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Part III

Statement of Program Service Accomplishments

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

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1

Briefly describe the organization's mission

THE MISSION OF FREEMAN HEALTH SERVICES IS TO IMPROVE THE HEALTH OF THE COMMUNITIES WE SERVE THROUGH CONTEMPORARY, INNOVATIVE, QUALITY HEALTHCARE SOLUTIONS

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 \$ 221,561,113 including grants of \$ 1,334,856 ) (Revenue \$ 253,953,651 )

FREEMAN OFFERS OUTPATIENT SERVICES INCLUDING CANCER CARE, EMERGENCY MEDICINE, WOMEN'S SERVICES, GASTROENTEROLOGY, DIALYSIS, WOUND CARE, NEUROLOGY, ORTHOPAEDICS, OTOLARYNGOLOGY, GERIATRIC CARE, PHARMACIES, WALK-IN CLINICS, HOME CARE, OCCUPATIONAL MEDICINE, OUTPATIENT SURGERY, REHABILITATION THERAPIES, HEART AND VASCULAR SERVICES, RADIOLOGY, LABORATORY SERVICES, AND MORE SEE SCHEDULE O FOR ADDITIONAL INFORMATION

4b

(Code ) (Expenses \$ 182,270,285 including grants of \$ ) (Revenue \$ 210,635,092 )

THROUGH TWO JOPLIN HOSPITALS, FREEMAN PROVIDES A WIDE ARRAY OF INPATIENT SERVICES FREEMAN PROVIDES SERVICES TO PATIENTS THROUGH GENERAL MEDICAL, GENERAL SURGERY, ORTHOPAEDIC, NEUROSURGERY, CARDIOVASCULAR, CARDIAC/MEDICAL, ONCOLOGY, CRITICAL CARE (INTENSIVE AND TRANSITIONAL), NICU (NEONATAL ICU), MATERNAL, PEDIATRIC, PSYCHIATRIC, GERIATRIC PSYCHIATRIC, AND PHYSICAL REHABILITATION UNITS SEE SCHEDULE O FOR ADDITIONAL INFORMATION

4c

(Code ) (Expenses \$ 18,451,384 including grants of \$ ) (Revenue \$ 15,877,648 )

FREEMAN HEART & VASCULAR INSTITUTE PROVIDES A COMPREHENSIVE ARRAY OF SERVICES TO PATIENTS FROM SOUTHWESTERN MISSOURI, SOUTHEASTERN KANSAS, NORTHEASTERN OKLAHOMA, AND NORTHWESTERN ARKANSAS THE INSTITUTE INCLUDES CARDIOLOGIST OFFICES, CARDIOTHORACIC SURGEON OFFICES, CARDIOVASCULAR OPERATING ROOMS, FOUR CATHETERIZATION LABS, A CARDIOVASCULAR INTENSIVE CARE UNIT, A 45-BED INPATIENT HEART UNIT, CARDIAC DIAGNOSTICS (INPATIENT AND OUTPATIENT STRESS AND ECHO TESTING), VASCULAR LAB (DIAGNOSTIC TESTING USED BY CARDIOLOGISTS AND CARDIOVASCULAR SURGEONS), AND A CARDIO-PULMONARY REHABILITATION UNIT - ALL UNDER ONE ROOF FOR PATIENT CONVENIENCE SEE SCHEDULE O

4d

Other program services (Describe in Schedule O )

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

4e
























Total program service expenses ▶

422,282,782

Form 990 (2013)

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)? <i>If "Yes," complete Schedule A</i>    | Yes |    |
| 2   | Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?    | Yes |    |
| 3   | Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>   |     | No |
| 4   | <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>    | 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? <i>If "Yes," complete Schedule C, Part III</i>    |     | 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? <i>If "Yes," complete Schedule D, Part I</i>   |     | 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? <i>If "Yes," complete Schedule D, Part II</i>   |     | No |
| 8   | Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>    |     | 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? <i>If "Yes," complete Schedule D, Part IV</i>  |     | No |
| 10  | Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>   |     | 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? <i>If "Yes," complete Schedule D, Part VI</i>    | 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? <i>If "Yes," complete Schedule D, Part VII</i>   |     | 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? <i>If "Yes," complete Schedule D, Part VIII</i>   |     | 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? <i>If "Yes," complete Schedule D, Part IX</i>   |     | No |
| e   | Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>    | 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)? <i>If "Yes," complete Schedule D, Part X</i>   |     | No |
| 12a | Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>   |     | No |
| b   | Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>    | Yes |    |
| 13  | Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>   |     | No |
| 14a | Did the organization maintain an office, employees, or agents outside of the United States?  |     | 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? <i>If "Yes," complete Schedule F, Parts I and IV</i>   |     | 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? <i>If "Yes," complete Schedule F, Parts II and IV</i>  |     | 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? <i>If "Yes," complete Schedule F, Parts III and IV</i>  |     | 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? <i>If "Yes," complete Schedule G, Part I (see instructions)</i>    |     | 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? <i>If "Yes," complete Schedule G, Part II</i>   | Yes |    |
| 19  | Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>   |     | No |
| 20a | Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>    | Yes |    |
| b   | If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?    | Yes |    |

