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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
Texas Health Presbyterian Hospital Plano

Doing Business As
Texas Health Plano

Number and street (or P O box if mail is not delivered to street address) | Room/suite
6200 W Parker Rd
Suite

City or town, state or province, country, and ZIP or foreign postal code
Plano, TX 75093

D Employer identification number
75-2770738

E Telephone number
(972) 981-8000

G Gross receipts $ 358,219,031

F Name and address of principal officer
Michael Evans
62 W Parker Rd
Plano, TX 75751

H(a) Is this a group return for subordinates? ☐ Yes ☑ No

H(b) Are all subordinates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

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

J Website: ▶ texashealth org

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

L Year of formation 1991

M State of legal domicile TX

Part I Summary

1 Briefly describe the organization's mission or most significant activities
A faith-based organization whose mission is to improve the health of the people in the communities it serves regardless of their ability to pay

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

3	Number of voting members of the governing body (Part VI, line 1a)	3	11
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	8
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	1,823
6	Total number of volunteers (estimate if necessary)	6	300
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	380,150
b	Net unrelated business taxable income from Form 990-T, line 34	7b	-2,906

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	525,377	237,744
9	Program service revenue (Part VIII, line 2g)	353,651,087	354,795,001
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-40,653	-884,129
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	4,909,473	3,092,010
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	359,045,284	357,240,626
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	301,394	327,350
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)	119,258,555	122,508,666
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)	157,783,635	159,957,173
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	277,343,584	282,793,189
19	Revenue less expenses Subtract line 18 from line 12	81,701,700	74,447,437

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	520,817,519	559,231,843
21	Total liabilities (Part X, line 26)	26,168,579	49,611,561
22	Net assets or fund balances Subtract line 21 from line 20	494,648,940	509,620,282

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

****** | 2014-11-12
Signature of officer | Date

Rick McWhorter Assistant Secretary
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no	

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

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

A FAITH-BASED ORGANIZATION WHOSE MISSION IS TO IMPROVE THE HEALTH OF THE PEOPLE IN THE COMMUNITIES IT SERVES REGARDLESS OF THEIR ABILITY TO PAY

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 $ 233,553,734 including grants of $ 327,350) (Revenue $ 356,145,590)

Located in Plano, Texas, Texas Health Presbyterian Hospital Plano (THP) operates 366 beds and opened in 1991 The city of Plano is a suburban city north of Dallas THP offers a broad range of medical services with specialized capabilities in both inpatient and outpatient care Focused inpatient services include those in the areas of women's services, orthopedics, back and spine, oncology, digestive health, cardiovascular, and pediatric services THP's freestanding psychiatric unit offers inpatient and outpatient psychiatric services to both adolescents and adults THP also provides a variety of outpatient services including emergency care, ambulatory surgery, diagnostic and rehabilitation services THP is the market leader in orthopedic services From injury prevention to advanced surgical procedures, orthopedic and spinal surgeons on the medical staff at THP provide a wide array of treatment options, some of which include joint replacement surgery, scoliosis, spinal deformities and spine tumors Many orthopedic procedures, such as hip and knee replacement, are now performed using minimally invasive techniques, resulting in shorter hospital stays and reduced recovery time The Margot Perot Center for Women and Infants at THP offers comprehensive services for women including 17 Labor Delivery and Recover Suites, two dedicated C-Section rooms, a 56 bed postpartum unit, a 20 bed high-risk obstetrics unit and a 45 bed Level III neonatal intensive care unit Also offered is an ARTS program that is a member of the Society for Assisted Reproductive Technology and has on-site reproductive laboratories certified by the College of American Pathologists In addition THP offers an array of comprehensive services for breast and gynecological cancers THP has received numerous significant awards and recognition during the past several years, the most recent of which includes designation as an advanced Level III Trauma Facility by the Texas Department of State Health Services Additionally, the hospital has received Magnet designation from the American Nurses Credentialing Center in 2008 with reaccreditation in 2012 and distinction as a 2008 recipient of the prestigious Texas Award for Performance Excellence from Quality Texas Foundation THP was the first healthcare facility in Collin County to receive this preeminent award and the fourth in the state Other recent awards include accreditation of its oncology program as an American College of Surgeons Commission on Cancer approved cancer program and recognition for its bariatric surgery program by the American society for Metabolic and Bariatric Surgery Center of Excellence In 2012, THP was certified by the Joint Commission in both Hip and Knee Replacement and also became a Certified Primary Stroke Center Another accolade for the hospital is the Institutions magazine to a select group of restaurants, hotels and noncommercial food operators that exemplify the highest standards of excellence in food and service THP had 76,525 patient days, 16,290 discharges, 3,884 births, 91,634 outpatient encounters, and 42,425 emergency room visits during the calendar year THP provides quality medical healthcare regardless of patient's race, creed, sex, national origin, handicap, age or ability to pay The hospital provides care to persons covered by governmental programs including Medicare and Medicaid for reimbursement that does not always cover the cost of providing services to both financially indigent and medically indigent patients To the extent reimbursement for services is below cost, THP recognizes the differences as charity care

4b (Code) (Expenses $ including grants of $) (Revenue $)

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ 233,553,734

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	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? *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**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *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**		No
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	202		
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	1,823		
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**	11		
	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**	8		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?			**2** Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .			**3**	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?			**4**	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .			**5**	No
6	Did the organization have members or stockholders?			**6** Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?			**7a** Yes	
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**	Yes	
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**	Yes	
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**	Yes	

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

▶DAVID JACKSON 612 E LAMAR BLVD
Arlington, TX 76011 (682) 236-7900

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)** . . . . . ▶								2,534,055	4,881,066	673,162

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 ▶ 126

			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**		No

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Texas Health Resources, 612 E Lamar Blvd ARLINGTON TX 76011	Management Services	40,074,777
Vanguard Resources Inc, 17300 Henderson Pass SAN ANTONIO TX 78232	Housekeeping Services	2,842,777
Texas Health Physicians Group, 9229 LBJ Freeway DALLAS TX 75243	Physician Services	2,692,950
MD Pathology, 6124 West Parker Road Suite G36 PLANO TX 75093	Physician Services	1,750,205
Southwest Pulmonary Associates, 5939 Harry Hines Blvd 731 DALLAS TX 75235	Radiology Services	1,510,244

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 ▶ 47

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	234,004			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	3,740			
	g	Noncash contributions included in lines 1a-1f $		3,740			
	h	**Total.** Add lines 1a-1f . . . . . ▶		237,744			
Program Service Revenue			Business Code				
	2a	PATIENT REVENUE		337,995,233	337,995,233		
	b	JOINT VENTURE INCOME		14,700,872	14,700,872		
	c	MEDICARE/MEDICIAD ADJUSTMENT		1,331,197	1,331,197		
	d	EDUCATION		44,841	44,841		
	e	ELECTRONIC MEDICAL RECORDS		722,858	722,858		
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		354,795,001			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		83,557			83,557
	4	Income from investment of tax-exempt bond proceeds . . ▶		0			
	5	Royalties . . . . . ▶		0			
			(i) Real	(ii) Personal			
	6a	Gross rents	125,729	102,211			
	b	Less rental expenses					
	c	Rental income or (loss)	125,729	102,211			
	d	Net rental income or (loss) . . . . . ▶			227,940	102,211	125,729
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory		140			
	b	Less cost or other basis and sales expenses		978,405			
	c	Gain or (loss)		-978,265			
	d	Net gain or (loss) . . . . . ▶			-967,686		-967,686
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 . . ▶			0		
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . . ▶			0		
	10a	Gross sales of inventory, less returns and allowances . a					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶			0		
		Miscellaneous Revenue	Business Code				
	11a	PHARMACY	446110		1,248,804	315,323	933,481
	b	NUTRITION REVENUE			934,654	934,654	
	c	LAB REVENUE	621500		378,552	313,725	64,827
	d	All other revenue			302,060	-1	302,061
	e	**Total.** Add lines 11a–11d . . . . . ▶			2,864,070		
	12	**Total revenue.** See Instructions . . . . . ▶			357,240,626	356,145,590	380,150	477,142

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	327,350	327,350		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0	0		
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0	0		
4 Benefits paid to or for members	0	0		
5 Compensation of current officers, directors, trustees, and key employees	1,876,526	0	1,876,526	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0	0		
7 Other salaries and wages	97,202,906	96,802,102	400,804	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	4,228,098	4,228,098		
9 Other employee benefits	12,259,167	12,243,490	15,677	
10 Payroll taxes	6,941,969	6,890,310	51,659	
11 Fees for services (non-employees)				
a Management	40,074,777	0	40,074,777	
b Legal	0	0		
c Accounting	0	0		
d Lobbying	0	0		
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	488,826		488,826	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	25,587,060	22,157,376	3,429,684	
12 Advertising and promotion	1,385,105	1,378,236	6,869	
13 Office expenses	1,934,565	1,925,612	8,953	
14 Information technology	989,376	962,920	26,456	
15 Royalties . .	0			
16 Occupancy	4,925,392	2,849,863	2,075,529	
17 Travel	84,594	77,954	6,640	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0		
19 Conferences, conventions, and meetings	196,834	174,261	22,573	
20 Interest	4,796,831	4,796,027	804	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	14,423,498	14,383,278	40,220	
23 Insurance	689,566	689,566		
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 SUPPLIES	54,561,167	54,508,647	52,520	
b REPAIRS & MAINTENANCE	4,127,852	4,088,619	39,233	
c PATIENT SERVICES	2,583,120	2,583,120		
d FURNITURE & EQUIPMENT	1,415,945	1,377,966	37,979	
e All other expenses	1,692,665	1,108,939	583,726	
25 **Total functional expenses.** Add lines 1 through 24e	282,793,189	233,553,734	49,239,455	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		1,890,133	1	12,039,173
	2	Savings and temporary cash investments		0	2	0
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		35,483,879	4	47,482,251
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		1,931,813	7	2,042,691
	8	Inventories for sale or use		4,738,691	8	6,070,524
	9	Prepaid expenses and deferred charges		613,128	9	1,256,219
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 321,030,437			
	b	Less accumulated depreciation	10b 179,751,546	140,102,897	10c	141,278,891
	11	Investments—publicly traded securities		0	11	0
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		9,345,790	13	0
	14	Intangible assets		0	14	1,232,998
	15	Other assets See Part IV, line 11		326,711,188	15	347,829,096
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		520,817,519	16	559,231,843
Liabilities	17	Accounts payable and accrued expenses		24,166,538	17	31,859,506
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		0	20	0
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		2,002,041	23	3,198,195
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		0	25	14,553,860
	26	**Total liabilities.** Add lines 17 through 25		26,168,579	26	49,611,561
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		494,648,940	27	509,620,282
	28	Temporarily restricted net assets		0	28	0
	29	Permanently restricted net assets		0	29	0
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		494,648,940	33	509,620,282
	34	Total liabilities and net assets/fund balances		520,817,519	34	559,231,843

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	357,240,626
2	Total expenses (must equal Part IX, column (A), line 25)	2	282,793,189
3	Revenue less expenses Subtract line 2 from line 1	3	74,447,437
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	494,648,940
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	-58,143,617
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-1,332,478
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	509,620,282

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: 75-2770738
Name: Texas Health Presbyterian Hospital Plano

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			
Braley Keith D Trustee	2 0	X						0		0
Cione Dean MD Trustee	2 0	X						27,000		0
deMille-Minyard Sue A Trustee	2 0	X						0		0
Hum Lawrence MD Trustee	2 0	X						33,000		0
Jarvis Kenneth B Chair	2 0	X						0		0
LaRosiliere Harry Trustee	2 0	X						0		0
McCoy Patrick E Secretary	2 0	X						0		0
Muns Betty Bell PhD Vice Chair	2 0	X						0		0
Ray Bobby Immediate Past Chair	2 0	X						0		0
Webster Gwen MD Trustee	2 0	X						25,635		0
Wen Ted S MD Trustee	2 0	X						0		0
Berdan Barclay E SEVP/COO	5 40 0			X				0	1,218,462	41,097
Boes Charles W Assistant Secretary	5 40 0			X				0	705,227	34,086
Kramer Kenneth Assistant Secretary	5 40 0			X				0	429,376	110,745
McWhorter Rick E Assistant Secretary	5 40 0			X				0	417,738	64,613
Wossum Marian Assistant Secretary	5 40 0			X				0	115,735	4,371
EvansMichael PRESIDENT THP	40 0			X				505,297		43,748
HadzimaStephen Kenneth CHIEF MEDICAL OFFICER THP	40 0			X				428,676		48,488
KellyRaymond Hugh CHIEF NURSING OFFICER THP	40 0			X				290,256		26,131
FlorenJoshua Andrew VP PROF & SPRT SVCS THP	40 0			X				290,331		6,924
CraftBrian GRP FINAN OFFICER THD-THK	5 0 35 0			X				67,092	201,275	33,849
Winter JrJames Michael CNSLT GRP FIN OFCR THP/THA	40 0			X				84,185		0
JanichJulia DIR PHARMACY	40 0					X		168,744		20,599
MoorePatricia R DIR NRSG PERIOP	40 0					X		165,678		30,426
BabinTeresa SUPV ADMV	40 0					X		151,622		21,665

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			
MintzMarc B PHARMACIST	40 0					X		148,763		33,984
RenshawPamela S MGR PHARMACY RETAIL	40 0					X		147,776		33,659
CanoseJeffrey L Former Ops Leader	40 0						X	0	812,233	31,791
FugatePaige Former Asst Secretary	40 0						X	0	153,391	25,230
MitchellJohn D Former Asst Secretary	40 0						X	0	357,397	40,338
HansonStephen C Former Corp Officer	40 0						X	0	470,232	21,418

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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
Texas Health Presbyterian Hospital Plano

Employer identification number
75-2770738

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
Texas Health Presbyterian Hospital Plano	75-2770738

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?	Yes		
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	100
d	Mailings to members, legislators, or the public?	Yes		
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?		No	
j	Total Add lines 1c through 1i			100
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	Officers and/or Board Members of the corporation may, to an insubstantial degree, make comments or statements concerning legislation that may affect either the healthcare industry or the health status of the communities the Corporation serves In pursuing this activity, Officers and/or Board Members may engage in conversations and/or write letters to various federal, state, and local officials regarding such matters The amount of time and money involved in these activities is negligible In no case has either the Corporation, or any person acting on behalf of the Corporation, intervened in any political campaign

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
Texas Health Presbyterian Hospital Plano

Employer identification number
75-2770738

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		10,554,981		10,554,981
b Buildings		157,136,904	75,972,384	81,164,521
c Leasehold improvements		8,235,604	5,373,316	2,862,288
d Equipment		142,501,899	98,405,846	44,096,053
e Other		2,601,047		2,601,048
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				141,278,891

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
(1) INTERCOMPANY RECEIVABLE	347,655,807
(2) DEPOSITS	23,289
(3) OTHER ASSETS	150,000
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	347,829,096

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	0
UNAMORTIZED RENT	1,193,232
MINORITY INTEREST	13,360,628
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	14,553,860

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

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

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

Part XIII **Supplemental Information**

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

Return Reference	Explanation

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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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
Texas Health Presbyterian Hospital Plano

Employer identification number
75-2770738

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 0 %	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		No
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		
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)			11,383,932	202,589	11,181,343	3 640 %
b Medicaid (from Worksheet 3, column a)			15,750,441	7,739,780	8,010,661	2 610 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			141,642	68,296	73,346	0 020 %
d **Total** Financial Assistance and Means-Tested Government Programs			27,276,015	8,010,665	19,265,350	6 270 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			764,828		764,828	0 250 %
f Health professions education (from Worksheet 5)			147,583		147,583	0 050 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			9,737		9,737	
i Cash and in-kind contributions for community benefit (from Worksheet 8)			495,910		495,910	0 160 %
j **Total.** Other Benefits			1,418,058		1,418,058	0 460 %
k **Total.** Add lines 7d and 7j			28,694,073	8,010,665	20,683,408	6 730 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support			12,841		12,841	
4 Environmental improvements			711		711	
5 Leadership development and training for community members						
6 Coalition building			13,862		13,862	0 010 %
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**			27,414		27,414	0 010 %

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		No
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2 21,762,315		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	46,301,621
6	Enter Medicare allowable costs of care relating to payments on line 5	6	53,038,502
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-6,736,881
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	Phys Med Center	Hospital	47 200 %		46 770 %
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 Texas Health Plano

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**		No
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 texashealth org/CHNA			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☑ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 % 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 __% 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 Physicians Medical Center LLC

