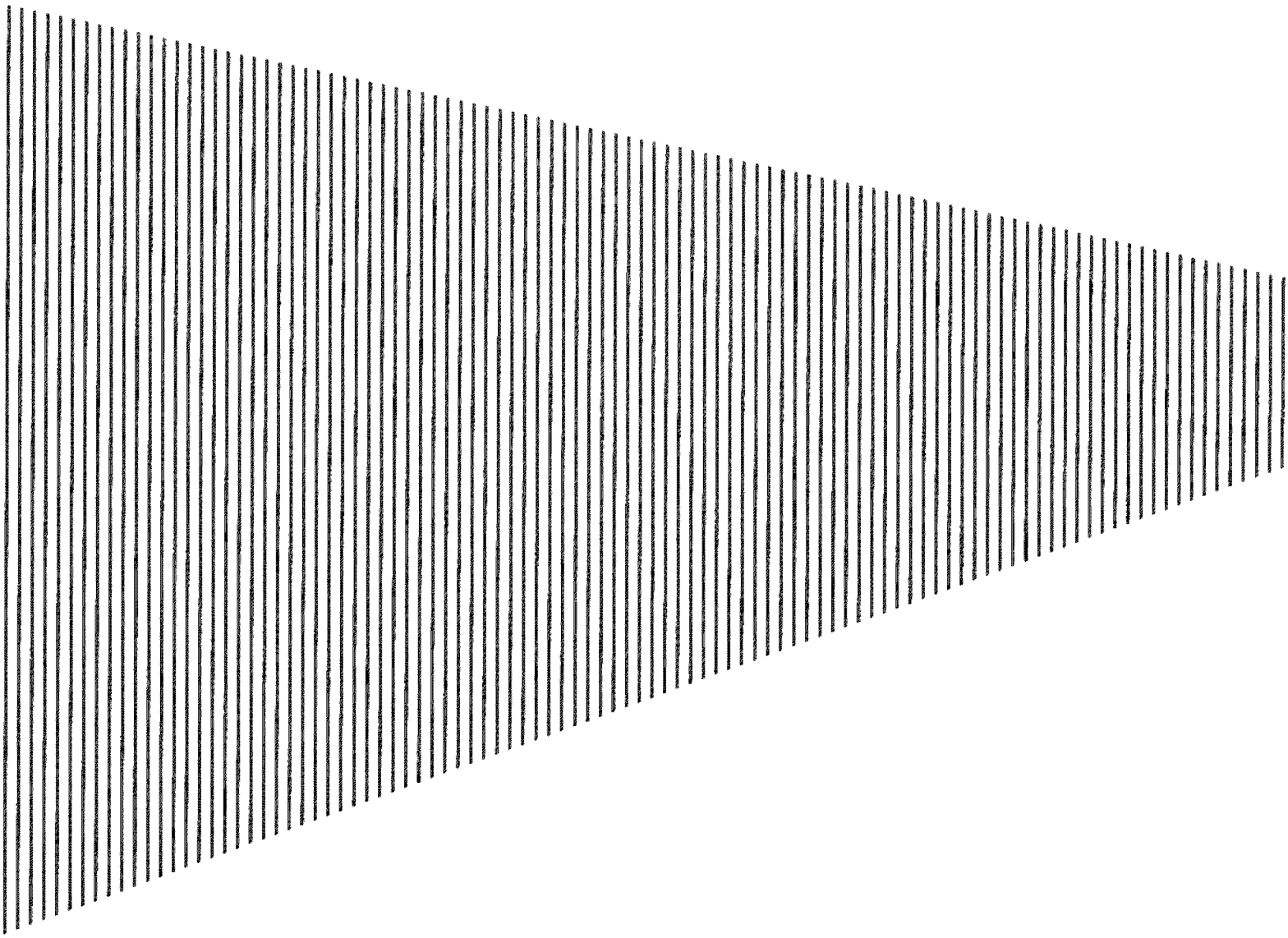

SJHS Community Benefit Plan 2014-2016

Background

As outlined in its Mission statement, St. Joseph Health System (SJHS) works to improve the health status of residents across the Brazos Valley. Additionally, as a Not-For-Profit Health Care provider, SJHS meets state and federal requirements regarding the assessment of community needs and the delivery of community benefits to the communities we serve. SJHS has a Community Benefit structure and process it follows in meeting both its Mission and regulatory requirements.

Through our community benefit program, St. Joseph Health System works to fulfill our mission of community service by improving the health of the community, increasing access to health care services, partnering with others to reduce disparities, and achieving other community benefit objectives.