Part IV

Checklist of Required Schedules (continued)

|     |  |     |     |    |
|-----|--|-----|-----|----|
| 21  | Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .  | 21  | 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? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .  | 22  | Yes |    |
| 23  | Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> . . . . .  | 23  | Yes |    |
| 24a | Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i> . . . . .                            | 24a | Yes |    |
| b   | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .  | 24b |     | No |
| c   | Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .   | 24c |     | No |
| d   | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .  | 24d |     | No |
| 25a | <b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .  | 25a |     | No |
| b   | Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .                                       | 25b |     | No |
| 26  | Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, complete Schedule L, Part II</i> . . . . .                                    | 26  | Yes |    |
| 27  | Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> . . . . . | 27  |     | No |
| 28  | Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)   |     |     |    |
| a   | A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .   | 28a |     | No |
| b   | A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .  | 28b | Yes |    |
| c   | An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .  | 28c |     | No |
| 29  | Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . . .  | 29  | Yes |    |
| 30  | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .  | 30  |     | No |
| 31  | Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .  | 31  |     | No |
| 32  | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .  | 32  |     | No |
| 33  | Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .  | 33  | Yes |    |
| 34  | Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .  | 34  | Yes |    |
| 35a | Did the organization have a controlled entity within the meaning of section 512(b)(13)?  | 35a | Yes |    |
| b   | If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .   | 35b | Yes |    |
| 36  | <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .   | 36  |     | No |
| 37  | Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> . . . . .   | 37  |     | No |
| 38  | Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .  | 38  | Yes |    |

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

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|   |   |     |       |
|---|---|-----|-------|
|   |   | Yes | No    |
| 1a  | Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.   | 1a  | 162   |
| 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  | 4,518 |
| b   | If at least one is reported on line 2a, did the organization file all required federal employment tax returns?<br><b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).                                   | 2b  | Yes   |
| 3a  | Did the organization have unrelated business gross income of \$1,000 or more during the year?   | 3a  | 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: _____<br>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  | Yes   |
| b   | If "Yes," did the organization notify the donor of the value of the goods or services provided?   | 7b  | Yes   |
| 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?<br><b>Note.</b> See the instructions for additional information the organization must report on Schedule O.  | 13a |       |
| b   | Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.  | 13b |       |
| c   | Enter the amount of reserves on hand.   | 13c |       |
| 14a   | Did the organization receive any payments for indoor tanning services during the tax year?  | 14a | No    |
| b   | If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.  | 14b |       |

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

|    |   |     |     |
|----|---|-----|-----|
|    |   | Yes | No  |
| 1a | Enter the number of voting members of the governing body at the end of the tax year . . . . .   | 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 . . . . .  | 7   |     |
| 2  | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . .   | 2   | No  |
| 3  | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . . . . | 3   | 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   | No  |
| 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  | No  |
| 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  | No  |
| 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.<br><input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O) |
| 19 | Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year   |
| 20 | State the name, physical address, and telephone number of the person who possesses the books and records of the organization<br>▶STEVE GRADDY 1102 WEST 32ND STREET<br>JOPLIN, MO 64804 (417) 347-6678   |

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)<br>Name and Title                                   | (B)<br>Average hours per week (list any hours for related organizations below dotted line) | (C)<br>Position (do not check more than one box, unless person is both an officer and a director/trustee) |                       |         |              |                              |        | (D)<br>Reportable compensation from the organization (W- 2/1099- MISC) | (E)<br>Reportable compensation from related organizations (W- 2/1099- MISC) | (F)<br>Estimated amount of other compensation from the organization and related organizations |
|---|--|---|-----------------------|---------|--------------|------------------------------|--------|--|---|---|
|   |  | Individual trustee or director  | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former |  |   |   |
| (1) LANCE BESHORE PHD<br>CHAIR                          | 1 0<br>0 0   | X   |                       | X       |              |                              |        | 0  | 0   | 0   |
| (2) DIAN DOODY MD<br>VICE CHAIR ENDING 07/13            | 1 0<br>0 0   | X   |                       | X       |              |                              |        | 0  | 0   | 0   |
| (3) LARRY MCINTIRE DO<br>DIRECTOR                       | 60 0<br>0 0  | X   |                       |         |              |                              |        | 525,703  | 0   | 8,405   |
| (4) JOHN M COX DO<br>DIRECTOR                           | 60 0<br>0 0  | X   |                       |         |              |                              |        | 1,103,672  | 0   | 27,077  |
| (5) RODNEY MCFARLAND MD<br>DIRECTOR                     | 56 0<br>4 0  | X   |                       |         |              |                              |        | 254,396  | 21,776  | 22,142  |
| (6) JIM ARMSTRONG<br>SECRETARY/TREASURER                | 1 0<br>0 0   | X   |                       | X       |              |                              |        | 0  | 0   | 0   |
| (7) GLENN MITCH MCCUMBER<br>DIRECTOR                    | 1 0<br>1 0   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| (8) SCOTT BROTHERS<br>VICE CHAIR                        | 1 0<br>0 0   | X   |                       | X       |              |                              |        | 0  | 0   | 0   |
| (9) GLENN BROWN<br>DIRECTOR                             | 1 0<br>0 0   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| (10) MARK WILLIAMS<br>DIRECTOR                          | 1 0<br>0 0   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| (11) JAMES FLEISCHAKER<br>DIRECTOR                      | 1 0<br>0 0   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| (12) PAULA F BAKER<br>PRESIDENT/CEO                     | 54 0<br>13 5   | X   |                       | X       |              |                              |        | 803,907  | 0   | 673,828   |
| (13) JOE L KIRK<br>CHIEF OPERATIONS OFFICER             | 60 0<br>0 0  |   |                       | X       |              |                              |        | 533,600  | 0   | 74,416  |
| (14) STEVE W GRADDY<br>CFO                              | 50 0<br>10 0   |   |                       | X       |              |                              |        | 432,924  | 0   | 92,514  |
| (15) RICHARD D SCHOOLER<br>CHIEF MEDICAL OFFICER        | 60 0<br>0 0  |   |                       |         | X            |                              |        | 457,771  | 0   | 84,504  |
| (16) DEBRA M KOELKEBECK<br>VP RETAIL/CLIN OPS END 09/13 | 60 0<br>0 0  |   |                       |         | X            |                              |        | 313,595  | 0   | 33,641  |
| (17) MICHAEL J LEONE<br>CONTROLLER                      | 60 0<br>0 0  |   |                       |         | X            |                              |        | 244,754  | 0   | 46,564  |