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 20 13			
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**		No
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) http //www thcds com/about			
b	☑ Other website (list url) www texashealth org/CHNA			
c	☑ Available upon request from the hospital facility			
d	☑ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 % 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 __% 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
Part V Section B Facility #1 Texas Health Plano	Part V Sec B-3 - Facility #1 Texas Health Plano utilized vast amounts of qualitative and quantitative data to assess the health needs of the persons in the communities in which we serve As a means to further understand the needs from those engaged in the community, Texas Health Plano conducted a series of community feedback sessions Participants of the community feedback interviews included but were not limited to political leaders, faith community representatives, public health officials, lay community members, physicians, school officials, city administration and others The information gathered from the community feedback sessions helped Texas Health Plano to understand the health needs from a community perspective and align this to the data analysis Part V Section B-5d - Facility #1 Texas Health Plano produced executive summaries of the completed CHNAs along with other information that is of benefit to community members as well as a comparison between the health needs of the community and the State of Texas statistics This information is widely available throughout the facility and given out at various community coalition and partnership meetings in an effort to disseminate the information through various community-based outlets Part V Section B-7 - Facility #1 An extensive analysis of the health needs in the community revealed a vast number of community health issues In order to aid the organization in determining which health needs should be addressed, Texas Health Plano categorized the community needs in alignment with the national objectives of Healthy People 2020 categories From there, Texas Health Plano was able to use a strategic prioritization method to determine the top needs within the community aligned with the ability to address said issues Texas Health Plano will not adopt new strategies for the following identified needs in the community for the reasons listed 1) Access Provider Supply - resource constraints, lack of effective intervention and the facility will continue to address the need at its current level of support 2) Environmental Quality - lack of expertise 3) Mental Health - resource constraints, lack of effective intervention and the facility will continue to address the need at its current level of support 4) Nutrition, Physical activity and Obesity - need is currently being addressed by multiple organizations in the community and the facility will continue to address the need at its current level of support 5) Oral Health - lack of expertise 6) Other Clinical/Preventive - the facility will continue to address the need at its current level of support 7) Social Determinants- resource constraints, low priority expertise and lack of effective intervention 8) Transportation- lack of expertise Part V, Sec B-11 - Facilty #1 FPG for Discounted Care Patients with family income at or below 200% of applicable FPG may be eligible for free care if the patient lacks sufficient funds and assets to pay the out-of-pocket portion of their hospital bill Patients with family income above 200% of applicable FPG who have unpaid medical bills exceeding a specified percentage of the patient's annual gross income, as determined on a sliding scale based on FPG, may be deemed medically indigent and eligible for charity care The patient may be eligible for a charity adjustment up to 100% of the unpaid balance of their hospital bill in excess of a specified "patient responsible amount" if the patient has insufficient funds/assets to pay his hospital bill without incurring an undue financial hardship The patient responsible amount is based on a percentage of the patient's annual income in relation to FPG A determination as to whether or not a patient has insufficient funds and/or assets to pay for purposes of determining both financial and medical indigence is made at the time a patient's charity care application is reviewed Assets considered when determining eligibility include cash, stocks, bonds and other financial assets that can be readily converted to cash An additional process to screen for charity patients using publicly available financial information is also in place for patients not submitting a charity care application Part V, Sec B-12i Facility #1 Other Factors in Calc Charges See response to Part I, Line 3c and Part V Sec B, Line 11 Part V, Sec B-14g - Facility #1 Other Publicity of FAP A plain language summary titled "Getting Help Paying Your Bill" is included on the back of each Patient Statement The plain language summary informs the patients of how to qualify for charity and how to apply for help Pt V, Sec B-18e - Facility #1 Other FAP Outreach Efforts All uninsured patients who have not completed a charity care application are screened using analytics technology Patients meeting the charity care qualifications using this methodology are granted a presumptive charity reduction and collection efforts will cease
Part V Sec B Facility #2 Physicians Medical Center	Part V Sec B-3 - Facility #2 Physicians Medical Center, LLC utilized vast amounts of qualitative and quantitative data to assess the health needs of the persons in the communities in which we serve As a means to further understand the needs from those engaged in the community, Physicians Medical Center, LLC conducted a series of community feedback sessions Participants of the community feedback interviews included but were not limited to faith community representatives, public health officials, lay community members, school officials, and others The information gathered from the community feedback sessions helped Physicians Medical Center, LLC to understand the health needs from a community perspective and align this to the data analysis Part V Section B-5d - Facility #2 Physicians Medical Center, LLC produced executive summaries of the completed CHNAs along with other information that is of benefit to community members as well as a comparison between the health needs of the community and the State of Texas statistics This information is widely available throughout the facility and given out at various community coalition and partnership meetings in an effort to disseminate the information through various community-based outlets Part V Section B-7 - Facility #2 An extensive analysis of the health needs in the community revealed a vast number of community health issues In order to aid the organization in determining which health needs should be addressed, Physician Medical Center, LLC categorized the community needs in alignment with the national objectives of Healthy People 2020 categories From there, Physician Medical Center, LLC was able to use a strategic prioritization method to determine the top needs within the community aligned with the ability to address said issues Physician Medical Center, LLC will not adopt new strategies for the following identified needs in the community for the reasons listed 1) Access Provider Supply - resource constraints, lack of effective intervention and the facility will continue to address the need at its current level of support 2) Mental Health - resource constraints, lack of effective intervention and the facility will continue to address the need at its current level of support 3) Nutrition, Physical activity and Obesity- need is currently being addressed by multiple organizations in the community and the facility will continue to address the need at its current level of support 4) Oral Health - lack of expertise 5) Other Clinical/Preventive - the facility will continue to address the need at its current level of support 6) Social Determinants- resource constraints, low priority assigned and lack of effective intervention 7) Transportation- lack of expertise Part V, Sec B-11 - Facilty #2 FPG for Discounted Care Patients with family income at or below 200% of applicable FPG may be eligible for free care if the patient lacks sufficient funds and assets to pay the out-of-pocket portion of their hospital bill Patients with family income above 200% of applicable FPG who have unpaid medical bills exceeding a specified percentage of the patient's annual gross income, as determined on a sliding scale based on FPG, may be deemed medically indigent and eligible for charity care The patient may be eligible for a charity adjustment up to 100% of the unpaid balance of their hospital bill in excess of a specified "patient responsible amount" if the patient has insufficient funds/assets to pay his hospital bill without incurring an undue financial hardship The patient responsible amount is based on a percentage of the patient's annual income in relation to FPG A determination as to whether or not a patient has insufficient funds and/or assets to pay for purposes of determining both financial and medical indigence is made at the time a patient's charity care application is reviewed Assets considered when determining eligibility include cash, stocks, bonds and other financial assets that can be readily converted to cash An additional process to screen for charity patients using publicly available financial information is also in place for patients not submitting a charity care application for patients not submitting a charity care application Part V SEC B-12I- FACILITY #2 SEE RESPONSE TO PART I, LINE 3C AND PART V SEC B, LINE 11

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		
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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
Pt I, Ln 3c- Patient Eligibility	Patients with family income at or below 200% of applicable FPG may be eligible for free care if the patient lacks sufficient funds and assets to pay the out-of-pocket portion of their hospital bill Patients with family income above 200% of applicable FPG who have unpaid medical bills exceeding a specified percentage of the patient's annual gross income, as determined on a sliding scale based on FPG, may be deemed medically indigent and eligible for charity care The patient may be eligible for a charity adjustment up to 100% of the unpaid balance of their hospital bill in excess of a specified "patient responsible amount" if the patient has insufficient funds/assets to pay his hospital bill without incurring an undue financial hardship The patient responsible amount is based on a percentage of the patient's annual income in relation to FPG A determination as to whether or not a patient has insufficient funds and/or assets to pay for purposes of determining both financial and medical indigence is made at the time a patient's charity care application is reviewed Assets considered when determining eligibility include cash, stocks, bonds and other financial assets that can be readily converted to cash An additional process to screen for charity patients using publicly available financial information is also in place for patients not submitting a charity care application
Pt I, Ln 7 - Cost of Charge Ratio	A cost to charge ratio is used in computing the amounts reported in Lines 7a-7c The amounts reported on Lines 7e-7i were obtained using direct costs, as determined by a cash outlay or, in the case of reporting employee volunteer hours, by using an average national volunteer wage rate

Form and Line Reference	Explanation
Pt III, Ln 4 - Bad Debt Expense	Bad debt expense is not included as a community benefit for purposes of reporting community benefits to Texas Each patient qualifying for charity care as a charity patient is treated and no charges related to that patient are included in bad debt expense The hospital is part of a consolidated system of hospitals which operate under the name Texas Health Resources (THR) THR's annual audit is conducted on a system-wide basis with a single consolidated audit report issued for THR and its affiliates The audited financial statements of THR, which includes the activity of the organization, contain a footnote regarding Accounts Receivable and Allowance for Doubtful Accounts, that reads as follows Patient accounts receivable are reported net of estimated allowances for doubtful accounts and contractual adjustments in the balance sheets The allowance and resulting provision for bad debts is based upon a combination of the aging of receivables and management's assessment of 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 Management assesses the adequacy of the allowance for doubtful accounts based upon historical write-off experience and payment trends by payor category Patient accounts are also monitored and, if necessary, past due accounts are placed with collection agencies in accordance with guidelines established by management 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 example, for expected uncollectible deductibles and copayments, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely) For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the System records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible The difference between the billed rates and the amounts 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 for self-pay patients (including allowances for charity care) increased from 94 2% of self-pay accounts receivable at December 31, 2012, to 96 0% of self-pay accounts receivable at December 31, 2013 In addition, the System's self-pay write-offs for bad debts increased from approximately $263,887,000 for fiscal year 2012 to approximately $294,476,000 for fiscal year 2013 The increase in write offs was the result of shifts in payor mix and an overall increase in patient revenue in fiscal year 2013 The System does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write-offs from third-party payors
Pt III, Ln 8 - Medicare Shortfall	The state of Texas treats any Medicare shortfall as a community benefit for meeting the state statutory requirements for charity care & community benefit For state purposes, the shortfall is computed by comparing actual Medicare reimbursements with the estimated cost the hospital incurs in providing these services to Medicare patients Cost is determined by applying a cost-to-charge ratio (with costs determined in accordance with generally accepted accounting principles) to billed charges The shortfall amount reported to the state of Texas for 2013 is $39,281,907

Form and Line Reference	Explanation
Pt III, Ln 9b - Debt Collection	During the year, standard collection procedures were in place and uniformly applicable to all patient accounts Except to the extent a patient receives a recovery from any third party or other source, no attempts are made to collect unpaid charges from patient accounts approved for adjustment under the Charity Care Program
Pt VI, Ln 2 - Needs Assessment	The organization is part of the Texas Health Resources (THR) healthcare system In addition to the organization's Community Health Needs Assessment (CHNA), THR developed and implemented, as a healthcare system, a Community Benefit Framework (CBF), based on the Public Health Institute's best practices ASACB program The CBF systematically integrates internal practices into the community to improve the efficiency and effectiveness of THR's community health improvement (CHI) strategy, to address disproportionate unmet health needs (DUHN), to address primary prevention and to improve community capacity CBF provides a quantitative approach to parallel the CHNA in identifying key communities within THR's service area, and the means to align them with a THR entity The CBF contains five phases assessment/profile, infrastructure, Community Health Council, programmatic review and strategy development THR works with each entity community health representative to examine its structure and programs for gaps, needs, strengths, and alignment with the CBF, CHNA and ASACB standards In 2013, the CBF was enhanced to include the implementation of a comprehensive CHNA across the THR system The CHNA was conducted by analyzing primary and secondary data at the entity, zone and system The identified needs were prioritized utilizing a decision matrix based on specific criteria, i e magnitude, agreement, severity, alignment with THR priorities, ability of THR to impact the issue and existing programs and services The CHNA, the identified needs, decision matrix, strategic focus areas and implementation plans were evaluated and input gathered by various groups within the organization to determine key focus areas for the system to address over the next three year cycle We will galvanize joint community health efforts to improve health, to reduce inequalities and to empower the greater community

Form and Line Reference	Explanation
Pt VI, Ln 3 - Patient Education	A description both the Charity Care program and application are available on the THR website at www TexasHealth org in English and Spanish Signs alerting patients of charity care assistance and related contact information are posted in various areas of the hospital including admissions & registration, the emergency room and other outpatient departments Additionally, financial assistance information is provided verbally and in writing to self-pay patients by financial counselors As part of the financial counseling meeting, patients are screened for potential eligibility in other governmental assistance programs If it is determined that the patient is potentially eligible for governmental assistance, the counselor will assist the patient in completing forms necessary to apply for the assistance At the same time, patients are provided with a Charity Care application and information flyer The patient is informed that the hospital is a non-profit organization offering financial assistance to patients deemed medically or financially indigent A Plain Language Summary titled "Getting Help Paying Your Bill" is included on the back of our patient statements The plain language summary informs the patients of how to qualify for charity, how to apply for help, necessary documentation, and informs of THR's collection activities The onsite financial counselors may assist the patient in completing the application and obtain available verification information Once the patient is discharged, the counselors will continue to contact the patient to ensure all forms and verifications needed to file an application for governmental assistance and Charity Care have been provided In certain cases, self-pay patients who are discharged before seeing a financial counselor receive both a phone call and a letter to alert them to the existence of the financial assistance program Each bill sent for hospital services also contains contact information alerting patients that Texas Health has a charity care program
Pt VI, Ln 4 - Community Information	Texas Health Presbyterian Hospital Plano (THP) is located in a metropolitan area with a population of over 1 2 million The average household income of the population in THP's service area is $97,438 During the year, 9 4% of the hospital's patients were uninsured and 6 9% were Medicaid recipients THP's service area has an uninsured rate of 10 9% of the population There are eleven other acute care hospitals in THP's service area, eight of which are for-profit hospitals and three not-for-profit hospitals

Form and Line Reference	Explanation
Pt VI, Ln 5- Promotion of Community Health	The board of trustees is comprised of community members including medical and business professionals A majority of these trustees reside in the hospital's service area and volunteer their time to serve on the board The hospital has an open medical staff and privileges are offered to qualified physicians in the community The organization utilizes surplus funds to maintain access to patient services and to expand access to healthcare The uses of these surplus funds include providing community benefit programs and expended capital improvements to the healthcare facilities of the organization Of the $495,910 in contributions to community groups reported on Sch H, Part I, line 7i, $145,516 was contributed to or at the direction of Dallas County Indigent Care Corporation, a charitable organization that provides various local organizations with funds to cover healthcare provided to indigent patients
Pt VI, Ln 6 - Affiliated Health Care System	The organization is part of the THR healthcare system THR is one of the largest faith-based, nonprofit healthcare delivery systems in the U S and the largest in North TX in terms of patients served The system of 14 wholly controlled hospitals includes an organization for medical research and education The system also includes a foundation that fosters philanthropic relationships which support the programs and services of the hospitals it supports The mission of the hospitals in the THR system is to improve the health of the people in the communities we serve THR takes its responsibility to its communities seriously and invests charitable resources to promote good health and prevent disease Not only does THR provide health care to those who do not have the means to pay, its hospitals also conduct a variety of programs designed to improve health and prevent illness in the community The community health strategies of THR and its affiliated healthcare organizations are driven by community health needs, are community-based and include confronting health problems at the source and emphasize health promotion, disease prevention, and early treatment of illness

Form and Line Reference	Explanation
Pt VI, Ln 7 - State Community Benefit Report	The organization files a Texas Annual Statement of Community Benefit Standard Report Texas has established a minimum level of charity care and community benefit that must be provided by nonprofit hospitals in order to retain their Texas tax-exempt status The standard set by the state is met when charity care and community benefits are provided in a combined amount equal to at least five percent of the hospital's or hospital system's net patient revenue, provided that charity care and government-sponsored indigent health care are provided are at least four percent of net patient revenue The hospital is part of the THR system of healthcare organizations During the year, the THR system, as a whole, reported to Texas the following charity care and community benefits amounts $174,878,698 in patient charity care, $44,053,911 in support provided through others, $30,428,913 in unreimbursed Medicaid, $28,000,808 in other community benefits and $406,799,283 in unreimbursed Medicare
Part II - Community Building	The organization participates in community building activities that aim to address the socio-economic factors that influence the overall health of individuals in the communities served As identified in the community health needs assessment, there are areas of need that are not in alignment with the operations of a hospital system Our volunteerism, collaborations and partnerships with various aid organizations and various area coalitions aid in addressing the socio-economic factors that are the backbone for many underlying health concerns

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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
Texas Health Presbyterian Hospital Plano

Employer identification number
75-2770738

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) City of Plano 520 K Avenue Plano,TX 75086	75-6000640	Gov't Entity	200,000				PLANO PARTNERS PROGRAM
(2) COLLIN COUNTY CHILDREN'S ADVOCACY CTR 2205 LOS RIOS BLVD PLANO,TX 75074	75-2389095	501(c)(3)	33,500				GALA 2013
(3) MARCH OF DIMES FOUNDATION 12660 COIT RD 200 DALLAS,TX 75251	13-1846366	501(c)(3)	10,000				MARCH FOR BABIES SPONSORSHIP
(4) PLANO CHAMBER OF COMMERCE 1200 E 15TH ST PLANO,TX 75074	75-0717348	501(c)(6)	10,000				SPONSORSHIPS OF CHAMBER EVENTS

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 . . . ▶ 1

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	Texas Health Presbyterian Hospital Plano (THP) is a member of the Texas Health Resources, (THR) healthcare system The majority of the grants distributed by THP are to related tax exempt organizations THP does not specifically monitor the use of grants paid to these organizations THR Management monitors the use of these grants throughout the entire Texas Health healthcare system Grants to non-related tax exempt organizations are generally given to entities that are working closely with the THR organization THP is able to monitor the use of these funds through their activities with THR employees

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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
Texas Health Presbyterian Hospital Plano

Employer identification number
75-2770738

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**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**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
Schedule J, Part I, Line 1 - Travel for Companions	The organization and/or related organizations allow spouses or guests to accompany an officer of the organization on business related travel The value of the spouse/guest travel is included in the taxable compensation of the employee
Schedule J, Part I, Line 1a - Gross-up Payments	Certain imputed income is grossed-up to include the employment taxes paid on the listed person's behalf The grossed up amount is included in the taxable compensation of the employee
Schedule J, Part I, Line 1a - Discretionary Spending Account	Each Executive at the vice president level and above receives a perk allowance which is included in the taxable compensation of the employee
Schedule J, Part I, Line 3 - CEO Compensation	The organizations relied on Texas Health Resources (THR), a related 501(c)(3) organization with centralized compensation professionals to use the following methods to establish the compensation of the organization's President * THR has a compensation committee comprised of external Board Members that review compensation philosophy and design * THR Board hired independent compensation consultants * THR & the independent compensation consultants utilize published third-party compensation surveys An independent third party compensation consultant is hired by the THR Board of Trustees (Board) to review base pay annually as compared to a peer group of employers similar in size and scope to THR Every three years the independent compensation consultant reviews all aspects of executive compensation (base, incentives, benefits, etc) which includes * Review and confirmation of the executive compensation philosophy * Market review of base and incentive pay for all positions National, regional, and local data is reviewed when available * Market review of benefits and perquisites, * Interview of selected officers and members of the Governance Committee (Compensation Committee) of the THR Board of Trustees, and * Review of financial reports, job descriptions, organizational charts, current salaries, incentive opportunities, incentive payments, benefits, perquisites and plan documents The independent compensation consultant meets directly with the executive compensation & benefits sub-committee which is made up of six independent Board members and the governance committee to report the results of the total compensation study At the beginning of each year, the executive compensation & benefits sub-committee and the governance committee review a detailed report containing the below information The Board reviews an executive summary of the detailed report * Market analysis based on the results of the outside consultant's review * Officer base salary adjustments including merit and market/equity adjustments * Prior year executive annual incentive awards * Current year executive annual incentive plan targets, key performance indicators and potential payout amounts
Schedule J, Part I, Line 4b - Nonqualified Retirement Plan	Participation in the plan is made available to a select group of management and highly compensated employees, as determined by the THR Board of Trustees, who are providing services to an employer in key positions of management and responsibility Benefits are calculated for eligible employees when base pay and incentives exceed the IRS qualified plan compensation limit SERP benefits vest while the participant is employed if the participant reaches age 65, becomes disabled, dies, or reaches the following years of service 2 years - 25%, 3 years -50%, 4 years - 75%, and 5 or more - 100% For Frozen Restoration Accounts (account balances prior to 1/1/2010), the participant or beneficiary shall be taxed on his or her vested SERP benefits upon the earliest of * Remaining employed by THR to age 68 * Termination of employment for disability or death * Involuntary termination of employment without reasonable cause, or * Satisfying a 24 month non-compete period following his or her termination of employment Payment is made following the before mentioned events, except in the case of involuntary separations for which the participant must wait until after 24 months to receive the previously taxed benefit For the Active Restoration Account (account balances after 12/31/2009) participants must be employed on Dec 1 to qualify for the current year's SERP amount unless separation is due to death, disability, retirement (age 65) or early retirement (separation from service at or after age 55 with 75 years of combined age and continuous service with the System) SERP amounts are calculated each Dec 1, vested balances are taxed, and the net balances can begin accruing earnings Vested balances are paid in cash lump sums within the 90 day period commencing upon the earlier of death, disability, or separation from service THR owns any investments purchased in connection with its obligations under the SERP Plan If THR becomes insolvent, executives are unsecured creditors and will have no preferred claim to any assets Payments to the following employees were made during the year The amounts below are included in the amount reported on Sch J, Part II, Column B(III) and Column (F) Stephen Hadzima $1,151 Stephen Hanson $87,829