Community Needs Assessment

A needs assessment (Regional Health Partnership 17 Health Assessment) is conducted every three years by the Center for Community Health Development, a part of the Texas A&M Health Science Center's School of Rural Public Health. The Director of Community Outreach and Community Benefits Officer serve on the survey development committee for the health needs assessment. In September of 2013, SJHS received the results of the 2013 Community Needs Assessment, which includes Brazos, Burleson, Grimes, Leon, Madison, Robertson and Washington counties.

The extensive report outlined a wide variety of health needs across the region, as well as transportation and other needs .The focus of the SJHS Community Benefit planning was health status and health issues across the Brazos Valley. Key health issues/illnesses in the region include: obesity, hypertension, high cholesterol, depression and Emphysema/COPD. A summary of the needs assessment is located in Attachment 1.

Community Benefit Planning Process

The process for developing the 2014-2016 Community Benefit Plan included: 1) Assessment of Needs; 2) Identification of potential community partners and discussion with those partners; 3) Designing a plan to address those identified needs; 4) Setting measurable goals; and 5) Ongoing evaluation of the community benefit plan.

Community organizations providing input to the 2014-2016 plan include: SJHS, Health For All; Brazos Valley Community Action Agency; RHP 17 leadership; TAMU School of Public Health; and the Burleson and Grimes Health Resource Centers.

2014-2016 Community Benefits Overarching Goal

Given the broad scope of community health issues and the tremendous differences in health resources available in each community, SJHS sought to identify goals that would impact as many of the health needs as possible with the resources most commonly available in all communities.

The 2013 Community Needs Assessment identified the following issues:

- The rural communities, the low-income, and those of a minority population continue to face substantial disparities in access to resources and services, as well as in health outcomes.
- A greater proportion of those who were uninsured did not have a regular health provider, delayed medical care because of cost, and rated their access to care as fair, poor, or very poor.
- Seven of the eight counties that make of the primary services area for SJHS are designated by the federal Health Resources and Services Administration (HRSA) as a Health Professional Shortage Area (HPSA) wholly or in part.

One of the recommendations in the Needs Assessment was for providers to collaborate and leverage resources, which can be accomplished through the expansion of a true medical Home Model where one provider coordinate the care so that patients get the right resources at the right time to keep them healthy.

Following discussions with key partners, it was determined that the wide variety of key health issues impacting residents across the Brazos Valley would best be collectively addressed through 1) Expanding Population Health Initiatives aimed at preventing the chronic health issues; and 2) by improving primary care access & coordination through access to a true medical home.

2014-16 Community Benefit Goals

Improving Primary Care Access & Coordination

Goal 1: Support expansion of the Medical Home capacity of key partners (Health For All, Brazos Valley Community Action Agency HealthPoint Clinics, St. Joseph Physician Associates)

2014 Tactics

Tactic 1: Grow Medical Home patient capacity among key partners over 2013 capacity

Measure 5 = Over 8% growth
Measure 4 = 6.1 - 8% growth
Measure 3 = 4 - 6% growth
Measure 2 = 2 - 3.9% growth
Measure 1 = Less than 2% growth

Goal 2: Support uninsured/underinsured patient access to Medical Homes

2014 Tactics

Tactic 1: Support local enrollment into federal insurance exchanges for 2015 Plan Year, increasing enrollment by 15% over the 2014 year

Measure 5 = 20% or greater increase over 2014 enrollment
Measure 4 = 16.1 – 20% increase over 2014 enrollment
Measure 3 = 12.1 – 16% increase over 2014 enrollment
Measure 2 = 8.1 – 12% increase over 2014 enrollment
Measure 1 = Less than 8% increase over 2014 enrollment

Tactic 2: Identify and complete one pilot project to improve Medical Home Access

Measure 5 = More than 80 people enrolled

Measure 4 = 61 – 80 people enrolled

Measure 3 = 41 – 60 people enrolled

Measure 2 = 21 – 40 people enrolled

Measure 1 = Less than 20 people enrolled

Expand Population Health Initiatives

Goal 3: Participate in and complete a master planning study of a health and wellness district in Bryan, Texas

Tactic 1: Complete a master planning study for a health and wellness district in Bryan, Texas

Measure 5 = Study Report Completed before October 2014

Measure 4 = Study Report Completed by November 2014

Measure 3 = Study Report Completed by December 2014

Measure 2 = Study Report Completed by January 2015

Measure 1 = Study Report Completed after January 2015