**Part VII**

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

| (A)<br>Name and Title                                  | (B)<br>Average hours per week (list any hours for related organizations below dotted line) | (C)<br>Position (do not check more than one box, unless person is both an officer and a director/trustee) |                       |         |              |                              |        | (D)<br>Reportable compensation from the organization (W- 2/1099- MISC) | (E)<br>Reportable compensation from related organizations (W- 2/1099- MISC) | (F)<br>Estimated amount of other compensation from the organization and related organizations |
|--|--|---|-----------------------|---------|--------------|------------------------------|--------|--|---|---|
|  |  | Individual trustee or director  | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former |  |   |   |
| (18) JEFFREY M CARRIER<br>CHIEF CLINICAL OFFICER       | 60 0<br>0 0  |   |                       |         | X            |                              |        | 223,948  | 0   | 61,849  |
| (19) KEVIN P GAUDETTE<br>VP REVENUE CYCLE              | 60 0<br>0 0  |   |                       |         | X            |                              |        | 264,399  | 0   | 51,325  |
| (20) DEBORAH E CHIODO<br>CHIEF HR OFFICER ENDING 05/13 | 60 0<br>0 0  |   |                       |         | X            |                              |        | 184,047  | 0   | 18,738  |
| (21) WESLEY B BRAMAN<br>VP BUSINESS DEVELOPMENT        | 60 0<br>0 0  |   |                       |         | X            |                              |        | 211,788  | 0   | 43,895  |
| (22) SUE A ANNESSER<br>CHIEF INFORMATION OFFICER       | 60 0<br>0 0  |   |                       |         | X            |                              |        | 243,636  | 0   | 48,649  |
| (23) COLEEN S CAMERON<br>CHIEF REGULATORY OFFICER      | 60 0<br>0 0  |   |                       |         | X            |                              |        | 157,647  | 0   | 33,445  |
| (24) WILLIAM J NICHOLAS<br>PHYSICIAN ENDING 09/13      | 60 0<br>0 0  |   |                       |         |              | X                            |        | 1,606,959  | 0   | 18,722  |
| (25) THOMAS B COY<br>PHYSICIAN                         | 60 0<br>0 0  |   |                       |         |              | X                            |        | 1,478,546  | 0   | 24,576  |
| (26) ROBERT C STAUFFER<br>PHYSICIAN                    | 60 0<br>0 0  |   |                       |         |              | X                            |        | 1,375,047  | 0   | 17,290  |
| (27) JOSHUA M BALL<br>PHYSICIAN                        | 60 0<br>0 0  |   |                       |         |              | X                            |        | 1,366,996  | 0   | 24,257  |
| (28) CHRISTOPHER R LONGNECKER<br>PHYSICIAN             | 60 0<br>0 0  |   |                       |         |              | X                            |        | 1,260,430  | 0   | 24,344  |
| (29) DAXTON D HOLCOMB<br>ER/TRAUMA SERV END 06/13      | 20 0<br>40 0   |   |                       |         |              |                              | X      | 147,620  | 0   | 18,332  |
|  |  |   |                       |         |              |                              |        |  |   |   |

|           |  |            |        |           |
|-----------|--|------------|--------|-----------|
| <b>1b</b> | <b>Sub-Total</b>   |            |        |           |
| <b>c</b>  | <b>Total from continuation sheets to Part VII, Section A</b> |            |        |           |
| <b>d</b>  | <b>Total (add lines 1b and 1c)</b>                           | 13,191,385 | 21,776 | 1,448,513 |

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▶296

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

Section B. Independent Contractors

| <b>1</b>                         | 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)<br>Name and business address | (B)<br>Description of services  | (C)<br>Compensation |
| CROTHAL SERVICES GROUP,          | HOUSEKEEPING  | 4,987,668           |
| SUPERIOR LINEN SERVICE INC,      | LINEN SERVICE   | 1,002,479           |
| MORRISON MGMT SPECIALISTS INC,   | NUTRITION SRVCS   | 845,886             |
| MEDICUS HEALTHCARE SOLUTIONS,    | MEDICAL SERVICES  | 1,486,748           |
| PREMIER ANESTHESIA,              | HEALTHCARE SRVCS  | 786,328             |
| <b>2</b>                         | Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶26  |                     |