Additional Data

Software ID:
Software Version:
EIN: 75-2770738
Name: Texas Health Presbyterian Hospital Plano

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				
Berdan Barclay E SEVP/COO	(I) (II)	0 646,567	0 410,936	0 160,959	0 19,125	0 21,972	0 1,259,559	0 140,510
Boes Charles W Assistant Secretary	(I) (II)	0 383,161	0 230,379	0 91,687	0 19,125	0 14,961	0 739,313	0 89,186
Kramer Kenneth Assistant Secretary	(I) (II)	0 242,634	0 123,563	0 63,179	0 85,425	0 25,320	0 540,121	0 40,613
McWhorter Rick E Assistant Secretary	(I) (II)	0 264,662	0 87,862	0 65,214	0 56,627	0 7,986	0 482,351	0 9,354
EvansMichael PRESIDENT THP	(I) (II)	278,243	110,475	116,579	25,202	18,546	549,045	20,115
HadzimaStephen Kenneth CHIEF MEDICAL OFFICER THP	(I) (II)	316,323	75,038	37,315	26,447	22,041	477,164	1,151
KellyRaymond Hugh CHIEF NURSING OFFICER THP	(I) (II)	208,384	53,805	28,067	16,629	9,502	316,387	0
FlorenJoshua Andrew VP PROF & SPRT SVCS THP	(I) (II)	101,465	175,000	13,866		6,924	297,255	0
CraftBrian GRP FINAN OFFICER THD-THK	(I) (II)	50,069 150,207	9,972 29,915	7,051 21,153	2,479 7,437	5,983 17,950	75,554 226,662	0
CanoseJeffrey L Former Ops Leader	(I) (II)	0 459,843	0 248,966	0 103,424	0 15,300	0 16,491	0 844,024	0 66,475
FugatePaige Former Asst Secretary	(I) (II)	0 143,015	0 10,101	0 275	0 11,079	0 14,151	0 178,621	0
MitchellJohn D Former Asst Secretary	(I) (II)	0 225,175	0 63,377	0 68,845	0 19,125	0 21,213	0 397,735	0
HansonStephen C Former Corp Officer	(I) (II)	0 116,923	0 199,863	0 153,446	0 15,300	0 6,118	0 491,650	0
JanichJulia DIR PHARMACY	(I) (II)	149,227	12,571	6,946	11,851	8,748	189,343	0
MoorePatricia R DIR NRSG PERIOP	(I) (II)	152,237	13,316	125	7,207	23,219	196,104	0
BabinTeresa SUPV ADMV	(I) (II)	146,006	418	5,198	11,594	10,071	173,287	0
MintzMarc B PHARMACIST	(I) (II)	141,440	6,948	375	11,174	22,810	182,747	0
RenshawPamela S MGR PHARMACY RETAIL	(I) (II)	132,483	11,590	3,703	10,746	22,913	181,435	0

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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
Texas Health Presbyterian Hospital Plano

Employer identification number
75-2770738

Return Reference	Explanation
Part VI, Section B, Line 11B - Form 990 Filing	A full copy of the Form 990 is provided to members of the governing board before filing In addition, the Audit & Compliance Committee of the Texas Health Resources (THR) Board of trustees is given the opportunity to review, comment, and ask questions regarding the Form 990s filed for THR and each of its wholly controlled affiliates

Return Reference	Explanation
Part IV, Section B, Line 12c - Conflict of Interest Policy	Texas Health Resources (THR) has adopted a Conflict of Interest Policy that applies to THR and all of its wholly owned or wholly controlled affiliates During the first quarter of each fiscal year, a Duality and Conflict Statement Form is distributed by the THR Chief Compliance Officer to all persons who are covered by this policy All disclosed conflicts are reviewed by the THR Chief Compliance Officer A report, listing each reported Duality of Interest or Conflict of Interest is given to both the Chair of the Governing body and the President of the Corporation with which the reporting person is affiliated The THR Board of Trustees receives a report when the Annual Disclosure process is complete

Return Reference	Explanation
Part VI, Section B, Line 15 A&B - Compensation Determination	An independent third party compensation consultant is hired by the THR Board of Trustees (Board) to review base pay annually as compared to a peer group of employers similar in size and scope to THR In addition, every three years the independent compensation consultant reviews all aspects of executive compensation (base, incentives, benefits, etc) At the beginning of each year, the executive compensation & benefits sub-committee and the governance committee review a detailed compensation report and the consultant's report for executive compensation A summary of their findings are presented to the Board A more in depth discussion of the executive compensation review can be found on Schedule J, Part III

Return Reference	Explanation
Part VI, Section C, Line 19 - Public Disclosure	The organization does not make its governing documents or conflict of interest policy available to the public The consolidated financial statements of Texas Health Resources (THR) are made available to the public on the website www dacbond com Consolidated financial statements are posted to this website quarterly and the audited financial statements are posted annually The financial statements of the wholly controlled affiliates of THR are not posted to the website nor are they generally made available to the public in any other manner

Return Reference	Explanation
Part XI, Line 2c - Consolidated Financial Statements	Texas Health Resources (THR) prepares consolidated financial statements with its related entities The THR Board appoints an audit and compliance sub-committee that assumes responsibility for oversight of the consolidated audit for all related entities The related entities do not have a separate audit committee, but abide by the THR committee's oversight There has been no change during the year in the organizations oversight selection process

Return Reference	Explanation
Part VI, Section A, Line 2 - Business Relationship	Texas Health Resources (THR) and its related organizations included in the THR healthcare system encourage employees to become involved in philanthropic endeavors in their communities As a result, THR healthcare system employees who are serving as officers, board members, or key employees may, from time to time, also serve on the boards of various community organizations such as church boards, United Way, etc There may be a business relationship as a result of multiple THR employees serving on the same community boards THR employees serve as the corporate officers of each subsidiary organization As THR system employees, all officers have a business relationship within the organizations of the THR healthcare system THR also appoints system officers to the boards of various controlled joint ventures As THR system employees, various officers of the organization may have a business relationship through serving on THR controlled joint venture boards

Return Reference	Explanation
Part XI, Line 8-9 - Change In Fund Balance	Treasury Shares $(102,917) Transfer to related entity $(58,040,700) Prior Year Adjustments $(1,332,477)

Return Reference	Explanation
Part VI, Section A, Line 7a - Members	Texas Health Resources (THR) is the sole member of Texas Health Presbyterian Hospital Plano (THP) The board members of THR have the authority to approve the election of THP board

Return Reference	Explanation
Part VI, Section A, Line 7b - Governance Decisions Reserved	The following actions require the approval of Texas Health Resources (THR) the sole member (a) Amendment, restatement or repeal of the Certificate or Bylaws of the Corporation (b) Sale, exchange, lease or other transfer of all or substantially all of the assets of the Corporation, including under Subchapter F of Chapter 11 of the Texas Business Organizations Code (BOC) (c) Merger or consolidation of the Corporation, including a plan of merger under Subchapter F of Chapter 11 of the BOC (d) Dissolution of the Corporation (e) Election of members to the Board of Trustees of the Corporation (f) Removal of a member of the Board of Trustees of the Corporation (g) Creation of affiliates or subsidiaries of the Corporation, and approval of their initial governing documents (h) Incurrence of debt not otherwise included in the capital or operating budgets of the Corporation (i) Discontinuing the operations of a licensed health care facility controlled by the Corporation (j) Voluntary winding up under Chapter 11 (k) Revocation of a voluntary decision to wind up under chapter 11 151 of the BOC (l) Cancellation of an event requiring winding up under Chapter 11 152 of the BOC (m) A reinstatement under Chapter 11 202 of the BOC (n) A distribution plan under Chapter 22 305 of the BOC (o) A plan of conversion under Chapter 11, Subchapter F of the BOC (p) A plan of exchange under Chapter 11, Subchapter F of the BOC (q) Such other approval rights with respect to the Corporation as set forth in the Matrix The following actions require approval of Presbyterian Healthcare Resources(PHR), a founding member of THR PHR, acting in accordance with the Corporation's Bylaws as a founding member of THR, must approve any action which would adversely affect the religious or church practices or affiliation of the Corporation

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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
Texas Health Presbyterian Hospital Plano

Employer identification number
75-2770738

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
See Additional Data Table							

Part III **Identification of Related Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) 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
See Additional Data Table												

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) AMH Health Ventures Inc 800 W Randol Mill Road Arlington, TX 76012 75-2141114	Comp/Billing Svc	TX		C Corp					No
(2) Fort Worth Surgical Care Givers Inc 3000 Riverchase Galleria Ste 500 Birmingham, AL 35244 62-1204446	Holding Co	TX		C Corp					No
(3) Greenville Surgery Center Inc 3000 Riverchase Galleria Ste 500 Birmingham, AL 35244 75-2123689	Holding Co	TX		C Corp					No
(4) Texas Health Biomedical Advancement Ctr 612 E Lamar Blvd Arlington, TX 76011 75-2636884	Research	TX		C Corp					No
(5) Texas Health Resources Casualty Company 612 E Lamar Blvd Arlington, TX 76011 03-0310676	Insurance	VT		C Corp					No
(6) Charitable Remainder Trusts (4) 612 E Lamar Blvd Arlington, TX 76011	CR Trust	TX		Trust					No
(7) Huguley Medical Associates Inc 11801 South Freeway Burleson, TX 76028 75-2547668	Physician Clinics	TX		c corp					No

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

		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	Yes	
b Gift, grant, or capital contribution to related organization(s)	1b		No
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		No
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		No
l Performance of services or membership or fundraising solicitations for related organization(s)	1l	Yes	
m Performance of services or membership or fundraising solicitations by related organization(s)	1m	Yes	
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		No
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
(1) Physican Medical Center LLC	S	11,854,640	JV Agreement
(2) Physician Medical Center LLC	I	243,534	Contract

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
Schedule R, Part V - Related Transactions	Texas Health Resources (THR) is the parent organization in a large healthcare system made up of both wholly owned entities as well as related controlled joint ventures as listed on Schedule R THR's role is to plan, manage and coordinate the activities of the affiliated healthcare system in order to maximize opportunities to deliver cost effective quality medical care to residents of north central Texas THR provides direction and oversight to its wholly owned affiliates through centralized services They also provide oversight for the controlled joint ventures As an integral part of providing centralized services to the affiliates, THR maintains intercompany receivable/payable accounts, most of which do not fall within the scope of IRC Section 512(b)(13) Transactions with related tax exempt organizations not falling within this scope are not listed on Schedule R, Part V, Line 2 Transactions with related joint ventures and for profit corporations are disclosed on Schedule R, Part V, Line 2

Additional Data

Software ID:
Software Version:
EIN: 75-2770738
Name: Texas Health Presbyterian Hospital Plano

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) Harris Methodist Health System 612 E Lamar Blvd Arlington, TX 76011 75-1823547	Support Org	TX	501(c)(3)	11 Type 1	NA		No
(1) Johnson County Community Care Corp 612 E Lamar Blvd Arlington, TX 76011 45-2793120	Support Org	TX	501(c)(3)	11 Type 1	TH Cleburne		No
(2) North Texas Healthy Communities 612 E Lamar Blvd Arlington, TX 76012 46-4513182	Comm Support	TX	501(c)(3)	7	TH Resources		No
(3) Presbyterian Healthcare Resources 612 E Lamar Blvd Arlington, TX 76011 51-0190395	Support Org	TX	501(c)(3)	11 III FI	NA		No
(4) Texas Health Arlington Memorial Hospital 800 West Randol Mill Rd Arlington, TX 76012 75-0972805	Hospital	TX	501(c)(3)	3	TH Resources		No
(5) Texas Health Harris Methodist Foundation 612 E Lamar Blvd Arlington, TX 76011 75-2401033	Fundraising	TX	501(c)(3)	9	TH Resources		No
(6) Texas Health Alliance 10864 Texas Health Trail Fort Worth, TX 76244 45-1502252	Hospital	TX	501(c)(3)	3	TH Resources		No
(7) Texas Health Azle 108 Denver Trail Azle, TX 76020 75-1748586	Hospital	TX	501(c)(3)	3	TH Resources		No
(8) Texas Health Cleburne 201 Walls Dr Cleburne, TX 76033 75-1977850	Hospital	TX	501(c)(3)	3	TH Resources		No
(9) Texas Health Fort Worth 1301 Pennsylvania Ave Fort Worth, TX 76104 75-6001743	Hospital	TX	501(c)(3)	3	TH Resources		No
(10) Texas Health Hurst-Euless-Bedford 1600 Hospital Parkway Bedford, TX 76022 75-1438726	Hospital	TX	501(c)(3)	3	TH Resources		No
(11) Texas Health Southwest Fort Worth 6100 Hospital Parkway Fort Worth, TX 76132 75-2678857	Hospital	TX	501(c)(3)	3	TH Resources		No
(12) Texas Health Stephenville 411 Belknap Stephenville, TX 76401 75-1752253	Hospital	TX	501(c)(3)	3	TH Resources		No
(13) Texas Health Huguley Inc 111 North Orlando Ave Winter Park, FL 32789 45-2694620	Hospital	FL	501(c)(3)	3	TH Resources		No
(14) TX Health Outpatient Surg Ctr Alliance 10840 Texas Health Trail Fort Worth, TX 76244 80-0800294	Hospital	TX	501(c)(3)	3	TH Alliance		No
(15) Texas Health Physicians Group 9229 LBJ Freeway Dallas, TX 75243 75-2613493	Phys Clinic	TX	501(c)(3)	9	TH Resources		No
(16) Texas Health Resources Foundation 612 E Lamar Blvd Arlington, TX 76011 75-2022128	Fundraising	TX	501(c)(3)	9	TH Resources		No
(17) Texas Health Allen 1105 Central Expressway N Allen, TX 75013 75-2890358	Hospital	TX	501(c)(3)	3	TH Resources		No
(18) Texas Health Dallas 8200 Walnut Hill Ln Dallas, TX 75231 75-1047527	Hospital	TX	501(c)(3)	3	TH Resources		No
(19) Texas Health Denton 3000 North Interstate 35 Denton, TX 76201 43-2008974	Hospital	TX	501(c)(3)	3	TH Resources		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(21) Texas Health Kaufman 850 Ed Hall Drive Kaufman, TX 75142 75-2771437	Hospital	TX	501(c)(3)	3	TH Resources		No
(1) Texas Health Plano 6200 W Parker Rd Plano, TX 75093 75-2770738	Hospital	TX	501(c)(3)	3	TH Resources		No
(2) TX Health Research & Education Institute 612 E Lamar Blvd Arlington, TX 76011 75-2562191	Edu& Research	TX	501(c)(3)	4	TH Resources		No
(3) Texas Health Resources 612 E Lamar Blvd Arlington, TX 76011 75-2702388	Mgmt Supp Org	TX	501(c)(3)	11 III FI	NA		No
(4) TX Health Resources Self-Insurance Trust 612 E Lamar Blvd Arlington, TX 76011 75-6335901	Insur Trust	TX	501(c)(3)	11 III FI	TH Resources		No
(5) TH Specialty Hospital Fort Worth 1301 Pennsylvania Ave Fort Worth, TX 76104 75-1648589	LT Hospital	TX	501(c)(3)	3	TH Resources		No
(6) WW Ward Endowment Fund Trust 612 E Lamar Blvd Arlington, TX 76011 75-6196065	Support Org	TX	501(c)(3)	11 Type 1	TH Ft Worth		No

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(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?		(i) Code V-UBI amount in Box 20 of K-1 (Form 1065)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
AMH Cath Labs LLC 811 Wright St Arlington, TX 76012 20-3003947	Hospital	TX	NA									
Cleburne Imaging LLC 6301 Abrams Road Ste 131 Dallas, TX 75231 46-0767278	Outpatient Diagno	TX	NA									
Cleburne Surgical Center LLC 2010 W Katherine P Raines Blvd St Cleburne, TX 76033 20-3742012	Amb Surg Ctr	TX	NA									
Denton Surgery Center LLC 3000 Riverchase Galleria Ste 500 Birmingham, AL 35244 47-0926556	Amb Surg Ctr	TX	NA									
Flower Mound Hospital Partners LLC 612 E Lamar Blvd Ste 600 Arlington, TX 76011 26-0684968	Hospital	TX	NA									
Greenville Surgery Center LLC 3000 Riverchase Galleria Ste 500 Birmingham, AL 35244 74-2411643	Amb Surg Ctr	TX	NA									
Health Imaging Partners LLC 8610 Explorer Drive Ste 300 Colorado Springs, CO 80920 27-1385885	Outpatient Diagno	TX	NA									
Physician Medical Center LLC 612 E Lamar Blvd 6th Flr Arlington, TX 76011 48-1281376	Hospital	TX	TH Plano	Related	12,430,932	15,355,312		No	0		No	47 197 %
Presbyterian Cancer Center-Dallas LLC 1220 Senlac Drive 2nd Flr Carrollton, TX 75006 26-0422749	Medical Mgmt	TX	NA									
Rockwall Regional Hospital LLC 612 E Lamar Blvd 6th Flr Arlington, TX 76011 20-2848116	Hospital	TX	NA									
ShermanGrayson Healthcare System LLC 2400 Dallas Pkwy Plano, TX 75093 27-2025497	Hospital	TX	NA									
Southlake Specialty Hospital LLC 612 E Lamar Blvd 6th Flr Arlington, TX 76011 02-0555370	Hospital	TX	NA									
Surgical Caregivers of Fort Worth LLC 3000 Riverchase Galleria Ste 500 Birmingham, AL 35244 75-1925497	Amb Surg Ctr	TX	NA									
Texas Health Craig Ranch Surgery Center 8080 State Hwy 121 Ste 100 McKinney, TX 75070 38-3897811	Amb Surg Ctr	TX	NA									
Texas Health Flower Mound Orthopedic Sur 5000 Long Prairie Road Flower Mound, TX 75028 80-0866449	Amb Surg Ctr	TX	NA									

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(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?		(i) Code V-UBI amount in Box 20 of K-1 (Form 1065)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
Texas Health MedSynergies LLC 909 Hidden Ridge Ste 300 Irving, TX 75038 80-0272951	Mgmt Services	TX	NA									
Texas Institute for Surgery LLP 7715 Greenville Ave Ste 100 Dallas, TX 75231 77-0628004	Hospital	TX	NA									
THR-STT Rockwall ASC LLC 1545 E Southlake Blvd Southlake, TX 76092 26-2429878	Amb Surg Ctr	TX	NA									
THR-STT Southlake ASC LLC 1545 E Southlake Blvd Southlake, TX 76092 20-1728912	Amb Surg Ctr	TX	NA									
USMD Hospital at Arlington LP 801 I -20 West Arlington, TX 76017 73-1662763	Hospital	TX	NA									
USMD Hospital at Fort Worth LP 6333 North State Hwy 161 Ste 200 Irving, TX 75038 20-3571243	Hospital	TX	NA									
Women's Specialty Surgery Center 8230 Walnut Hill Ln Ste 101 Dallas, TX 75231 26-2310072	Amb Surg Ctr	TX	NA									

Texas Health Resources

Consolidated Financial Statements

December 31, 2013 and 2012

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 3100
717 North Harwood Street
Dallas, TX 75201-6585

INDEPENDENT AUDITORS' REPORT

The Board of Trustees,
Texas Health Resources

We have audited the accompanying consolidated financial statements of Texas Health Resources, a Texas non-profit corporation, 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 consolidated financial statements in accordance 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error

Auditors' Responsibility

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

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

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

Opinion

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

KPMG LLP

Dallas, Texas

April 14, 2014

TEXAS HEALTH RESOURCES
CONSOLIDATED BALANCE SHEETS
December 31, 2013 and 2012
(Dollars in Thousands)

	2013	2012
Assets		
Current Assets		
Cash and cash equivalents	$ 334,539	$ 448,503
Short-term investments	1,436	1,526
Receivables -		
Patient, less allowance for doubtful accounts of $117,898 in 2013 and $103,280 in 2012	402,477	361,091
Other, net	131,665	92,162
Assets limited as to use	226,762	254,394
Other current assets	106,870	95,495
Total current assets	1,203,749	1,253,171
Assets Limited as to Use	2,778,059	2,050,969
Property and Equipment, net	1,781,225	1,696,318
Investments in Unconsolidated Affiliates	142,001	121,030
Goodwill and Intangible Assets, net	163,708	141,238
Other Assets, net	34,336	38,891
Total assets	$ 6,103,078	$ 5,301,617
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt	$ 214,839	$ 209,634
Accounts payable	186,843	152,646
Estimated third-party payor settlements	39,790	38,412
Accrued salaries, wages, and employee benefits	225,313	213,180
Other accrued liabilities	163,985	161,970
Total current liabilities	830,770	775,842
Long-Term Debt, net of current portion	1,281,952	1,245,181
Other Noncurrent Liabilities	63,379	67,482
Total liabilities	2,176,101	2,088,505
Net Assets		
Net Assets of THR		
Unrestricted	3,692,334	3,013,216
Temporarily restricted	94,454	82,427
Permanently restricted	63,398	56,559
Total net assets of THR	3,850,186	3,152,202
Non-controlling ownership interest in equity of consolidated affiliates - unrestricted	76,791	60,910
Total net assets	3,926,977	3,213,112
Total liabilities and net assets	$ 6,103,078	$ 5,301,617

See accompanying notes to consolidated financial statements

TEXAS HEALTH RESOURCES
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
Years ended December 31, 2013 and 2012
(Dollars in Thousands)

	2013	2012
Operating Revenue		
Net patient service revenue before provision for bad debts	$ 3,931,827	$ 3,825,963
Less Provision for bad debts	288,512	278,616
Net patient service revenue	3,643,315	3,547,347
Equity in earnings of unconsolidated affiliates	42,130	6,255
Other operating revenue	160,802	171,156
Total operating revenue	3,846,247	3,724,758
Operating Expenses		
Salaries, wages, and employee benefits	1,901,588	1,821,461
Supplies	635,482	593,777
Other operating expenses	742,303	786,272
Depreciation and amortization	192,846	185,161
Interest expense	54,749	49,344
Total operating expenses	3,526,968	3,436,015
Operating Income	319,279	288,743
Nonoperating Gains (Losses)		
Net realized investment income and gains	207,375	83,757
Net unrealized gains on investments	241,752	115,824
Equity in earnings of unconsolidated affiliates, nonoperating	2,054	4,009
Other, net	6,561	1,174
Total nonoperating gains, net	457,742	204,764
Revenue and Gains In Excess of Expenses and Losses before Income Taxes	777,021	493,507
Less Income Tax Expense	9,293	10,170
Revenue and Gains In Excess of Expenses and Losses	767,728	483,337
Less Revenue and Gains in Excess of Expenses and Losses Attributable to Non-Controlling Interest	63,164	53,215
Revenue and Gains In Excess of Expenses and Losses from Continuing Operations Attributable to THR	704,564	430,122

(Continued)

See accompanying notes to consolidated financial statements

TEXAS HEALTH RESOURCES
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS, Continued
Years ended December 31, 2013 and 2012
(Dollars in Thousands)

	2013	2012
Other Changes in Unrestricted Net Assets		
Net unrealized gains (losses) on investments, other than trading securities	$ (30,516)	$ 3,801
Net assets released from restrictions used for purchase of property and equipment	8,854	4,127
Change in fair value of interest rate swap agreements	3,222	42
Transfers to permanently restricted net assets	(200)	(200)
Other changes, net	(6,806)	(3,394)
Increase in Unrestricted Net Assets	679,118	434,498
Changes in Temporarily Restricted Net Assets		
Contributions received for purchase of property and equipment	3,674	12,264
Contributions received for operations	12,220	10,392
Net realized investment gain	6,319	3,176
Net unrealized gains on investments	8,061	2,053
Change in value of split-interest agreement	(240)	104
Net assets released from restrictions	(17,184)	(20,665)
Transfers to permanently restricted net assets	(823)	(767)
Increase in Temporarily Restricted Net Assets	12,027	6,557
Changes in Permanently Restricted Net Assets		
Contributions	4,728	2,136
Unrealized investment gains on beneficial interest in perpetual trust, net	1,088	203
Transfers from unrestricted net assets	200	200
Transfers from temporarily restricted net assets	823	767
Increase in Permanently Restricted Net Assets	6,839	3,306
Increase in Net Assets of THR	697,984	444,361
Net Assets of THR, beginning of year	3,152,202	2,707,841
Net Assets of THR, end of year	$ 3,850,186	$ 3,152,202

See accompanying notes to consolidated financial statements

TEXAS HEALTH RESOURCES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2013 and 2012
(Dollars in Thousands)

	2013	2012
Cash Flows From Operating Activities		
Increase in net assets of THR	$ 697,984	$ 444,361
Adjustments to reconcile increase in net assets to net cash provided by operating activities, excluding the net effects of acquisitions -		
Net unrealized gains on investments	(220,385)	(121,881)
Net realized gains on investments	(174,712)	(31,116)
Change in value of split-interest agreement	240	(104)
Provision for bad debts	289,204	279,185
Restricted contributions received for purchase of property and equipment	(3,674)	(12,264)
Depreciation and amortization	192,846	185,161
Amortization of bond premiums	(1,376)	(1,457)
Net (gains) losses on impairment and disposal of property and equipment	(725)	8,312
Gain on sale of Denton Surgery Center	-	(4,158)
Equity in earnings of unconsolidated affiliates	(42,130)	(6,255)
Distributions from unconsolidated affiliates	36,658	12,389
Equity in earnings of unconsolidated affiliates, nonoperating	(2,054)	(4,009)
Change in fair value of interest rate swap agreements	(3,222)	(42)
Revenue and gains in excess of expenses and losses attributable to non-controlling interest	63,164	53,215
Other changes in non-controlling interest of consolidated affiliates	-	(281)
(Increase) decrease in		
Receivables, patient, net	(329,898)	(296,824)
Receivables, other, net	(40,195)	(29,476)
Other assets, net	(8,043)	3,324
Increase (decrease) in		
Accounts payable and accrued liabilities	46,155	52,596
Other noncurrent liabilities	5,172	(1,472)
Net cash provided by operating activities	505,009	529,204

(Continued)

See accompanying notes to consolidated financial statements

TEXAS HEALTH RESOURCES
CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued
Years ended December 31, 2013 and 2012
(Dollars in Thousands)

	2013	2012
Cash Flows From Investing Activities		
Purchases of property and equipment, net	$ (267,519)	$ (222,104)
Proceeds from disposal of property and equipment	6,600	2,633
Cash used to acquire physician practices and other consolidated affiliates	(37,411)	(957)
Investment in unconsolidated affiliates, net	(13,445)	(31,470)
Cash used in deconsolidation of Denton Surgery Center	-	(1,226)
Purchases of short-term investments and assets limited as to use, net	(304,511)	(246,202)
Net cash used in investing activities	(616,286)	(499,326)
Cash Flows From Financing Activities		
Proceeds from issuance of long-term debt	74,638	206,985
Debt issuance costs	(395)	(1,797)
Principal payments on capital lease obligations	(1,256)	(1,396)
Principal payments on long-term debt, net	(30,030)	(34,459)
Contributions from non-contolling interest holders	1,877	2,352
Distributions to non-controlling interest holders	(51,195)	(42,666)
Proceeds from restricted contributions received for purchase of property and equipment	3,674	12,264
Net cash provided by (used in) financing activities	(2,687)	141,283
Net Increase (Decrease) in Cash and Cash Equivalents	(113,964)	171,161
Cash and Cash Equivalents, beginning of year	448,503	277,342
Cash and Cash Equivalents, end of year	$ 334,539	$ 448,503
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 56,456	$ 50,861
Cash paid for income taxes	$ 4,077	$ 3,876
Supplemental Schedule of Noncash Investing Activities		
Contributions of property and equipment and other assets to THR-SCA Holdings, LLC	$ -	$ 14,435
Supplemental Schedule of Noncash Financing Activities		
Property and equipment acquired through capital lease obligations	$ -	$ 381

See accompanying notes to consolidated financial statements

1. Organization

Texas Health Resources (THR), a Texas non-profit corporation, operates through its controlled affiliates a health care system with services and facilities throughout north central Texas THR is organized and operated for the benefit of its tax-exempt controlled affiliates and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code of 1986, as amended (the Code), as an organization described in Section 501(c)(3) THR's wholly-controlled facilities include 13 acute care hospitals and a 10-bed long-term care hospital The following table provides the locations of THR's tax-exempt member hospitals (the Tax-Exempt Hospitals) as of December 31, 2013 The Tax-Exempt Hospitals have been recognized as exempt from federal income taxes under the Code as organizations described in Section 501(c)(3)

Tax-Exempt Hospital	Location (Texas)
Texas Health Arlington Memorial Hospital	Arlington
Texas Health Harris Methodist Hospital Alliance	Fort Worth
Texas Health Harris Methodist Hospital Azle	Azle
Texas Health Harris Methodist Hospital Cleburne	Cleburne
Texas Health Harris Methodist Hospital Fort Worth	Fort Worth
Texas Health Harris Methodist Hospital Hurst-Euless-Bedford	Bedford
Texas Health Harris Methodist Hospital Southwest Fort Worth	Fort Worth
Texas Health Harris Methodist Hospital Stephenville	Stephenville
Texas Health Presbyterian Hospital Allen	Allen
Texas Health Presbyterian Hospital Dallas	Dallas
Texas Health Presbyterian Hospital Denton	Denton
Texas Health Presbyterian Hospital Kaufman	Kaufman
Texas Health Presbyterian Hospital Plano	Plano
Texas Health Specialty Hospital Fort Worth (10-bed long-term care hospital)	Fort Worth

In addition, THR is the sole member or sole shareholder of certain other wholly-controlled affiliates engaged in health care related activities in support of its mission including Texas Health Physicians Group (THPG), a Texas 5 01(a) physician organization and recognized as exempt from federal income taxes under the Code as an organization described in Section 501(c)(3) that consists of approximately 825 employed physicians and mid level providers in over 230 locations throughout north central Texas

1. Organization, continued

THR and some of its controlled affiliates participate in joint ventures with physicians and non physicians to operate hospitals and other health related ventures The following table provides the location of the joint venture hospitals along with THR's ownership interest in those hospitals at December 31, 2013

Hospital	Location (Texas)	Ownership Interest
Consolidated:		
Texas Institute for Surgery, L L P (d/b/a Texas Institute for Surgery at Texas Health Presbyterian Hospital Dallas)	Dallas	50 0%
Physicians Medical Center, L L C (d/b/a Texas Health Center for Diagnostics & Surgery Plano)	Plano	53 4%
Southlake Specialty Hospital, L L C (d/b/a Texas Health Harris Methodist Hospital Southlake)	Southlake	53 7%
Rockwall Regional Hospital L L C (d/b/a Texas Health Presbyterian Hospital Rockwall)	Rockwall	59 3%
Flower Mound Hospital Partners, L L C (d/b/a Texas Health Presbyterian Hospital Flower Mound)	Flower Mound	55 1%
AMH Cath Labs, L L C (d/b/a Texas Health Heart & Vascular Hospital Arlington)	Arlington	55 4%
Unconsolidated:		
USMD Hospital of Arlington, L P	Arlington	51 0%
USMD Hospital of Fort Worth, L P	Fort Worth	51 0%
Texas Health Huguley, Inc (d/b/a Texas Health Huguley Hospital Fort Worth South)	Fort Worth	51 0%
Sherman/Grayson Health System, L L C (d/b/a Texas Health Presbyterian Hospital - WNJ)	Sherman	50 1%
Texas Rehabilitation Hospital of Fort Worth, L L C	Fort Worth	30 0%

In addition to the hospitals listed above, there are numerous other non-hospital health related joint ventures included in THR's accompanying consolidated financial statements, including outpatient imaging and surgery centers

THR and its tax-exempt controlled affiliates received support from two foundations, Texas Health Harris Methodist Foundation and Texas Health Presbyterian Foundation Effective June 1, 2013, these foundations were merged to form a single new philanthropic organization, the Texas Health Resources Foundation These foundations (collectively, the Foundations) operate as non-private foundations exempt from federal income taxes under Section 501(a) of the Code as organizations described in Section 501(c)(3), and THR is the sole corporate member

The accompanying consolidated financial statements include the accounts of THR, the Foundations, its wholly controlled affiliates and its consolidated joint ventures (collectively, the System) All significant intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements

2. Summary of Significant Accounting Policies

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include cash, money market funds, and governmental or other securities with original maturities of three months or less at time of purchase, excluding amounts limited as to use by board designation or other arrangements THR's cash management system provides for daily investment of available balances and the funding of outstanding checks when presented for payment Outstanding, but unpresented, checks totaling approximately $20,432,000 at December 31, 2013, have been included in accounts payable in the accompanying consolidated balance sheets Upon presentation for payment, these checks are funded through available cash or cash equivalent balances The change in outstanding but unpresented checks is included in cash used in operating activities on the accompanying consolidated statements of cash flows

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets Realized investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in revenue and gains in excess of expenses and losses unless the income or loss is restricted by donor or law Investments in mineral interests, which have limited marketability, are stated at fair value, as estimated based on a multiple of annual revenues Investments in real estate are stated at fair value, as estimated by using private valuations Investments in hedge funds are stated at fair value, as estimated by the general partner of the hedge fund and reviewed by management Unrealized gains and losses on investments are excluded from revenue and gains in excess of expenses and losses unless the investments are trading securities Management reviews individual securities to determine whether a decline in fair value below the amortized cost basis is other than temporary If the decline in fair value is judged to be other than temporary, the cost basis of the individual security is written down to fair value as a new cost basis and the amount of the write-down is included in realized investment gains or losses in the consolidated statements of operations and changes in net assets To determine whether a decline is other than temporary, management considers whether it has the ability and intent to hold the investment until a market price recovery, which may be maturity, and whether evidence indicating the cost of the investment is recoverable outweighs evidence to the contrary

The System invests in various securities Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks Due to the level of risk associated with certain investment securities, it is reasonable to assume that changes in the values of investment securities will occur in the near term and that such changes could be material to the accompanying consolidated financial statements

Split-Interest Agreements

The System has received as contributions various types of split-interest agreements, including charitable gift annuities, charitable remainder unitrusts and perpetual trusts held by a third party

2. Summary of Significant Accounting Policies, continued

Split-Interest Agreements, *continued*

Under charitable gift annuity arrangements for which the System is the trustee of the assets, the System records the assets at fair value and the liabilities to the beneficiaries at the present value of the estimated future payments to be distributed by the System to such beneficiaries The amount of the contribution is the difference between the asset and the liability and is recorded as unrestricted revenue, unless otherwise restricted by the donor Subsequent changes to the annuity liability are recorded as changes in value of split-interest agreements in the appropriate net asset class

Under charitable remainder unitrust arrangements for which the System is the trustee of the assets, the System records as donor-restricted contributions the present value of the residual interest in the trust in the period in which the trust is established The assets held in trust are recorded at fair value when received, and the liabilities to the beneficiaries are recorded at the present value of the estimated future payments to be distributed by the System to such beneficiaries The amount of the contribution is the difference between the asset and the liability and is recorded as temporarily restricted or permanently restricted support Subsequent changes in fair value for charitable remainder unitrusts are recorded as changes in value of split-interest agreements in the appropriate net asset class

Under perpetual trusts held by a third-party arrangement, the System records contribution revenue and an asset when it is notified of the trust's existence The fair value of the contribution is measured at the present value of the estimated future cash receipts from the trust's assets and that value may generally be measured by the fair value of the assets contributed to the trust, unless facts and circumstances indicate that the fair value of the assets contributed to the trust differs from the present value of the expected future cash flows Distributions from the trust are reported as investment income that increases the appropriate net asset class Adjustments to the amount reported as an asset, based on periodic review, are recognized as unrealized investment gains or losses on beneficial interest in perpetual trust in the permanently restricted net asset class

Under the charitable gift annuity arrangements and charitable remainder unitrust arrangements for which the System is not the trustee of the assets, the System records a receivable and contribution revenue at the present value of the estimated future distributions expected to be received by the System over the expected term of the agreement However, if an unrelated third-party has variance power to redirect the benefits to another organization or if the System's rights to the benefits are conditional, the System does not recognize its potential for future distributions from the asset held by the trustee