Part VIII

Statement of Revenue

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

|   |                       |   | (A)           | (B)   | (C)                              | (D)  |
|---|-----------------------|---|---------------|---|----------------------------------|--|
|   |                       |   | Total revenue | Related or<br>exempt<br>function<br>revenue | Unrelated<br>business<br>revenue | Revenue<br>excluded from<br>tax under<br>sections<br>512-514 |
| Contributions, Gifts, Grants<br>and Other Similar Amounts | 1a                    | Federated campaigns . . . . . 1a  |               |   |                                  |  |
|   | b                     | Membership dues . . . . . 1b  |               |   |                                  |  |
|   | c                     | Fundraising events . . . . . 1c   | 25,896        |   |                                  |  |
|   | d                     | Related organizations . . . . . 1d  |               |   |                                  |  |
|   | e                     | Government grants (contributions) 1e  | 380,312       |   |                                  |  |
|   | f                     | All other contributions, gifts, grants, and<br>similar amounts not included above 1f  | 1,560,230     |   |                                  |  |
|   | g                     | Noncash contributions included in lines<br>1a-1f \$   | 269,930       |   |                                  |  |
|   | h                     | Total. Add lines 1a-1f . . . . .  | 1,966,438     |   |                                  |  |
| Program Service Revenue                                   | Business Code         |   |               |   |                                  |  |
|   | 2a                    | PATIENT SERVICES 621990   | 445,135,300   | 445,135,300                                 |                                  |  |
|   | b                     | CAFETERIA & VENDING 722514  | 2,190,731     | 2,190,731                                   |                                  |  |
|   | c                     | RENT FROM AFFILIATES 531390   | 118,478       | 118,478                                     |                                  |  |
|   | d                     | UNRELATED RETAIL PHARMACY 446110  | 6,518,161     |   | 6,518,161                        |  |
|   | e                     | UNRELATED LAB SERVICES 621500   | 427,785       |   | 427,785                          |  |
|   | f                     | All other program service revenue   | 26,075,936    | 20,800,734                                  | 5,275,202                        |  |
|   | g                     | Total. Add lines 2a-2f . . . . .  | 480,466,391   |   |                                  |  |
| Other Revenue   | 3                     | Investment income (including dividends, interest,<br>and other similar amounts) . . . . .   | 2,677,668     |   |                                  | 2,677,668  |
|   | 4                     | Income from investment of tax-exempt bond proceeds . . . . .  | 182,163       |   |                                  | 182,163  |
|   | 5                     | Royalties . . . . .   | 0             |   |                                  |  |
|   | 6a                    | (i) Real  |               |   |                                  |  |
|   |                       | 2,314,430   |               |   |                                  |  |
|   |                       | b Less rental expenses 469,949  |               |   |                                  |  |
|   |                       | c Rental income or (loss) 1,844,481 0   |               |   |                                  |  |
|   | d                     | Net rental income or (loss) . . . . .   | 1,844,481     |   |                                  | 1,844,481  |
|   | 7a                    | (i) Securities  |               |   |                                  |  |
|   |                       | 5,440,721   |               |   |                                  |  |
|   |                       | b Less cost or other basis and sales expenses 3,242,742   |               |   |                                  |  |
|   |                       | c Gain or (loss) 2,197,979 251,312  |               |   |                                  |  |
|   | d                     | Net gain or (loss) . . . . .  | 2,449,291     |   |                                  | 2,449,291  |
|   | 8a                    | Gross income from fundraising events (not including<br>\$ 25,896<br>of contributions reported on line 1c)<br>See Part IV, line 18 . . . . . |               |   |                                  |  |
|   |                       | a 330,262   |               |   |                                  |  |
|   | b                     | Less direct expenses . . . . . b  | 244,278       |   |                                  |  |
|   | c                     | Net income or (loss) from fundraising events . . . . .  | 85,984        |   |                                  | 85,984   |
|   | 9a                    | Gross income from gaming activities<br>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<br>returns and allowances . . . . .  |               |   |                                  |  |
|   |                       | a 624,720   |               |   |                                  |  |
|   | b                     | Less cost of goods sold . . . . . b   | 399,661       |   |                                  |  |
|   | c                     | Net income or (loss) from sales of inventory . . . . .  | 225,059       |   |                                  | 225,059  |
|   | Miscellaneous Revenue |   | Business Code |   |                                  |  |
|   | 11a                   | GAIN ON EXTINGUISHMENT<br>OF DEBT 900099  | 36,435        |   |                                  | 36,435   |
|   | b                     | LOSS ON REG SETTLEMENT 900099   | -10,000,000   |   |                                  | -10,000,000  |
|   | c                     | INVESTMENT IN SUBSIDIARY 900099   | 1,859,380     |   | 96,009                           | 1,763,371  |
|   | d                     | All other revenue . . . . .   |               |   |                                  |  |
|   | e                     | Total. Add lines 11a-11d . . . . .  | -8,104,185    |   |                                  |  |
|   | 12                    | Total revenue. See Instructions . . . . .   | 481,793,290   | 468,245,243                                 | 12,317,157                       | -735,548   |

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)<br>Total expenses | (B)<br>Program service expenses | (C)<br>Management and general expenses | (D)<br>Fundraising expenses |
|--|---|-----------------------|---------------------------------|--|-----------------------------|
| 1  | Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.  | 1,055,197             | 1,055,197                       |  |                             |
| 2  | Grants and other assistance to individuals in the United States. See Part IV, line 22.  | 279,659               | 279,659                         |  |                             |
| 3  | Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.   | 0                     |                                 |  |                             |
| 4  | Benefits paid to or for members.  | 0                     |                                 |  |                             |
| 5  | Compensation of current officers, directors, trustees, and key employees.   | 7,242,462             | 1,952,883                       | 5,289,579                              |                             |
| 6  | Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).  | 1,172,816             | 1,008,320                       | 164,496                                |                             |
| 7  | Other salaries and wages.   | 197,536,923           | 175,377,237                     | 21,819,464                             | 340,222                     |
| 8  | Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).   | 998,207               | 998,207                         |  |                             |
| 9  | Other employee benefits.  | 22,952,895            | 20,827,955                      | 2,124,940                              |                             |
| 10   | Payroll taxes.  | 11,733,158            | 10,591,148                      | 1,142,010                              |                             |
| 11   | Fees for services (non-employees):  |                       |                                 |  |                             |
| a  | Management.   | 0                     |                                 |  |                             |
| b  | Legal.  | 263,199               |                                 | 263,199                                |                             |
| c  | Accounting.   | 243,575               |                                 | 243,575                                |                             |
| d  | Lobbying.   | 0                     |                                 |  |                             |
| e  | Professional fundraising services. See Part IV, line 17.  | 0                     |                                 |  |                             |
| f  | Investment management fees.   | 330,717               |                                 | 330,717                                |                             |
| g  | Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).   | 35,679,284            | 22,572,465                      | 13,044,957                             | 61,862                      |
| 12   | Advertising and promotion.  | 948,309               | 759,847                         | 154,785                                | 33,677                      |
| 13   | Office expenses.  | 15,036,213            | 12,637,100                      | 2,335,558                              | 63,555                      |
| 14   | Information technology.   | 471,076               | 11,211                          | 459,865                                |                             |
| 15   | Royalties.  | 0                     |                                 |  |                             |
| 16   | Occupancy.  | 8,383,026             | 6,923,888                       | 1,459,138                              |                             |
| 17   | Travel.   | 742,337               | 583,293                         | 154,167                                | 4,877                       |
| 18   | Payments of travel or entertainment expenses for any federal, state, or local public officials.   | 0                     |                                 |  |                             |
| 19   | Conferences, conventions, and meetings.   | 653,132               | 518,906                         | 127,048                                | 7,178                       |
| 20   | Interest.   | 5,683,936             | 4,950,796                       | 733,140                                |                             |
| 21   | Payments to affiliates.   | 0                     |                                 |  |                             |
| 22   | Depreciation, depletion, and amortization.  | 17,038,878            | 14,841,126                      | 2,197,752                              |                             |
| 23   | Insurance.  | 7,338,487             | 3,731,905                       | 3,606,582                              |                             |
| 24   | Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):                                       |                       |                                 |  |                             |
| a  | MEDICAL SUPPLIES & DRUGS  | 83,229,065            | 83,229,065                      |  |                             |
| b  | BAD DEBT  | 45,991,001            | 45,991,001                      |  |                             |
| c  | PROVIDER TAXES & FEES   | 13,171,403            | 13,171,403                      |  |                             |
| d  | TAXES, LICENSES, FEES   | 406,428               | 269,213                         | 134,805                                | 2,410                       |
| e  | All other expenses  | 97,320                | 957                             | 96,363                                 |                             |
| 25   | Total functional expenses. Add lines 1 through 24e.   | 478,678,703           | 422,282,782                     | 55,882,140                             | 513,781                     |
| 26   | Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720). |                       |                                 |  |                             |