The discount rates and actuarial assumptions used in calculating present values have been based on Internal Revenue Service guidelines and actuarial tables For agreements in which the System is the trustee, the discount rates used are commensurate with the risks involved at the time the contributions are initially recognized and are not subsequently revised For agreements in which the System is not the trustee, under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-30, Not-for-Profit Entities Split Interest Agreements, and the guidance as provided in the AICPA Audit and Accounting Guide, Not-for-Profit Organizations, split-interest agreements held by others net expected cash flows are revalued to fair value at each year-end using a current risk-free rate of return, which ranged from 1 75% to 3 96% and 0 72% to 2 95% for the years ended December 31, 2013 and 2012, respectively

2. Summary of Significant Accounting Policies, continued

Accounts Receivable and Allowance for Doubtful Accounts

Patient accounts receivable are reported net of estimated allowances for doubtful accounts and contractual adjustments in the balance sheets The allowance and resulting provision for bad debts is based upon a combination of the aging of receivables and management's assessment of 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 Management assesses the adequacy of the allowance for doubtful accounts based upon historical write-off experience and payment trends by payor category Patient accounts are also monitored and, if necessary, past due accounts are placed with collection agencies in accordance with guidelines established by management 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 example, for expected uncollectible deductibles and copayments, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely) For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the System records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible The difference between the billed rates and the amounts 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 for self-pay patients (including allowances for charity care) increased from 94 2% of self-pay accounts receivable at December 31, 2012, to 96 0% of self-pay accounts receivable at December 31, 2013 In addition, the System's self-pay write-offs for bad debts increased from approximately $263,887,000 for fiscal year 2012 to approximately $294,476,000 for fiscal year 2013 The increase in write offs was the result of shifts in payor mix and an overall increase in patient revenue in fiscal year 2013 The System does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write-offs from third-party payors

Assets Limited as to Use

The System maintains certain assets that are limited as to use under board designation, indenture agreements, and other provisions, including self insurance trust agreements Amounts required to fund current liabilities of the System have been classified as current assets in the consolidated balance sheets

Property and Equipment

Property and equipment acquisitions are recorded at cost Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment Such amortization is included in depreciation and amortization in the consolidated statements of operations and changes in net assets 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

2. Summary of Significant Accounting Policies, continued

Property and Equipment, *continued*

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support and are excluded from revenue and gains in excess of expenses and losses unless explicit donor stipulations specify how the donated assets must be used Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service

Goodwill and Intangible Assets

Goodwill represents the excess of costs over fair value of assets of businesses acquired Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized The System reviews goodwill annually or more frequently if circumstances warrant a more timely review, to determine if there has been an impairment FASB Accounting Standards Updates (ASU) 2011-08, *Intangibles—Goodwill and Other (Topic 350): Testing Goodwill and Impairment* and 2012-02, *Intangibles—Testing Indefinite-Lived Assets for Impairment*, provide an entity the option to first assess qualitative factors to determine whether the existence of events or circumstances indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying amount or that indefinite-lived assets are impaired If, after assessing the totality of events and circumstances, an entity determines it is not more likely than not that the fair value of the reporting unit is less than its carrying amount or that the indefinite-lived intangible asset is impaired, then the entity is not required to take further action However, if an entity concludes otherwise, then it is required to perform the two-step goodwill impairment test described in Topic 350 or determine the fair value of the indefinite-lived intangible asset and perform a quantitative impairment test by comparing the fair value with the carrying amount During fiscal years ended December 31, 2013 and 2012, the System prepared a qualitative assessment of goodwill and indefinite-lived intangible assets impairment for all reporting units that have assigned goodwill and indefinite-lived intangible assets, and no impairments were identified

Goodwill activity for the years ended December 31, 2013 and 2012 is presented below (dollars in thousands)

	2013	2012
Balance at beginning of year	$ 125,224	$ 124,890
Goodwill acquired from purchases of consolidated affiliates and/or physician practices	25,411	334
Balance at end of year	$ 150,635	$ 125,224

Asset Retirement Obligations

The fair value of a liability for a legal obligation associated with the retirement of long-lived assets is recognized in the period in which it is incurred if the fair value can be reasonably estimated The fair value, which approximates the cost a third party would incur in performing the tasks necessary to retire such assets, is recognized at the present value of expected future cash flows and is added to the carrying value of the associated asset and depreciated over the asset's useful life The liability is accreted over time and is reduced upon settlement of the obligation

2. Summary of Significant Accounting Policies, continued

Impairment or Disposal of Long-Lived Assets

When events or changes in circumstances indicate that the carrying amount of long-lived assets, including property and equipment, or other long-lived assets, may not be recoverable, an evaluation of the recoverability of currently recorded costs is performed When an evaluation is performed, the estimated value of undiscounted future net cash flows associated with the assets is compared to the assets' carrying value to determine if a write-down to fair value is required

If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets Long-lived assets to be disposed of are reflected at the lower of either their carrying amounts or their fair value less costs to sell or close In such circumstances, estimates of fair value are based on independent appraisals, established market prices for comparable assets, or internal calculations of estimated discounted future cash flows

Derivative Instruments

Certain consolidated joint ventures, Rockwall Regional Hospital, L L C (Rockwall), Flower Mound Hospital Partners, L L C (Flower Mound) and AMH Cath Labs, L L C (ACL), use interest rate swap agreements to manage interest rate risk associated with their floating rate borrowings and account for derivative instruments utilized in connection with these activities in accordance with FASB ASC Topic 815, *Derivatives and Hedging,* which requires entities to recognize all derivative instruments as either assets or liabilities in the consolidated balance sheets at their respective fair values

These consolidated joint ventures designate and account for their interest rate swap agreements as cash flow hedges in accordance with FASB ASC Subtopic 815-30, *Derivatives and Hedging – Cash Flow Hedges.* For all hedging relationships, these consolidated joint ventures formally document the hedging relationship and its risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively, and a description of the method of measuring ineffectiveness These consolidated joint ventures also formally assess, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in the hedging transactions are highly effective in offsetting cash flows of hedged items For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as other changes in unrestricted net assets and reclassified into earnings in the same period or periods during which earnings are affected by the variability in cash flows of the designated hedged item Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in revenues and gains in excess of expenses and losses

These consolidated joint ventures discontinue hedge accounting prospectively when it is determined that the derivative is no longer effective in offsetting cash flows of the hedged item, the derivative expires or is sold, terminated, or exercised, or the derivative designation is removed

In all situations in which hedge accounting is discontinued and the derivative is retained and not redesignated as part of a new hedging relationship, these consolidated joint ventures continue to carry the derivative at its fair value in the consolidated balance sheets and recognize any subsequent changes in its fair value in revenues and gains in excess of expenses and losses When it is probable that a forecasted transaction will not occur, these consolidated joint ventures discontinue hedge accounting and recognize immediately any gains and losses that were accumulated in other changes in unrestricted net assets

2. Summary of Significant Accounting Policies, continued

Derivative Instruments, *continued*

By using derivative financial instruments to hedge exposures to changes in interest rates, the System exposes itself to credit risk and market risk Credit risk is the failure of the counterparty to perform under the terms of the derivative contract When the fair value of a derivative contract is positive, the counterparty owes the System, which creates credit risk for the System When the fair value of a derivative contract is negative, the System owes the counterparty and, therefore, the System is not exposed to the counterparty's credit risk in these circumstances The System minimizes counterparty credit risk in derivative instruments by entering into transactions with high-quality counterparties The derivative instruments entered into by the System do not contain credit-risk-related contingent features

Market risk is the adverse effect on the value of a derivative instrument that results from a change in interest rates The market risk associated with interest-rate contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken

The System does not enter into derivative instruments for any purpose other than cash flow hedging The System does not speculate using derivative instruments

Physician Income Guarantees

Consistent with its policy on physician relocation and recruitment, THR hospitals provide income guarantee agreements to certain non-employed physicians who agree to relocate to its communities to fill a need in the hospital's service area and commit to remain in practice there Under such agreements, THR hospitals are required to make payments to the physicians in excess of the amounts they earn in their practice up to the amount of the income guarantee The income guarantee periods are typically 12 months Such payments are recoverable from the physicians if they do not fulfill their commitment period to the community, which is typically three years subsequent to the guarantee period At December 31, 2013, the maximum potential amount of future payments under these guarantees was approximately $2,587,000

At December 31, 2013 and 2012, THR had a liability of approximately $1,016,000 and $3,136,000, respectively, for the fair value of new or modified guarantees entered into, with a corresponding asset recorded in other current assets in the consolidated balance sheets, which will be amortized over the commitment period

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to THR and its tax-exempt controlled affiliates are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying consolidated statements of operations and changes in net assets as net assets released from restrictions and other operating revenue

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by THR and its tax-exempt controlled affiliates have been limited by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by THR and its tax-exempt controlled affiliates in perpetuity

2. Summary of Significant Accounting Policies, continued

Revenue and Gains in Excess of Expenses and Losses

The consolidated statements of operations and changes in net assets include revenue and gains in excess of expenses and losses Changes in unrestricted net assets which are excluded from revenue and gains in excess of expenses and losses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets), and other items required by GAAP to be reported separately

Net Patient Service Revenue

Net patient service revenue is recognized as services are provided and reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined

Charity Care

The Tax-Exempt Hospitals provide care to patients who meet criteria established under THR's charity care policy without charge or at amounts less than their established rates Because the Tax-Exempt Hospitals do not pursue collection of amounts determined to qualify as charity care, those amounts are not reported as net patient service revenue or patient receivables

Electronic Health Record Incentive Payment Program

The American Recovery and Reinvestment Act of 2009 established incentive payments under the Medicare and Medicaid programs for hospitals that meaningfully use certified electronic health record (EHR) technology In order to qualify for the Act's reporting period, a hospital is required to meet certain designated EHR meaningful use criteria from both mandatory and optionally selected requirements within the Act's reporting year THR has elected to apply the grant accounting guidance in International Accounting Standards (IAS) 20 to these incentive payments IAS 20 does not allow incentive payments to be recognized as income until there is reasonable assurance that the entity will successfully demonstrate compliance with the minimum number of meaningful use objectives THR's management believes the relevant criteria were met for Years One through Three reporting and determined compliance was reasonably assured

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2. Summary of Significant Accounting Policies, continued

Electronic Health Record Incentive Payment Program, *continued*

During 2013, THR's eligible hospitals received approximately $8,214,000 of reimbursement payments under the Act's Year Two and Year Three reporting periods At December 31, 2013, approximately $772,000 of these payments were recorded in the accompanying consolidated balance sheets for potential adjustments The remainder of the payments were recorded as other operating revenue in the accompanying consolidated statements of operations and changes in net assets for the years ended December 31, 2013 and 2012 depending on when the payments were earned During 2012, THR's eligible hospitals received approximately $18,467,000 of reimbursement payments under the Act's Year Two and Year Three reporting periods At December 31, 2012, approximately $3,749,000 of these payments were recorded in the accompanying consolidated balance sheets for potential adjustments The remainder of the payments were recorded as other operating revenue in the accompanying consolidated statements of operations and changes in net assets for the year ended December 31, 2012 At December 31, 2013, THR's management has accrued EHR meaningful use payments of approximately $9,948,000 for the Act's Year Three reporting period At December 31, 2012, THR's management had accrued EHR meaningful use payments of approximately $5,910,000 and $3,712,000 for the Act's Year Two and Year Three reporting periods, respectively These accruals are included in other receivables in the accompanying consolidated balance sheets and in other operating revenue in the accompanying consolidated statements of operations and changes in net assets

At December 31, 2013, THR's management did not believe adequate reliable information was available to make a determination of reasonable assurance that the hospitals would be able to successfully demonstrate compliance with the minimum number of meaningful use objectives for the Act's Year Four reporting period Therefore, THR did not record an accrual as of December 31, 2013 in the accompanying consolidated financial statements for estimated EHR incentive payments under the Act's Year Four reporting period

Self-Insurance

Under THR's self-insurance programs, claims are reflected as liabilities based upon actuarial estimation, including both reported, and incurred but not reported claims, taking into consideration the severity of the incidents and the expected timing of claim payments

Recent Accounting Pronouncements

In October 2012, the FASB issued ASU 2012-05, *Statement of Cash Flows (Topic 230): Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*, which requires an entity to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any imposed limitations for sale and were converted nearly immediately into cash Accordingly, the cash receipts from the sale of those financial assets should 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 by the entity The ASU is effective for THR beginning January 1, 2014 and is not expected to have a material impact on the consolidated financial statements

2. Summary of Significant Accounting Policies, continued

Recent Accounting Pronouncements, *continued*

In February 2013, the FASB issued ASU 2013-04, *Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date*, which provides guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date, except for obligations addressed within existing guidance in U S generally accepted accounting principles THR will adopt the provisions of this ASU effective January 1, 2014, and adoption is not expected to have a material impact on the consolidated financial statements

In April 2013, the FASB issued ASU 2013-06, *Not-for-Profit Entities (Topic 958): Services Received from Personnel of an Affiliate*, which requires contributed services be recognized at fair value if employees of separately governed affiliated entities regularly perform services (in other than an advisory capacity) for and under the direction of the donee In addition, the guidance indicates those contributed services should be recognized only if they (1) create or enhance nonfinancial assets or (2) require specialized skills, are provided by individuals possessing those skills, and typically would need to be purchased if not provided by donation The provisions of this ASU are effective for THR beginning January 1, 2015, and adoption is not expected to have a material impact on the consolidated financial statements

3. Net Patient Service Revenue

The System has agreements with third-party payors that provide for payments to the hospitals and THPG at amounts different from established rates A summary of the payment arrangements with major third-party payors follows

> ***Medicare.*** Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Inpatient non-acute services, outpatient services, and certain capital and medical education costs related to Medicare beneficiaries are paid based on a combination of prospective and cost reimbursement methodologies or fee schedule The hospitals are reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the hospitals and audits thereof by the Medicare fiscal intermediary
>
> ***Medicaid.*** Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospectively determined system similar to Medicare Most outpatient services are reimbursed by the Medicaid program under a cost reimbursement methodology or fee schedule The hospitals are reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the hospitals and audits thereof by the Medicaid fiscal intermediary

Medicare and Medicaid cost report settlements are estimated in the period services are provided to the program beneficiaries These estimates are revised as needed until final settlement of the cost report Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term Net patient service revenue increased approximately $14,263,000 and $18,934,000 in 2013 and 2012, respectively, due to reassessment of settlement issues and other changes in estimates related to final settlements Additionally, in 2012, the System received approximately $20,930,000 additional Medicare payments from The Rural Floor Provision Settlement that was signed on April 5, 2012 This settlement related to the improper calculation of the Medicare DRG rate for System facilities by the Centers for Medicare and Medicaid Services (CMS) for years 2004 to 2011

3. Net Patient Service Revenue, continued

The System has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations The basis for payment to the hospitals and THPG under these arrangements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates Items such as high cost drugs and implants are sometimes paid as an add-on to prospectively determined rates All of these payment methods can occur independently or in combination for different commercial agreements

Additionally, the Tax-Exempt Hospitals provide discounted pricing to uninsured patients The pricing is calculated by applying a discount to charges for services received The discount rate was 45% in 2012 and 2013 The consolidated and unconsolidated joint venture hospitals also provide similar discounted pricing to uninsured patients

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 For uninsured patients that 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 or provided by policy) 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 (but before the provision for bad debts), recognized in the years ended December 31, 2013 and 2012 from these major payor sources, is as follows (dollars in thousands)

	2013	2012
Medicare	$ 718,738	$ 740,746
Medicare Managed Care	373,173	306,026
Medicaid	138,158	162,935
Medicaid Managed Care	118,936	125,159
Managed Care	2,276,448	2,183,667
Commercial and Other	132,438	113,292
Private Pay	173,936	194,138
	$ 3,931,827	$ 3,825,963

THR (through certain wholly controlled tax-exempt and joint venture hospitals), Baylor Health Care System, HCA North Texas Division, and Methodist Hospitals of Dallas have entered into Affiliation Agreements with Parkland Memorial Hospital and Healthcare System (Parkland), and John Peter Smith Hospital and Healthcare System (JPS), and have created Dallas County Indigent Care Corporation (DCICC), and Tarrant County Indigent Care Corporation (TCICC), both Texas non-profit corporations, to effectuate participation in the Texas Healthcare Transformation and Quality Improvement Program (1115 Waiver Program) DCICC has separately entered into a series of agreements with Parkland and the University of Texas Southwestern Medical Center of Dallas (UT Southwestern), and TCICC has separately entered into a series of agreements with JPS and various physician groups

In 2013, THR (through certain wholly controlled tax-exempt hospitals) began participating in similar 1115 Waiver Programs in other counties These programs include the Johnson County Community Care Corporation (JCCCC), which has entered into contracts with physicians to pay for the care of indigent county residents, Collin County, which has entered into a contract with Paramed Physicians Association to pay for care of indigent county residents, and Denton County to provide hospital care for indigent county residents

3. Net Patient Service Revenue, continued

During 2013 and 2012, THR, on behalf of its participating hospitals, recorded supplemental Medicaid revenue of approximately $96,148,000 and $133,154,000, respectively, under the 1115 Waiver Program At December 31, 2013 and 2012, THR had a receivable of approximately $63,623,000 and $44,665,000, respectively, related to the 1115 Waiver Program

During 2013 and 2012, THR, on behalf of its participating hospitals, recorded expense of approximately $44,054,000 and $79,229,000, respectively, representing disbursements made to the companies listed above through DCICC, TCICC, JCCCC, and Collin County for providing services to indigent patients in those respective counties

At December 31, 2013 and 2012, THR has deferred revenue of approximately $12,964,000 and $9,811,000, respectively included in other accrued liabilities on the consolidated balance sheets The deferred revenue at December 31, 2013 represents approximately 10% of the payments that have been received or are expected under the waiver programs (all counties) relating to uncertainties surrounding the State of Texas capacity limits The deferred revenue at December 31, 2012 is comprised of approximately $15,454,000 representing 10% of the payments that have been received or are expected under the waiver programs (Dallas and Tarrant County) relating to uncertainties surrounding the State of Texas capacity limits, offset by approximately $5,643,000 net receivable due from the other partners in DCICC and TCICC relating to indemnity agreement requirements

In addition to the uncompensated care revenue THR receives under the 1115 Waiver Program, THR also receives Delivery System Reform Incentive Program (DSRIP) revenue through TCICC and DCICC The program provides for incentive revenue to be earned by facilities for initiating programs that benefit the community and lower overall healthcare cost, and for reaching preset goals for those programs The DSRIP program will run through five years For year one, facilities who chose to participate received incentive revenue for submitting acceptable project plans that would span the five years of the program THR received approximately $3,712,000 during 2013 for the first year of the DSRIP program, which is included in other operating revenue in the consolidated statements of operations and changes in net assets During years two through five, providers earn revenue by meeting the program goals and reporting them to the State During 2013, THR recorded approximately $18,136,000 in DSRIP year two revenue included in other operating revenue in the consolidated statements of operations and changes in net assets Of this amount, approximately $3,137,000 was received in 2013, $15,313,000 is recorded as other receivables in the consolidated balance sheets, and $314,000 of the funds received are recorded in other accrued liabilities in the consolidated balance sheets representing a reserve for uncertainties surrounding the State of Texas capacity limits

4. Charity Care and Community Benefit

In accordance with its mission, the System commits substantial resources to sponsor a broad range of services for the indigent as well as the broader community Community benefit provided to the indigent includes the cost of providing services to persons who cannot afford health care due to inadequate resources and/or to persons who are underinsured This category of community benefit in accordance with Texas law includes the unreimbursed costs of traditional charity care as well as the estimated unreimbursed costs of care provided to beneficiaries of Medicaid and other indigent public programs The System also benefits the communities it serves by providing facilities for the education and training of health care professionals and by participating in research activities that offer the potential of improving health care

4. Charity Care and Community Benefit, continued

The System also promotes access to health care services by providing support for indigent care clinics, promotes community health education and wellness programs, supports other local community based non-profit organizations through charitable donations, and sponsors a variety of health-related support groups and programs These activities are classified as community benefits under Texas law

Finally, the System provides a significant amount of health care services to uninsured and underinsured individuals who do not pay for the services they receive When the System does not have the information required to properly determine charity status, the amounts owed by these individuals are classified as bad debt expense

The System provides care to patients who meet criteria established under its charity care policy without charge or at amounts less than their established rates Because the System does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue The System estimated costs associated with charity care based on the ratio of cost to gross charges and applying this ratio to charity care provided The System estimates direct and indirect costs associated with providing charity care was approximately $198,250,000 and $183,650,000 for the years ended December 31, 2013 and 2012, respectively The System receives certain funds to offset or subsidize charity services provided from gifts or grants restricted for charity or indigent care The amount of such funds recognized in unrestricted operations from such sources totaled approximately $512,000 and $621,000 for the years ended December 31, 2013 and 2012, respectively

5. Investments

Short-Term Investments

Short-term investments at December 31, 2013 and 2012 totaling approximately $1,436,000 and $1,526,000, respectively, are comprised of fixed income securities

Assets Limited as to Use

Assets limited as to use that are required for obligations classified as current liabilities are included in current assets in the consolidated balance sheets The composition of assets limited as to use at December 31, 2013 and 2012 is set forth in the following table (dollars in thousands)

	2013	2012
Internally designated		
Cash and cash equivalents	$ 77	$ 45
U S government securities	1,160	1,151
Fixed income securities	826,708	694,536
Equity securities	1,940,653	1,357,276
Mutual funds	536	-
Hedge funds	1,294	1,570
Donor-restricted special purpose and endowment funds		
Cash and cash equivalents	1,113	1,382
Mineral interests	5,693	4,330
Real estate	2,768	2,768
Fixed income securities	34,601	36,580
Equity securities	90,853	73,033
Beneficial interest in perpetual trust, held in charitable remainder unitrusts, and held in charitable gift annuities		
Cash and cash equivalents	1,047	273
Mutual funds	3,852	276
Mineral interests	1,115	1,144
Real estate	842	842
Fixed income securities	3,207	3,974
Equity securities	5,875	4,022
Other provisions		
Cash and cash equivalents	23,640	51,657
Fixed income securities	39,094	44,583
Equity securities	11,150	13,330
	2,995,278	2,292,772
Less Assets limited as to use - required for current liabilities	(226,762)	(254,394)
	$ 2,768,516	$ 2,038,378

Excluded from the above table are promises to give of approximately $9,543,000 and $12,591,000 at December 31, 2013 and 2012, respectively that are included in assets limited as to use in the accompanying consolidated balance sheets

5. Investments, continued

Assets Limited as to Use, *continued*

These promises to give are comprised of the following at December 31, 2013 and 2012 (dollars in thousands)

	2013	2012
Unconditional promises to give before unamortized discount and allowance for uncollectibles	$ 9,928	$ 13,396
Less Unamortized discount	(81)	(121)
	9,847	13,275
Less Allowance for uncollectibles	(304)	(684)
Net unconditional promises to give	$ 9,543	$ 12,591
Schedule of future amounts due		
Less than one year	$ 4,026	$ 7,632
One to five years	4,288	3,961
Over five years	1,614	1,803
Total	$ 9,928	$ 13,396

Discount rates for these promises to give ranged from 0 22% to 4 66% and from 0 16% to 4 82% for the years ended December 31, 2013 and 2012, respectively

THR and its wholly-controlled affiliates participate with Presbyterian Healthcare Resources, a founding member of THR, in a pooled, long term investment fund administered by THR Amounts internally designated represent THR and its wholly-controlled affiliates pro rata share of the fund These funds exist to provide liquidity for the System, to support its capital program, and to backstop short-term reserves as a buffer against interruption of business operations due to catastrophic events The fund's asset allocation is a reflection of the System's investment objectives as stated in its investment policy statement Prior to July 16, 2012, the fixed income securities in the pool, which are primarily U S government obligations, were designated as other-than-trading securities while the equity securities were designated as trading As a result of modifications to THR's investment policy statement effective July 16, 2012, all purchases of fixed income securities in the pool after this date are designated as trading securities

Management evaluates THR and its wholly-controlled affiliates' fixed income securities to determine whether any are deemed to be other-than-temporarily impaired due to credit worthiness of the bond issuers There were no securities deemed to be other-than-temporarily impaired at December 31, 2013 or 2012

At December 31, 2013, the fair value and gross unrealized losses on THR and its wholly-controlled affiliates' pro rata share of fixed income securities that are deemed not to be other-than-temporarily impaired and have been in a continuous unrealized loss position for twelve months or greater were approximately $19,856,000 and $1,253,000, respectively Because THR has the ability and intent to hold these investments until a market price recovery, which may be maturity, these investments are not considered other-than-temporarily impaired At December 31, 2013, the fair value and gross unrealized losses on THR and its wholly-controlled affiliates' pro rata share of fixed income securities that are deemed not to be other-than temporarily impaired and have been in a continuous unrealized loss position for less than twelve months were approximately $237,910,000 and $7,790,000, respectively

5. Investments, continued

Investment Income

Net realized investment income, included in revenue and gains in excess of expenses and losses in the consolidated statements of operations and changes in net assets, is comprised of the following for the years ended December 31, 2013 and 2012 (dollars in thousands)

	2013	2012
Interest and dividends	$ 38,982	$ 55,817
Realized gains, net	174,712	31,116
Total net realized investment income	213,694	86,933
Less Net realized investment gain related to restricted funds	(6,319)	(3,176)
Net realized investment income, other than amount related to restricted funds	$ 207,375	$ 83,757

6. Property and Equipment

A summary of property and equipment at December 31, 2013 and 2012 is as follows (dollars in thousands)

	2013	2012
Land	$ 141,909	$ 140,994
Buildings and improvements	1,939,730	1,904,294
Fixed equipment	343,548	318,165
Major movable equipment	945,463	840,159
Building and equipment under capital lease obligations	2,758	8,103
	3,373,408	3,211,715
Less Accumulated depreciation and amortization	(1,702,083)	(1,556,082)
	1,671,325	1,655,633
Construction and renovation in progress	109,900	40,685
	$ 1,781,225	$ 1,696,318

Depreciation and amortization expense related to property and equipment from continuing operations for the years ended December 31, 2013 and 2012 was approximately $187,151,000 and $178,999,000, respectively Included in the above table is the cost, approximately $314,851,000 and $322,321,000, and accumulated depreciation, approximately $171,783,000 and $168,088,000, of land, buildings, and equipment held out for lease at December 31, 2013 and 2012, respectively

6. Property and Equipment, continued

The System has several construction projects in progress, which include renovation and modernization of existing facilities and construction of new facilities Total remaining estimated costs of these projects is approximately $176,117,000, of which the System has outstanding commitments of approximately $119,087,000 at December 31, 2013 Total interest capitalized during the years ended December 31, 2013 and 2012 was approximately $1,985,000 and $2,230,000, respectively

The System recognizes a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated Uncertainty about the timing and (or) method of settlement of a conditional asset retirement obligation should be factored into the measurement of the liability when sufficient information exists This applies to legal obligations to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity The fair value of a liability for a legal obligation associated with the retirement of long-lived assets is recognized in the period in which it is incurred The fair value, which approximates the cost a third party would incur in performing the tasks necessary to retire such assets, is recognized at the present value of expected future cash flows and is added to the carrying value of the associated asset and depreciated over the asset's useful life

Asset retirement obligations related to asbestos removal are recorded as other non-current liabilities in the accompanying consolidated balance sheets and totaled approximately $6,271,000 and $6,894,000 at December 31, 2013 and 2012, respectively As a result of changes in estimated costs to abate certain types of asbestos, the System recorded decreases to the liability and a reduction in asbestos abatement expenses of approximately $200,000 and $29,000 during the years ended December 31, 2013 and 2012, respectively Depreciation expense related to the associated assets was approximately $44,000 and $46,000 in 2013 and 2012, respectively Additional accretion costs were approximately $329,000 and $373,000 for the years ended December 31, 2013 and 2012, respectively

7. Long-Term Debt

A summary of long-term debt at December 31, 2013 and 2012 is as follows (dollars in thousands)

	2013	2012
System Revenue Bonds (Texas Health Resources), Series 2012A (Taxable), fixed interest rate of 4 366%, due through 2047	$ 100,000	$ 100,000
System Revenue Bonds (Texas Health Resources), Series 2012B, variable interest rates, due through 2047 (interest rates were 0 04% and 0 11% at December 31, 2013 and 2012, respectively)	50,000	50,000
System Revenue Bonds (Texas Health Resources), Series 2010, fixed interest rate of 5 00%, due through 2040	157,550	157,550
System Tax-Exempt Loan (Texas Health Resources), Series 2010 Bank of America Private Loan, variable interest rates, due through 2035, (interest rates were 0 76% and 0 78% at December 31, 2013 and 2012, respectively)	67,500	33,388
System Tax-Exempt Loan (Texas Health Resources), Series 2010 Compass Private Loan, variable interest rates, due through 2033, (interest rate was 1 17% at December 31, 2013 and 2012)	67,500	64,588

(Continued)

7. Long-Term Debt, continued

	2013	2012
System Revenue Bonds (Texas Health Resources), Series 2008A, 2008B, and 2008C, variable interest rates, due through 2047, (interest rates were 0 04% at December 31, 2013 and ranged from 0 11% to 0 13% at December 31, 2012)	176,055	176,055
System Revenue Bonds (Texas Health Resources), Series 2007A and 2007B, fixed interest rate of 5 00%, due through 2047	657,120	671,005
Term and Revolving Loans (Rockwall Regional Hospital, L L C), variable interest rates, due through 2017, (interest rates ranging from 2 11% to 2 16% and 2 16% to 2 26% at December 31, 2013 and 2012, respectively)	43,129	47,086
Term and Revolving Loans (Flower Mound Hospital Partners, L L C), variable interest rates, due through 2018, (interest rates ranging from 1 40% to 1 46% and 1 53% to 1 78% at December 31, 2013 and 2012, respectively)	87,841	93,809
Term and Revolving Loans (AMH Cath Labs, L L C), variable interest rates, due through 2022, (interest rates ranging from 1 07% to 1 47% and 1 11% to 1 51% at December 31, 2013 and 2012, respectively)	20,832	21,700
Term Loan (Health Imaging Partners, LLC), fixed interest rate of 3 87%, due through 2021	28,500	-
Notes Payable (Health Imaging Partners, LLC), varying rates of interest, due through 2018, (interest rates ranging from 4 03% to 7 21% and 2 94% to 7 95% at December 31, 2013 and 2012, respectively)	9,153	9,498
Note Payable (THR-SCA Holdings, LLC), convertible to equity, interest rate of 4% fixed or 49% of available cash flow, due 2032	9,790	7,492
Capital Lease Obligations, at imputed interest rates ranging from 4 74% to 8 09% collateralized by leased equipment	1,886	3,142
Other loans and notes payable, fixed and variable interest rates due through 2018 (interest rates ranging from 2 63% to 3 30% and 1 96% to 3 30% at December 31, 2013 and 2012, respectively)	10,807	8,998
	1,487,663	1,444,311
Add		
Unamortized original issue premium/discount, net	9,128	10,504
Less		
Current portion of long-term debt	(214,839)	(209,634)
Long-term debt, net of current portion	$ 1,281,952	$ 1,245,181

In December, 2012, THR entered into credit agreements with Wells Fargo Bank N A and U S Bank N A for lines of credit of $75,000,000 each (the Credit Agreements) Under the Credit Agreements, outstanding balances under the lines of credit generally bear interest at a variable rate calculated as a percentage of LIBOR plus a spread At December 31, 2013 and 2012, there were no outstanding balances under these Credit Agreements

7. Long-Term Debt, continued

THR issued Series 2012A (Series 2012A Bonds) and 2012B (Series 2012B Bonds) bonds (collectively the Series 2012 Bonds) through Tarrant County Cultural Education Facilities Finance Corporation (official statements dated September 27, 2012) in the amounts of $100,000,000 and $50,000,000, respectively The proceeds of the Series 2012 Bonds will be used to (a) finance and reimburse THR for the costs of the acquisition, construction, renovation, remodeling and/or equipping of capital improvements and (b) pay certain costs incurred in connection with the issuance of the Series 2012 Bonds The Series 2012A Bonds are taxable fixed rate bonds that were priced to yield 4 366% interest The Series 2012B Bonds are tax-exempt variable rate demand bonds, and are as such subject to periodic tender and remarketing provisions The interest rates at which the bonds are remarketed are determined in accordance with the remarketing agreement applicable to the Series 2012B Bonds Liquidity for payment of the Series 2012B Bonds tendered for purchase and not remarketed is provided by THR under a self liquidity program As a result, THR has classified the Series 2012B Bonds as a current liability in the current portion of long-term debt

In November 2010, THR entered into tax-exempt loan agreements with Bank of America, N A and Compass Mortgage Corporation in the aggregate principal amount of $135,000,000 (the Bank Loans) The proceeds of these Bank Loans were used (a) to pay costs of acquiring, constructing, renovating, remodeling and/or equipping capital improvements for certain THR tax-exempt health facilities, and (b) to pay certain costs incurred in connection with the Bank Loans The Bank Loans bear interest at variable rates calculated as a percentage of LIBOR plus a spread At December 31, 2013 and 2012, THR had drawn approximately $67,500,000 and $33,388,000, and $67,500,000 and $64,588,000 on the Bank of America and Compass Bank Loans, respectively

THR issued Series 2010 bonds (the Series 2010 Bonds) through the Tarrant County Cultural Education Facilities Finance Corporation (official statement dated November 11, 2010) in the amount of $157,550,000 The proceeds of the Series 2010 Bonds were used (a) to refund the Tarrant County Health Facilities Development Corporation Texas Health Resources System Revenue Bonds, Series 2008D, 2008F, and 2008G, and (b) to pay certain costs incurred in connection with the issuance of the Series 2010 Bonds and the provisions for payment of the refunded Series 2008D, 2008F, and 2008G Bonds

THR issued Series 2008A-G bonds (the Series 2008 Bonds) through the Tarrant County Cultural Education Facilities Finance Corporation (official statement dated October 27, 2008) in the amount of $366,120,000 The proceeds of the Series 2008 Bonds were used (a) to refund the Tarrant County Health Facilities Development Corporation Texas Health Resources System Revenue Bonds, Series 2003 (the Series 2003 Bonds) ($300,000,000) and the Plano Health Facilities Development Corporation Unit Priced Demand Adjustable Revenue Bonds (Children's and Presbyterian Healthcare Center of North Texas Project) Series 1989 (the Series 1989 Bonds) ($27,900,000), (b) to finance or refinance the purchase, development, construction, reconstruction, renovation, rehabilitation and/or equipping of certain THR tax-exempt health facilities ($35,900,000), and, (c) pay certain costs incurred in connection with the issuance of the Series 2008 Bonds and the provisions for payment of the refunded Series 2003 and Series 1989 Bonds As previously discussed, THR defeased all of the outstanding Series 2008D, 2008F, and 2008G Bonds in November 2010, with proceeds from the issuance of the Series 2010 Bonds In addition, THR redeemed all of the outstanding Series 2008E Bonds on November 22, 2010 at a purchase price equal to the principal amount ($36,140,000) thereof plus interest accrued thereon to the redemption date THR used available cash to redeem the Series 2008E Bonds

7. Long-Term Debt, continued

The Series 2008 Bonds are variable rate demand bonds Accordingly, the Series 2008 Bonds are subject to periodic tender and remarketing provisions The interest rates at which the bonds are remarketed are determined in accordance with the remarketing agreement applicable to each series of the Series 2008 Bonds Liquidity for payment of the Series 2008A ($65,000,000) and 2008B ($50,285,000) Bonds tendered for purchase and not remarketed is provided by THR under a self liquidity program As a result, THR has classified these two series as current liabilities in the current portion of long-term debt Liquidity for payment of the Series 2008C Bonds tendered for purchase and not remarketed is provided by a Standby Bond Purchase Agreement (SBPA) with JPMorgan Chase Bank, N A With respect to the bonds supported by a SBPA, any principal balance that would require repayment within twelve months under the terms of the SBPA agreement is classified as current Based on the payment terms in the SBPA, at the end of any reporting period, THR could have up to three of twelve quarterly payments due within a one-year period of time, therefore, THR carries 3/12 of the outstanding principal amount on these bonds as a current liability in the current portion of long-term debt THR's management believes that the lending institution holding this SBPA has the ability to meet its obligation, if necessary The SBPA expires November 23, 2015 and may be renewed or replaced In the event the SBPA is not renewed and THR is unable to replace the liquidity facilities, the outstanding bonds become bank bonds under a mandatory tender provision The SBPA also contains certain liquidity facility agreement special default provisions that would result in immediate termination of the agreement requiring THR to purchase any tendered bonds that are unable to be remarketed

In the event all of the Series 2008 and Series 2012B Bonds were tendered and the remarketing agents were unable to remarket the bonds, THR's required repayment of principal as compared to scheduled principal repayments are as follows (dollars in thousands)