Part X

Balance Sheet

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

|                             |   |  |                | (A)               |     | (B)         |
|-----------------------------|---|--|----------------|-------------------|-----|-------------|
|                             |   |  |                | Beginning of year |     | End of year |
| Assets                      | 1   | Cash—non-interest-bearing  |                | 6,787,393         | 1   | 3,435,804   |
|                             | 2   | Savings and temporary cash investments   |                | 25,631,838        | 2   | 28,900,003  |
|                             | 3   | Pledges and grants receivable, net   |                | 6,424,881         | 3   | 6,231,618   |
|                             | 4   | Accounts receivable, net   |                | 63,353,880        | 4   | 62,579,519  |
|                             | 5   | Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L   |                | 15,691            | 5   | 1,657       |
|                             | 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  |                | 824,145           | 7   | 484,740     |
|                             | 8   | Inventories for sale or use  |                | 7,398,700         | 8   | 8,472,791   |
|                             | 9   | Prepaid expenses and deferred charges  |                | 1,729,686         | 9   | 2,619,346   |
|                             | 10a   | Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D  | 10a344,661,083 |                   |     |             |
|                             | b   | Less accumulated depreciation  | 10b204,075,154 | 147,897,584       | 10c | 140,585,929 |
|                             | 11  | Investments—publicly traded securities   |                | 108,577,957       | 11  | 126,868,251 |
|                             | 12  | Investments—other securities See Part IV, line 11  |                | 1,905,918         | 12  | 2,495,171   |
|                             | 13  | Investments—program-related See Part IV, line 11   |                | 1,524,307         | 13  | 2,168,141   |
|                             | 14  | Intangible assets  |                | 0                 | 14  | 0           |
|                             | 15  | Other assets See Part IV, line 11  |                | 6,506,789         | 15  | 5,496,451   |
|                             | 16  | Total assets. Add lines 1 through 15 (must equal line 34)  |                | 378,578,769       | 16  | 390,339,421 |
| Liabilities                 | 17  | Accounts payable and accrued expenses  |                | 44,931,521        | 17  | 45,248,579  |
|                             | 18  | Grants payable   |                | 0                 | 18  | 0           |
|                             | 19  | Deferred revenue   |                | 0                 | 19  | 0           |
|                             | 20  | Tax-exempt bond liabilities  |                | 136,209,051       | 20  | 127,944,665 |
|                             | 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   |                | 6,948,359         | 23  | 1,285,798   |
|                             | 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   |                | 16,181,050        | 25  | 29,508,576  |
|                             | 26  | Total liabilities. Add lines 17 through 25   |                | 204,269,981       | 26  | 203,987,618 |
| Net Assets or Fund Balances | Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34. |  |                |                   |     |             |
|                             | 27  | Unrestricted net assets  |                | 165,657,269       | 27  | 177,752,326 |
|                             | 28  | Temporarily restricted net assets  |                | 8,651,519         | 28  | 8,599,477   |
|                             | 29  | Permanently restricted net assets  |                | 0                 | 29  | 0           |
|                             | Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.                          |  |                |                   |     |             |
|                             | 30  | Capital stock or trust principal, or current funds   |                |                   | 30  |             |
|                             | 31  | Paid-in or capital surplus, or land, building or equipment fund  |                |                   | 31  |             |
|                             | 32  | Retained earnings, endowment, accumulated income, or other funds   |                |                   | 32  |             |
|                             | 33  | Total net assets or fund balances  |                | 174,308,788       | 33  | 186,351,803 |
|                             | 34  | Total liabilities and net assets/fund balances   |                | 378,578,769       | 34  | 390,339,421 |

Part XI Reconciliation of Net Assets

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

|    |   |    |             |
|----|---|----|-------------|
| 1  | Total revenue (must equal Part VIII, column (A), line 12) . . . . .   | 1  | 481,793,290 |
| 2  | Total expenses (must equal Part IX, column (A), line 25) . . . . .  | 2  | 478,678,703 |
| 3  | Revenue less expenses Subtract line 2 from line 1 . . . . .   | 3  | 3,114,587   |
| 4  | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .           | 4  | 174,308,788 |
| 5  | Net unrealized gains (losses) on investments . . . . .  | 5  | 8,928,428   |
| 6  | Donated services and use of facilities . . . . .  | 6  |             |
| 7  | Investment expenses . . . . .   | 7  |             |
| 8  | Prior period adjustments . . . . .  | 8  |             |
| 9  | Other changes in net assets or fund balances (explain in Schedule O) . . . . .                                | 9  |             |
| 10 | Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B)) | 10 | 186,351,803 |

Part XII Financial Statements and Reporting

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

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

SCHEDULE A

(Form 990 or 990EZ)

Department of the  
Treasury  
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2013

Open to Public Inspection

|  |   |
|--|---|
| <b>Name of the organization</b><br>FREEMAN HEALTH SYSTEM | <b>Employer identification number</b><br>43-1704371 |
|--|---|

Part I

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

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

- 1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E )
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state \_\_\_\_\_
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II )
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II )
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II )
- 9

☐

An organization that normally receives (1) more than 33<sup>1</sup>/<sub>3</sub>% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33<sup>1</sup>/<sub>3</sub>% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III )
- 10

☐

An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated

e

☐

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

f

☐

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

g

☐

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

(i)

A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

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

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

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

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

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

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



Part IV

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

| Facts And Circumstances Test |             |  |
|------------------------------|-------------|--|
|                              |             |  |
| Return Reference             | Explanation |  |

SCHEDULE 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*.**

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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  
FREEMAN HEALTH SYSTEM