	Series 2008 and 2012B Bonds	
Year Ending December 31,	Scheduled Principal Payments	Self Liquidity and SBPA Provisions
2014	$ -	$ 180,478
2015	-	20,257
2016	-	20,257
2017	-	5,063
Thereafter	226,055	-
Total	$ 226,055	$ 226,055

Concurrent with the issuance of the Series 1997 Bonds and amended in connection with the issuance of the Series 2008 and Series 2012 Bonds, THR entered into the Second Amended and Restated Master Trust Indenture (the Master Indenture) Among other requirements, THR granted a security interest in (a) certain of its revenue (as defined in the Master Indenture) and accounts receivable of the grantor, (b) all money and investments held or required to be held for the credit of the funds and accounts established by or under the Master Indenture, and (c) any and all property that may, from time to time, be subjected to the lien and security interest of the Master Indenture

7. Long-Term Debt, continued

In April and May 2007, at THR's request, Tarrant County Cultural Education Facilities Finance Corporation issued $597,840,000 of Refunding Revenue Bonds and $100,000,000 of Revenue Bonds, Series 2007A and 2007B, respectively The proceeds of the Series 2007A Bonds were used (a) to provide payment of principal, redemption premium, and interest to redemption or maturity on $366,985,000 outstanding Series 1997A Bonds, $157,090,000 outstanding Series 1997B Bonds, and $68,745,000 outstanding Series 1997C Bonds, and (b) to pay certain costs incurred in connection with the issuance of the Series 2007A Bonds and the provisions for the refunded bonds The proceeds of the sale of the Series 2007B Bonds will be used (a) to pay or reimburse THR for the costs of acquiring, constructing, renovating, remodeling, and/or equipping capital improvements for THR and its tax-exempt controlled affiliates, and (b) to pay certain costs incurred in connection with the issuance of the Series 2007B Bonds

On December 21, 2010, Rockwall entered into a Credit Agreement with JPMorgan Chase Bank N A (the Chase Agreement) The Chase Agreement provides Rockwall with a Real Estate Term Loan of $42,000,000, an Equipment Term Loan of $13,000,000, and a Revolving Loan of $5,000,000 to be used as working capital Under the Chase Agreement, outstanding balances bear interest based on a one-, two-, or three-month LIBOR rate plus 1 95% The Real Estate Term Loan and Equipment Term Loan had outstanding balances of approximately $35,700,000 and $7,429,000, and $37,800,000 and $9,286,000 at December 31, 2013 and 2012, respectively There were no amounts outstanding on the Revolving Loan as of December 31, 2013 and 2012

On January 13, 2011, Rockwall entered into a forward-starting swap agreement with JPMorgan Chase with respect to the $42,000,000 Real Estate Term Loan This swap is intended to reduce the financial risk related to rising LIBOR interest rates by executing a cash flow hedge that will convert the floating rate exposure to a fixed rate hedge instrument The fixed rate on this hedge is 2 70%, with a start date of January 31, 2011 and ending date of December 31, 2017 The fair value of the swap was a liability of approximately $1,935,000 at December 31, 2013, of which approximately $871,000 is expected to be reclassified into earnings during the next twelve months and is included in other accrued liabilities with the remainder included in other noncurrent liabilities on the accompanying consolidated balance sheets The fair value of the swap was a liability of approximately $3,252,000 at December 31, 2012, and is included in other noncurrent liabilities on the accompanying consolidated balance sheets All of the increase or decrease in the fair value for the years ended December 31, 2013 and 2012 is recorded in other changes in unrestricted net assets in the accompanying consolidated statement of operations and changes in net assets Realized gains and losses (settlements) on interest hedge derivatives are recorded as adjustments to interest expense in the statements of operations and are included in cash flows from operating activities in the statements of cash flows For the years ended December 31, 2013 and 2012, settlements totaled approximately $941,000 and $980,000, respectively

On February 28, 2008, Flower Mound entered into a Credit Agreement (the Agreement) with various lending institutions with JPMorgan Chase Bank, NA acting as agent for the lenders The Agreement provides Flower Mound with an Advancing Term Loan Commitment of $105,000,000 used for the construction of the hospital building and the acquisition of equipment and a Revolving Loan Commitment of $20,000,000 to be used as working capital During 2012, the Agreement was amended to reduce the Revolving Loan to $5,000,000 Under the Agreement, outstanding balances for the Term and Revolving Loans bear interest based on one-, two-, three-, or six-month LIBOR rates, plus 1 43% for the Term Loan and 0 90% for the Revolving Loan Prior to an amendment on December 20, 2013, the interest rate on the Term Loan was based on LIBOR rates plus 1 15% The balance outstanding on the Term Loan as of December 31, 2013 and 2012 was approximately $87,841,000 and $93,809,000, respectively There were no amounts outstanding on the Revolving Loan as of December 31, 2013 and 2012

7. Long-Term Debt, continued

On March 10, 2008, Flower Mound also entered into a forward-starting interest swap agreement with JPMorgan Chase with respect to $73,500,000 of the Advancing Term Loan This swap is intended to reduce the financial risk related to rising LIBOR interest rates by executing a cash flow hedge that will convert the floating rate exposure to a fixed rate hedge instrument The fixed rate on the hedge is 4 76% with a start date of September 30, 2009 and an end date of February 28, 2018 The fair value of the swap was a liability of approximately $7,583,000 at December 31, 2013, of which approximately $2,698,000 is expected to be reclassified into earnings during the next twelve months and is included in other accrued liabilities with the remainder included in other noncurrent liabilities on the accompanying consolidated balance sheets The fair value of the swap was a liability of approximately $11,137,000 at December 31, 2012, and is included in other noncurrent liabilities on the accompanying consolidated balance sheets All of the increase or decrease in the fair value for the years ended December 31, 2013 and 2012 is recorded in other changes in unrestricted net assets in the accompanying consolidated statement of operations and changes in net assets Realized gains and losses (settlements) on interest hedge derivatives are recorded as adjustments to interest expense in the statements of operations and are included in cash flows from operating activities in the statements of cash flows For the years ended December 31, 2013 and 2012, settlements totaled approximately $2,903,000 and $2,982,000, respectively

On December 28, 2011, ACL entered into Loan Agreements with Bank of America, N A (the Agreements) The Agreements provide ACL with a ten year floating rate Service Line Term Loan of $15,300,000, a seven year floating rate Equipment Term Loan of $6,400,000 and a five year floating rate Revolving Line of Credit of $10,000,000 The loans bear interest at LIBOR plus a credit spread of 1 3% for the Service Line Term Loan and 0 9% for the Equipment Term Loan and Revolving Line of Credit Balances outstanding as of December 31, 2013 and 2012, respectively, were approximately $14,688,000 and $15,300,000 on the Service Line Term Loan and approximately $6,144,000 and $6,400,000 on the Equipment Term Loan There was no outstanding balance on the Revolving Line of Credit as of December 31, 2013 and 2012

On December 22, 2011, ACL entered into Interest Rate Swap Agreements with Bank of America N A with respect to the Service Line Term Loan and Equipment Term Loan These swaps are intended to reduce the financial risk related to rising LIBOR interest rates by executing a cash flow hedge that will convert the floating rate exposure to a fixed rate hedge instrument The fixed rate on the Service Line Term Loan hedge is 2 0025%, with a start date of December 28, 2011 and ending date of January 1, 2022 The fixed rate on the Equipment Term Loan hedge is 1 6470%, with a start date of December 28, 2011 and ending date of January 1, 2019 The fair value of the swaps at December 31, 2013 was an asset of approximately $379,000 and is included in other assets on the accompanying consolidated balance sheets The fair value of the swaps at December 31, 2012 was a liability of approximately $835,000 and is included in other noncurrent liabilities on the accompanying consolidated balance sheets All of the increase or decrease in the fair value of the swaps for the years ended December 31, 2013 and 2012 is recorded in other changes in unrestricted net assets in the accompanying consolidated statements of operations and changes in net assets Realized gains and losses (settlements) on interest hedge derivatives are recorded as adjustments to interest expense in the statements of operations and are included in cash flows from operating activities in the statements of cash flows For the years ended December 31, 2013 and 2012, settlements totaled approximately $362,000 and $270,000, respectively

In December 2013, Health Imaging Partners entered into a Senior Secured Credit Facility with KeyBank National Association (the Credit Facility) The Credit Facility provides Health Imaging Partners with a seven year fixed rate Term Loan of $28,500,000 and a two year fixed or floating rate Revolving Line of Credit of $3,000,000 The Term Loan bears interest at 3 87% and the Revolving Line of Credit bears interest at either a floating rate advance or a LIBOR rate advance based on timing of when the advance is made The balance outstanding on the Term Loan as of December 31, 2013 was $28,500,000 There was no outstanding balance on the Revolving Line of Credit as of December 31, 2013

7. Long-Term Debt, continued

Scheduled principal repayments on long-term debt are as follows (dollars in thousands)

Year Ending December 31,	Scheduled Principal Payments
2014	$ 34,361
2015	34,311
2016	41,874
2017	69,859
2018	91,702
Thereafter	1,215,556
Total	$ 1,487,663

Unamortized bond and debt issuance costs at December 31, 2013 and 2012 were approximately $6,213,000 and $6,224,000, respectively, and are included in other assets in the accompanying consolidated balance sheets

The Master Indenture, SBPA, Bank Loans and Credit Agreements contain various covenants which require, among other things, the maintenance of certain financial ratios and certain other restrictions Management believes THR is in compliance with its covenants as of December 31, 2013

8. Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2013 and 2012 were restricted for the following purposes (dollars in thousands)

	2013	2012
Capital improvements	$ 32,044	$ 36,007
Education and training	23,683	18,204
Patient care	12,946	10,654
Research	9,332	6,786
Community outreach	5,170	3,560
Other restricted purposes	11,279	7,216
	$ 94,454	$ 82,427

8. Net Assets, continued

Permanently Restricted Net Assets

Permanently restricted net assets at December 31, 2013 and 2012 were restricted by donors to be maintained by THR in perpetuity for the following purposes (dollars in thousands)

	2013	2012
Education and training	$ 23,211	$ 22,378
Research	12,181	11,945
Patient care	8,326	7,968
Capital improvements	3,590	3,526
Community outreach	2,594	2,566
Other restricted purposes	13,496	8,176
	$ 63,398	$ 56,559

9. Endowment

The System's endowments consist of donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions

Based on the interpretation of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) by the Board of Trustees, the guidance in FASB ASC 958-205, Not-for-Profit Entities Presentation of Financial Statements, and absent explicit donor stipulations to the contrary, the System classifies the original value of gifts donated to the permanent endowment as well as accumulations to the permanent endowment made at the direction of the donor or by policy as permanently restricted net assets The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the System in a manner consistent with the standard of prudence prescribed in UPMIFA

In accordance with UPMIFA, the System considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds

(1) The duration and preservation of the fund
(2) The purposes of the Foundations and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Foundations
(7) The investment policies of the Foundations

9. Endowment, continued

Changes in the System's endowment net assets for the years ended December 31, 2013 and 2012 are as follows (dollars in thousands)

	Board Designated Endowment Funds	Donor- Restricted Endowment Funds		Total Endowment Funds
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Balance at December 31, 2011	$ 42,995	$ 24,871	$ 46,064	$ 113,930
Contributions	-	-	2,221	2,221
Interest and dividends	827	1,883	-	2,710
Realized and unrealized gains, net	2,818	2,974	-	5,792
Transfers	-	(718)	1,267	549
Amounts appropriated for expenditure	(236)	(1,433)	-	(1,669)
Balance at December 31, 2012	46,404	27,577	49,552	123,533
Contributions	-	-	358	358
Interest and dividends	473	1,437	-	1,910
Realized and unrealized gains, net	6,631	12,396	-	19,027
Transfers	-	(823)	1,023	200
Amounts appropriated for expenditure	(164)	(1,304)	-	(1,468)
Balance at December 31, 2013	$ 53,344	$ 39,283	$ 50,933	$ 143,560

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the original value of the fund In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets There were no deficiencies of this nature as of December 31, 2013 and 2012

The System has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets Under this policy, the endowment assets are invested in securities and other instruments which compliment or balance one another, thereby reducing risk without significantly reducing average returns

To satisfy its long-term rate-of-return objectives, the System relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) The System targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints

The System has spending policies that allow up to 4% of the endowment to be appropriated for expenditure unless otherwise stipulated in the donor agreement, calculated after the endowment principal has been increased by the annual Consumer Price Index This is consistent with the System's objectives to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth

10. Non-Controlling Interests

The System controls and therefore consolidates certain investees in its partnerships with physicians and non-physicians to operate hospitals and other health related ventures The activity for non-controlling interests for the years ended December 31, 2013 and 2012 is summarized below (dollars in thousands)

	2013	2012
Non-controlling ownership interest in equity of consolidated affiliates, beginning of year	$ 60,910	$ 49,343
Revenue and gains in excess of expenses and losses attributable to non-controlling interest	63,164	53,215
Elimination and/or purchase of non-controlling interest	(829)	(1,053)
Non-controlling interest in change in fair value of interest rate swap agreements	2,864	(281)
Contributions from non-controlling interest holders	1,877	2,352
Distributions to non-controlling interest holders	(51,195)	(42,666)
Non-controlling ownership interest in equity of consolidated affiliates, end of year	$ 76,791	$ 60,910

11. Retirement Plans

The System has various plans, primarily defined contribution plans, which cover eligible full-time and part-time employees of the System Plan contributions, included in salaries, wages, and employee benefits in the consolidated statements of operations and changes in net assets, were approximately $52,834,000 and $49,165,000 for the years ended December 31, 2013 and 2012, respectively

12. Federal and State Income Taxes

The System has certain subsidiaries and operations such as partnership interests, retail pharmacies and outside laboratory services that are taxable for federal income tax purposes The taxable activities of all includible entities have approximately $747,000 and $1,082,000 in net deferred tax assets, against which a 100% valuation allowance has been recorded, for the years ended December 31, 2013 and 2012, respectively While the System expects to generate taxable income from certain activities in the future, the valuation allowance has been recorded because the System does not believe taxable income will be incurred by the entities that generated the net deferred tax assets The Texas franchise tax applies to certain of the System's consolidated for-profit and joint venture interests Under this law, tax is calculated on a margin base and is therefore reflected in the System's statements of operations and changes in net assets as income tax expense Federal and state income tax expense of approximately $9,293,000 and $10,170,000 is included in the consolidated statements of operations and changes in net assets for the years ended December 31, 2013 and 2012, respectively

13. Concentrations of Credit Risk

Financial institutions that potentially subject the System to concentrations of credit risk consist of deposits in banks and investments in excess of the Federal Deposit Insurance Corporation, Securities Investor Protection Corporation and other privately insured limits The System has not experienced any credit losses on these financial instruments

13. Concentrations of Credit Risk, continued

The hospitals and physician practices grant credit without collateral to their patients, most of whom are local residents and are insured under third-party payor agreements The mix of gross receivables from patients and third-party payors at December 31, 2013 and 2012 is as follows

	2013	2012
Medicare	22%	19%
Medicare Managed Care	9%	8%
Medicaid	2%	3%
Medicaid Managed Care	5%	6%
Managed care organizations	43%	45%
Other third-party payors	3%	3%
Patients	16%	16%
	100%	100%

14. Commitments and Contingencies

Management evaluates contingencies based upon available evidence In addition, allowances for losses are provided each year for disputed items which have continuing significance Management believes that allowances for losses have been provided to the extent necessary and that its assessment of contingencies is reasonable Due to the inherent uncertainties and subjectivity involved in accounting for contingencies, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term To the extent that the resolution of contingencies results in amounts which vary from management's estimates, future operating results will be charged or credited The principal commitments and contingencies are described below

Professional and General Liability Insurance

The System has known professional and general liability claims and incidents that may result in the assertion of claims, as well as exposure from unknown incidents that may be asserted In connection with these risks, THR maintains a self-insurance program for the professional and general liabilities of THR and its wholly-controlled hospital affiliates whereby undiscounted reserves are recorded based on actuarial estimates from an independent third-party actuary The self-insurance program includes coverage for general liability exposure of THPG Professional liability exposure of THPG is purchased from commercial carriers and is not included in the self-insurance program In connection with the self-insurance program, THR maintains trust funds, included in assets limited as to use in the consolidated balance sheets, which hold assets for the purpose of paying potential professional liability and general liability claims The System also purchases insurance for professional liability and general liability claims in excess of THR's self-insurance retention level

Workers' Compensation Insurance

The System purchases workers' compensation insurance from commercial carriers with per claim deductibles and aggregate limits Accrued claims include estimates for known claims and incidents incurred but not reported at December 31, 2013 and 2012, respectively

14. Commitments and Contingencies, continued

Employee Health Insurance

THR maintains a self-insurance medical plan for the employees of THR and its wholly-controlled affiliates Accrued claims include estimates for known claims and services incurred but not reported at December 31, 2013 and 2012, respectively THR also purchases insurance to limit its losses on claims for medical expenses

Guarantees of Indebtedness

The Tax-Exempt Hospitals guaranteed approximately $20,542,000 and $15,386,000 of patient notes purchased by banks at December 31, 2013 and 2012, respectively The System recorded a contingent liability of approximately $5,763,000 and $7,470,000 at December 31, 2013 and 2012, respectively, for these guarantees based on historical default rates

THR had previously entered into a limited guaranty agreement with Bank of America whereby THR guaranteed its proportionate share of any indebtedness outstanding between Bank of America and USMD Hospital of Arlington, L P (USMD Arlington) In February, 2013, USMD Arlington refinanced their existing Bank of America debt with JPMorgan Chase Bank, N A (JPM), and THR entered into a limited guaranty agreement with JPM for 51% of any indebtedness outstanding between JPM and USMD Arlington THR also previously guaranteed 100% of USMD Hospital of Fort Worth, L P (USMD Fort Worth)'s Southwest Bank indebtedness and 51% of their Bank of Texas indebtedness for a fee In May, 2013, USMD Fort Worth paid off their Bank of Texas debt and renegotiated their existing debt with Southwest Bank, and THR entered into a limited guaranty agreement with Southwest Bank for 51% of any indebtedness outstanding between Southwest Bank and USMD Fort Worth up to a maximum guaranty amount of $6,150,000 At December 31, 2013 and 2012, THR's share of principal on USMD Arlington's and USMD Fort Worth's outstanding indebtedness was approximately $17,284,000 and $6,150,000, and $18,036,000 and $8,557,000, respectively Payments are due from THR if USMD Arlington or USMD Fort Worth is unable to fulfill its obligations at the scheduled payment dates As of December 31, 2013, it is not probable that THR will be required to make significant payments under the limited guaranty agreements No amounts have been recorded in the accompanying consolidated financial statements for these guarantees

Litigation

The System is a party to several legal actions arising in the ordinary course of its business In management's opinion, the System has adequate legal defenses, insurance coverage, and (or) self insurance trust assets for each of these actions, and management estimates that these matters will be resolved without material adverse effect on the System's future financial position, results of operations, or cash flows

Regulatory Compliance

The health care industry is subject to numerous laws and regulations of federal, state, and local governments and compliance can be subject to future review and interpretation as well as the possible emergence of regulatory actions unknown or unasserted at this time Management believes that the System is in substantial compliance with applicable government laws and regulations Regulatory inquiries and voluntary reports may be made from time-to-time It is management's policy to cooperate fully in resolving any such reports or inquiries

14. Commitments and Contingencies, continued

Regulatory Compliance, *continued*

In May 2013, THR learned sheets of microfiche containing records for patients treated at Texas Health Harris Methodist Hospital Fort Worth from 1980-1990 were not securely handled by the outside vendor with which THR contracted for all of its document destruction THR has made all legally required notifications of the incident, including letters to the patients involved, a notice posted on THR's public website, and a press release THR does not anticipate a material financial impact due to this incident

In December 2010, the Department of Justice (DOJ) issued a request for information pursuant to the False Claims Act to THR involving seven THR wholly controlled hospitals The request involves information regarding Medicare claims submitted by the hospitals in connection with the implantation of implantable cardioverter defibrillators (ICDs) during the period 2003 to the date of the request The government is seeking this information to determine if ICD implantation procedures were performed in accordance with Medicare coverage requirements Management understands that the DOJ has submitted similar requests to other hospital systems as well The System is cooperating with the government regarding its review, to date, the DOJ has not asserted any claim against THR hospitals

THR's Corporate Compliance Department investigates all compliance matters reported through its compliance program As of the date of this disclosure, there was no additional pending or, to the knowledge of System management, threatened litigation, including professional liability claims, or reported compliance issues which in the opinion of System management involves any substantial risk of material liability for the System, and where applicable, in excess of available reserves and insurance coverage In management's opinion, the System does not expect the resolution of any known regulatory compliance matters to have a material adverse effect on the System's future financial position, results of operations, or cash flows

Operating Leases

The System leases various equipment and facilities under operating leases expiring at various dates through 2025 Total rental expense, included in other operating expenses in the consolidated statements of operations and changes in net assets, was approximately $80,620,000 and $87,220,000 for the years ended December 31, 2013 and 2012, respectively

The following is a five year schedule, by year, of future minimum lease payments under non-cancelable operating leases that have initial terms in excess of one year as of December 31, 2013 (dollars in thousands)

Year Ending December 31,	
2014	$ 52,377
2015	41,899
2016	36,054
2017	32,614
2018	23,190

The System leases office space and land at fair market value to non-THPG physicians, health care related businesses, and others under operating leases expiring at various dates through 2072 Total rental income, included in other operating revenue and other non-operating gains in the consolidated statements of operations and changes in net assets, was approximately $36,273,000 and $36,810,000 for the years ended December 31, 2013 and 2012, respectively

14. Commitments and Contingencies, continued

Operating Leases, *continued*

The following is a five-year schedule, by year, of future minimum rental income payments under non-cancelable leases that have initial terms in excess of one year as of December 31, 2013 (dollars in thousands)

Year Ending December 31,	
2014	$ 24,460
2015	18,678
2016	13,008
2017	9,491
2018	6,679

15. Functional Operating Expenses

The System provides general and comprehensive health care services to residents within its geographic locations Operating expenses related to providing these services for the years ended December 31, 2013 and 2012 were as follows (dollars in thousands)

	2013	2012
Patient care services	$ 3,077,387	$ 3,004,051
General and administrative	427,841	410,294
Research and physician education	15,746	15,254
Fundraising	5,994	6,416
	$ 3,526,968	$ 3,436,015

16. Fair Value Measurements

The System follows the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*, for its financial assets and liabilities that are measured and reported at fair value each reporting period The financial assets recorded at fair value on a recurring basis primarily relate to investments, assets limited as to use, interest rate swap agreements, and contributions receivable from split-interest agreements FASB ASC 820 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy)

16. Fair Value of Financial Instruments, continued

The following tables present information about the System's assets and liabilities (dollars in thousands) that are measured at fair value on a recurring basis as of December 31, 2013 and 2012, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities Fair values determined by Level 2 inputs utilize data points that are observable, such as quoted prices, interest rates and yield curves Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability The System's assets limited as to use that are categorized as Level 3, or valued using significant unobservable inputs, represent an investment in the Texas Methodist (formerly Central Texas Methodist) Foundation, contributions receivable from split-interest agreements and an endowment fund primarily holding mineral interests that are valued based on a multiple of annual revenues

	2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 23,540	$ 22,830	$ 710	$ -
Domestic equity securities				
Cash equivalents	23,704	23,704	-	-
Mutual funds	80,795	80,795	-	-
Common collective trust	233,021	233,021	-	-
Energy	127,300	126,883	417	-
Materials	64,432	64,432	-	-
Industrials	122,246	122,246	-	-
Consumer discretionary	240,133	239,778	355	-
Consumer staples	69,707	69,303	404	-
Health care	161,131	160,461	670	-
Financials	303,621	302,945	676	-
Information technology	299,975	299,899	76	-
Telecommunication services	27,987	27,752	235	-
Utilities	18,943	18,851	92	-
Other	16,745	12,680	4,065	-
International equity securities				
Mutual funds	128,208	128,208	-	-
Common collective trust	130,264	130,264	-	-
Fixed income securities				
Cash equivalents	97,031	-	97,031	-
U S Government	17,742	-	17,742	-
Corporate bonds	80,783	-	80,783	-
Agency mortgages	247,045	-	247,045	-
U S Agencies	421,256	-	421,256	-
Other	2,098	-	2,098	-
Common collective trust (blended securities)	40,610	40,610	-	-
Mutual funds (blended securities)	5,525	536	4,989	-
Hedge funds	1,294	-	1,294	-
Texas Methodist Foundation	1,160	-	-	1,160
Real estate	3,610	-	3,592	18
Mineral interests	6,808	-	-	6,808
Contributions receivable from split-interest agreements	1,614	-	-	1,614
Total assets	$ 2,998,328	$ 2,105,198	$ 883,530	$ 9,600
Interest rate swap agreements	$ (9,139)	$ -	$ (9,139)	$ -

16. Fair Value of Financial Instruments, continued

	2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 51,733	$ 50,502	$ 1,231	$ -
Domestic equity securities				
Cash equivalents	23,961	23,961	-	-
Energy	91,964	91,585	379	-
Materials	69,540	69,540	-	-
Industrials	102,117	102,117	-	-
Consumer discretionary	229,656	229,179	477	-
Consumer staples	67,607	67,293	314	-
Health care	153,378	152,969	409	-
Financials	213,697	213,185	512	-
Information technology	202,800	202,743	57	-
Telecommunication services	30,815	30,601	214	-
Utilities	21,335	18,600	2,735	-
Other	21,009	21,002	7	-
International equity securities				
Mutual funds	110,189	110,189	-	-
Common collective trust	109,593	109,593	-	-
Fixed income securities				
Cash equivalents	26,204	-	26,204	-
U S Government	13,732	-	13,732	-
Corporate bonds	3,328	-	3,328	-
Agency mortgages	208,430	-	208,430	-
U S Agencies	482,737	-	482,737	-
Other	2,186	-	2,186	-
Common collective trust	46,207	46,207	-	-
Mutual funds	276	-	276	-
Hedge funds	1,570	-	1,570	-
Central Texas Methodist Foundation	1,151	-	-	1,151
Real estate	3,610	-	3,592	18
Mineral interests	5,473	-	-	5,473
Contributions receivable from split-interest agreements	1,803	-	-	1,803
Total assets	$ 2,296,101	$ 1,539,266	$ 748,390	$ 8,445
Interest rate swap agreements	$ (15,225)	$ -	$ (15,225)	$ -

Included in assets limited as to use in the accompanying statements of financial position is approximately $7,929,000 and $10,788,000 at December 31, 2013 and 2012, respectively, of pledges receivable that have been excluded from the above tables

The System's policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer There were no significant transfers into or out of level 1, level 2, or level 3 for the years ended December 31, 2013 and 2012

16. Fair Value of Financial Instruments, continued

The change in the fair value of the System's assets limited as to use valued using significant unobservable inputs (Level 3) is shown below (dollars in thousands)

	2013	2012
Fair value recorded at beginning of year	$ 8,445	$ 8,919
Adjustment to record increase in estimated fair value due to realized investment gains	9	13
Adjustment to record increase (decrease) in estimated fair value due to unrealized gains (losses)	1,335	(549)
Change in value of split-interest agreements	(189)	62
Fair value recorded at end of year	$ 9,600	$ 8,445

The adjustment to record the increase (decrease) in estimated fair value due to realized and unrealized gains (losses) on the investments valued using significant unobservable inputs is included in changes in temporarily restricted net assets in the accompanying consolidated statements of operations and changes in net assets The change in value of split-interest agreements on the investments valued using significant unobservable inputs is included in changes in unrestricted and temporarily restricted net assets in the accompanying consolidated statements of operations and changes in net assets The increase in unrealized gains (losses) relating to assets still held at December 31, 2013 and 2012 is approximately $1,335,000 and ($549,000), respectively

The following methods and assumptions were used by the System in estimating the fair value of its financial instruments

Cash and Cash Equivalents

The carrying amounts, at face value or cost plus accrued interest, approximate fair value because of the short maturity of these instruments

Equity Securities

Equity securities held by THR or held in trust controlled by THR are measured using quoted market prices Equity securities held in trust not controlled by THR are measured using the net asset value of the trust based on the fair value of underlying securities, which are measured using quoted market prices

Fixed Income Securities

Fixed income securities are measured using quoted market prices, if available, or estimated using quoted market prices for similar assets

Common Collective Trusts

Investments in common collective trusts may be accessed at any time at the net asset value as reported by the manager on a daily basis THR's interest in these trusts contains no other rights or obligations As such, net asset value represents fair value for these investments Each common collective trust invests in either equity or fixed income securities

16. Fair Value of Financial Instruments, continued

Mutual Funds

Values of investments in mutual funds are based on quoted market prices for publicly traded funds and net asset values for funds that are not publicly traded THR's interest in these funds contains no other rights or obligations As such, net asset value represents fair value for these investments Each fund invests in either equity or fixed income securities

Hedge Funds

Values of investments in hedge funds are based on net asset value as estimated by the general partner of the hedge fund based on the underlying securities which are primarily level 1 and 2 financial instruments and reviewed by management of THR

Texas Methodist Foundation

The value of the investment in the Texas Methodist Foundation is estimated by the manager of the foundation based on the valuation of loans made by the foundation

Real Estate

Investments in real estate are measured by private valuations

Mineral Interests

Investments in mineral interests are estimated based on a multiple of annual revenues

Contributions Receivable from Split-Interest Agreements

The fair value of the contribution is measured at the present value of the estimated future cash receipts from the trust's assets

Long-Term Debt

Fair value of the System's long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the System for debt of the same remaining maturities and is therefore classified as Level 2 under the fair value hierarchy The carrying amounts and fair value of the System's long-term debt at December 31, 2013 and 2012 were as follows (dollars in thousands)

	Book Value		Estimated Fair Value	
	2013	2012	2013	2012
Fixed rate	$ 952,298	$ 939,059	$ 943,380	$ 994,280
Variable rate	522,647	494,118	522,647	494,118
Other	21,846	21,638	21,846	21,638
	$ 1,496,791	$ 1,454,815	$ 1,487,873	$ 1,510,036

Interest Rate Swap Agreements

Current market pricing models were used to estimate fair values of interest rate swap agreements

16. Fair Value of Financial Instruments, continued

Other Financial Instruments

The carrying amount reported in the consolidated balance sheets for cash and cash equivalents, receivables, accounts payable, estimated third-party settlements, accrued salaries, wages, and employee benefits, and other accrued liabilities approximates its fair value due to the short-term nature of these financial instruments

17. Investments in Unconsolidated Affiliates

THR and its controlled affiliates participate with other organizations, physicians, and non-physicians to provide health care related services At December 31, 2013, THR and its controlled affiliates own interests in Community Hospice of Texas (Hospice), a provider of hospice services, LHCG XXXIII, LLC (LHC Home Health), a provider of home health services, North Central Texas Services (d/b/a CareFlite) (CareFlite), a provider of helicopter, fixed wing and ground ambulance services, North Texas Health Care Laundry Cooperative Association (NTHC Laundry), a provider of laundry services, USMD Arlington and USMD Fort Worth, short-stay hospitals, Imaging Center Partnership, L L P (d/b/a Southwest Diagnostic Imaging Center) (SDIC), a provider of outpatient diagnostic imaging services, Sherman/Grayson Health System, L L C (d/b/a Texas Health Presbyterian Hospital – WNJ) (WNJ) and Texas Health Huguley, Inc (d/b/a Texas Health Huguley Hospital Fort Worth South) (Huguley), acute care hospitals, THR/STT Rockwall ASC, LLC (STT Rockwall), THR/STT Southlake ASC, LLC (STT Southlake), ambulatory surgery centers, MedSynergies, Inc (MSI), a provider of medical business services and technology to physicians and hospital systems, and other partnerships

Effective May 1, 2012, THR entered into an agreement with Adventist Health System to form a joint venture to own and manage Huguley Memorial Medical Center, a 213 bed hospital located in south Fort Worth Subsequent to the transaction, the facility name was changed to Texas Health Huguley Hospital Fort Worth South, and is managed by Adventist Health System

Effective June 1, 2012, THR purchased shares of THR/STT Rockwall ASC, LLC and THR/STT Southlake ASC, LLC, two existing ambulatory surgery centers located in Rockwall and Southlake, respectively

Effective July 1, 2012, Texas Health Presbyterian Hospital Dallas sold its Home Health service line to LHCG XXXIII, LLC In conjunction with the transaction, THR acquired a 20% ownership interest in that joint venture and recorded a gain on the sale of the service line of approximately $3,787,000, which is included in other operating revenue in the accompanying consolidated statements of operations and changes in net assets

Effective October 1, 2012, THR entered into an agreement with Surgical Care Affiliates, LLC (SCA) to form a joint venture to acquire and develop ambulatory surgery centers (ASC's) in the Dallas Fort Worth Metroplex THR owns THR-SCA Holdings, LLC joint venture, and SCA manages the daily operations of the ASC's The ASC's included in the joint venture as of December 31, 2012 are Greenville Surgery Center (Greenville ASC), Texas Health Flower Mound Orthopedic Surgery Center, LLC (Flower Mound ASC), Surgical Caregivers of Fort Worth (Fort Worth ASC), and Denton Surgery Center (Denton ASC) During 2013, THR-SCA Holdings also acquired ownership interests in Texas Health Craig Ranch Surgery Center, LLC (Craig Ranch ASC), and Cleburne Surgical Center, LLC (Cleburne ASC) In 2012, THR contributed its existing ownership in Denton ASC to THR-SCA Holdings and received approximately $1,360,000 cash from SCA to compensate THR for the difference between the fair value of Denton ASC versus the fair value of the ASC's contributed by SCA As a result of this transaction, THR deconsolidated Denton ASC effective October 1, 2012, and recognized a gain of approximately $5,518,000, which is included in other operating revenue in the accompanying consolidated statements of operations and changes in net assets

17. Investments in Unconsolidated Affiliates, continued

The ownership interests, carrying amounts, and equity in earnings of investments in unconsolidated affiliates at December 31, 2013 and 2012 were as follows (dollars in thousands)

	Ownership Interest		Carrying Value		Equity in Earnings	
	2013	2012	2013	2012	2013	2012
Huguley	51 0%	51 0%	$ 29,646	$ 17,781	$ 11,865	$ 2,781
USMD Arlington	51 0%	51 0%	26,295	25,008	10,265	7,468
Hospice	50 0%	50 0%	17,794	15,577	2,218	2,612
USMD Fort Worth	51 0%	51 0%	14,267	12,874	4,578	2,881
MSI	13 0%	13 0%	10,040	10,040	-	-
Denton ASC	71 5%	70 3%	9,000	8,829	3,001	527
STT Southlake	51 0%	51 0%	6,065	6,058	2,748	1,467
Fort Worth ASC	51 0%	51 0%	5,920	4,453	3,497	206
CareFlite	50 0%	50 0%	5,690	5,544	(417)	1,382
NTHC Laundry	48 3%	43 9%	4,046	3,257	795	1,118
Cleburne ASC	51 0%	0 0%	3,487	-	117	-
Greenville ASC	80 3%	86 3%	2,378	1,072	1,620	10
STT Rockwall	51 0%	51 0%	2,015	2,009	1,327	757
SDIC	50 0%	50 0%	1,943	1,860	4,656	4,565
Flower Mound ASC	51 0%	51 0%	1,020	1,677	(657)	-
Craig Ranch ASC	66 0%	0 0%	841	-	(479)	-
LHC Home Health	20 0%	20 0%	781	1,056	(275)	(194)
WNJ	50 1%	50 1%	-	-	(1,124)	(15,319)
Others	1 2% - 51 0%	1 0% - 51 0%	773	3,935	449	3
			$ 142,001	$ 121,030	$ 44,184	$ 10,264

The equity in earnings of unconsolidated affiliates providing services that the System does not provide as part of its routine services are included in nonoperating gains (losses) in the accompanying consolidated statements of operations and changes in net assets All others are included in operating revenue

18. Related-Party Transactions

THR incurred expenses for purchased services from NTHC Laundry of approximately $8,420,000 and $8,218,000 for the years ended December 31, 2013 and 2012, respectively, which is recorded in other operating expenses in the accompanying consolidated statements of operations and changes in net assets Amounts due to NTHC Laundry, which total approximately $1,008,000 and $511,000 at December 31, 2013 and 2012, respectively, are reflected in current liabilities in the accompanying consolidated balance sheets THPG received subsidies from WNJ totaling approximately $3,960,000 and $7,199,000 for the years ended December 31, 2013 and 2012, respectively, which is recorded in other operating revenue in the accompanying consolidated statements of operations and changes in net assets Amounts due to (from) WNJ for this arrangement, which total approximately $399,000 and $(829,000) at December 31, 2013 and 2012, respectively, are reflected in other receivables in the accompanying consolidated balance sheets Additionally, THR has various other immaterial transactions with certain of its nonconsolidated affiliates throughout the year

19. Subsequent Events

The System evaluated events subsequent to December 31, 2013 and through April 14, 2014, the date on which the financial statements were issued