Employer identification number  
43-1704371

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<br>(The term "expenditures" means amounts paid or incurred.)   |   | (a) Filing organization's totals                         | (b) Affiliated group totals        |                    |                              |   |   |   |   |  |  |                   |             |  |  |
|--|---|--|------------------------------------|--------------------|------------------------------|---|---|---|---|--|--|-------------------|-------------|--|--|
| 1a Total lobbying expenditures to influence public opinion (grass roots lobbying)  |   |  |                                    |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| b Total lobbying expenditures to influence a legislative body (direct lobbying)  |   |  |                                    |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| c Total lobbying expenditures (add lines 1a and 1b)  |   |  |                                    |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| d Other exempt purpose expenditures  |   |  |                                    |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| e Total exempt purpose expenditures (add lines 1c and 1d)  |   |  |                                    |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| f Lobbying nontaxable amount Enter the amount from the following table in both columns   |   |  |                                    |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| <table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table> |   | If the amount on line 1e, column (a) or (b) is:          | The lobbying nontaxable amount is: | Not over \$500,000 | 20% of the amount on line 1e | Over \$500,000 but not over \$1,000,000 | \$100,000 plus 15% of the excess over \$500,000 | Over \$1,000,000 but not over \$1,500,000 | \$175,000 plus 10% of the excess over \$1,000,000 | Over \$1,500,000 but not over \$17,000,000 | \$225,000 plus 5% of the excess over \$1,500,000 | Over \$17,000,000 | \$1,000,000 |  |  |
| If the amount on line 1e, column (a) or (b) is:  | The lobbying nontaxable amount is:                |  |                                    |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| Not over \$500,000   | 20% of the amount on line 1e                      |  |                                    |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| Over \$500,000 but not over \$1,000,000  | \$100,000 plus 15% of the excess over \$500,000   |  |                                    |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| Over \$1,000,000 but not over \$1,500,000  | \$175,000 plus 10% of the excess over \$1,000,000 |  |                                    |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| Over \$1,500,000 but not over \$17,000,000   | \$225,000 plus 5% of the excess over \$1,500,000  |  |                                    |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| Over \$17,000,000  | \$1,000,000                                       |  |                                    |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| g Grassroots nontaxable amount (enter 25% of line 1f)  |   |  |                                    |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| h Subtract line 1g from line 1a If zero or less, enter -0-   |   |  |                                    |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| i Subtract line 1f from line 1c If zero or less, enter -0-   |   |  |                                    |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?  |   | <input type="checkbox"/> Yes <input type="checkbox"/> No |                                    |                    |                              |   |   |   |   |  |  |                   |             |  |  |

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

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

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

|    |  | (a) | (b)          |
|----|--|-----|--------------|
|    |  | Yes | No<br>Amount |
| 1  | During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of |     |              |
| a  | Volunteers?  |     | No           |
| b  | Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?   |     | No           |
| c  | Media advertisements?  |     | No           |
| d  | Mailings to members, legislators, or the public?   |     | No           |
| e  | Publications, or published or broadcast statements?  |     | No           |
| f  | Grants to other organizations for lobbying purposes?   |     | No           |
| g  | Direct contact with legislators, their staffs, government officials, or a legislative body?  |     | No           |
| h  | Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?  |     | No           |
| i  | Other activities?  | Yes | 24,153       |
| j  | Total. Add lines 1c through 1i.  |     | 24,153       |
| 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  |
|----------------------------------|--|
| SCHEDULE C, PART II-B, LINE 1(I) | THE ORGANIZATION PAYS DUES TO THE MISSOURI HOSPITAL ASSOCIATION (MHA), THE AMERICAN HOSPITAL ASSOCIATION (AHA), AND THE SAFETY NET HOSPITALS FOR PHARMACEUTICAL ACCESS (SNHPA). A PORTION OF THESE DUES, TOTALING 24,153, ARE ATTRIBUTABLE TO LOBBYING PURPOSES. |
|                                  |  |
|                                  |  |
|                                  |  |
|                                  |  |
|                                  |  |
|                                  |  |

[illegible]

SCHEDULE D  
(Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b

► Attach to Form 990. ► See separate instructions. ► Information about Schedule D (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

|   |  |
|---|--|
| Name of the organization<br>FREEMAN HEALTH SYSTEM | Employer identification number<br>43-1704371 |
|---|--|

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

|   |   |                              |
|---|---|------------------------------|
|   | (a) Donor advised funds   | (b) Funds and other accounts |
| 1 | Total number at end of year   |                              |
| 2 | Aggregate contributions to (during year)  |                              |
| 3 | Aggregate grants from (during year)   |                              |
| 4 | Aggregate value at end of year  |                              |
| 5 | Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>  |                              |
| 6 | Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div> |                              |

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

1

Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area

☐ Protection of natural habitat ☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

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

3

Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ►

4

Number of states where property subject to conservation easement is located ►

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes ☐ No

6

Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ►

7

Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ► \$

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

☐ Yes ☐ No

9

In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a

If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b

If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1

► \$

(ii) Assets included in Form 990, Part X

► \$

2

If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a

Revenues included in Form 990, Part VIII, line 1

► \$

b

Assets included in Form 990, Part X

► \$

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** *(continued)*

- 3 Using the organization’s acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)
- a ☐ Public exhibition

b ☐ Scholarly research

c ☐ Preservation for future generations

d ☐ Loan or exchange programs

e ☐ Other
- 4 Provide a description of the organization’s collections and explain how they further the organization’s exempt purpose in Part XIII
- 5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization’s collection? 

☐ Yes ☐ No

**Part IV Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? 

☐ Yes ☐ No
- b If "Yes," explain the arrangement in Part XIII and complete the following table
- c Beginning balance

d Additions during the year

e Distributions during the year

f Ending balance

|    | Amount |
|----|--------|
| 1c |        |
| 1d |        |
| 1e |        |
| 1f |        |
- 2a Did the organization include an amount on Form 990, Part X, line 21? 

☐ Yes ☐ No
- b If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII 

☐

**Part V Endowment Funds.** Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

- |  | (a)Current year | (b)Prior year | b (c)Two years back | (d)Three years back | (e)Four years back |
|--|-----------------|---------------|---------------------|---------------------|--------------------|
| 1a Beginning of year balance . . . . .                     |                 |               |                     |                     |                    |
| b Contributions . . . . .                                  |                 |               |                     |                     |                    |
| c Net investment earnings, gains, and losses               |                 |               |                     |                     |                    |
| d Grants or scholarships . . . . .                         |                 |               |                     |                     |                    |
| e Other expenditures for facilities and programs . . . . . |                 |               |                     |                     |                    |
| f Administrative expenses . . . . .                        |                 |               |                     |                     |                    |
| g End of year balance . . . . .                            |                 |               |                     |                     |                    |
- 2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as
- a Board designated or quasi-endowment ▶

b Permanent endowment ▶

c Temporarily restricted endowment ▶
- The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by
- (i) unrelated organizations . . . . .

(ii) related organizations . . . . .

|        | Yes | No |
|--------|-----|----|
| 3a(i)  |     |    |
| 3a(ii) |     |    |
| 3b     |     |    |
- b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? . . . . .
- 4 Describe in Part XIII the intended uses of the organization's endowment funds

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

| Description of property  | (a) Cost or other basis (investment) | (b)Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|--|--------------------------------------|--------------------------------|------------------------------|----------------|
| 1a Land . . . . .  | 3,859,359                            | 7,056,289                      |                              | 10,915,648     |
| b Buildings . . . . .  |                                      | 166,572,031                    | 93,212,981                   | 73,359,050     |
| c Leasehold improvements . . . . .   |                                      | 3,716,279                      | 1,875,469                    | 1,840,810      |
| d Equipment . . . . .  |                                      | 152,492,817                    | 103,402,517                  | 49,090,300     |
| e Other . . . . .  |                                      | 10,964,308                     | 5,584,187                    | 5,380,121      |
| Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) . . . . . ▶ |                                      |                                |                              | 140,585,929    |





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  | 445,578,713 |
| 2 | Amounts included on line 1 but not on Form 990, Part VIII, line 12                       |    |             |
| a | Net unrealized gains on investments . . . . .  | 2a | 8,928,428   |
| b | Donated services and use of facilities . . . . .   | 2b |             |
| c | Recoveries of prior year grants . . . . .  | 2c |             |
| d | Other (Describe in Part XIII ) . . . . .   | 2d | -45,068,465 |
| e | Add lines 2a through 2d . . . . .  | 2e | -36,140,037 |
| 3 | Subtract line 2e from line 1 . . . . .   | 3  | 481,718,750 |
| 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 | 74,540      |
| c | Add lines 4a and 4b . . . . .  | 4c | 74,540      |
| 5 | Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12 ) . . . . . | 5  | 481,793,290 |

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  | 433,674,378 |
| 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 | 1,113,888   |
| e | Add lines 2a through 2d . . . . .   | 2e | 1,113,888   |
| 3 | Subtract line 2e from line 1 . . . . .  | 3  | 432,560,490 |
| 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 | 127,212     |
| b | Other (Describe in Part XIII ) . . . . .  | 4b | 45,991,001  |
| c | Add lines 4a and 4b . . . . .   | 4c | 46,118,213  |
| 5 | Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18 ) . . . . . | 5  | 478,678,703 |

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  |
|-------------------------------|--|
| SCHEDULE D, PART X, LINE 2    | UNCERTAIN TAX POSITIONS MANAGEMENT HAS EVALUATED THEIR INCOME TAX POSITIONS UNDER THE GUIDANCE INCLUDED IN ASC 740 BASED ON THEIR REVIEW, MANAGEMENT HAS NOT IDENTIFIED ANY MATERIAL UNCERTAIN TAX POSITIONS TO BE RECORDED OR DISCLOSED IN THE FINANCIAL STATEMENTS |
| SCHEDULE D, PART XI, LINE 2D  | OTHER REVENUE ON LINE 1, BUT NOT ON FORM 990, PART VIII, LINE 12 \$ (45,991,001) BAD DEBT EXPENSE 1,025,438 NET ASSETS RELEASED FROM RESTRICTION (127,212) INVESTMENT FEES 24,310 CONSOLIDATION OF FHS HOLDINGS ----- \$ (45,068,465)                                |
| SCHEDULE D, PART XI, LINE 4B  | OTHER REVENUE ON FORM 990, PART VIII, LINE 12, BUT NOT ON LINE 1 \$ 1,064,118 TEMPORARILY RESTRICTED CONTRIBUTIONS (469,949) RENTAL EXPENSES (399,661) COST OF GOODS SOLD (244,278) SPECIAL EVENTS EXPENSE 124,310 FHS HOLDINGS REVENUE ----- \$ 74,540              |
| SCHEDULE D, PART XII, LINE 2D | OTHER EXPENSES ON LINE 1, BUT NOT ON FORM 990, PART IX, LINE 25 \$ 469,949 RENTAL EXPENSES 399,661 COST OF GOODS SOLD 244,278 SPECIAL EVENTS EXPENSE ----- - \$ 1,113,888  |
| SCHEDULE D, PART XII, LINE 4B | OTHER EXPENSES ON FORM 990, PART IX, LINE 25, BUT NOT ON LINE 1 \$ 45,991,001 BAD DEBT EXPENSE   |
|                               |  |
|                               |  |

[illegible]

SCHEDULE G  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Supplemental Information Regarding  
Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.  
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
FREEMAN HEALTH SYSTEM

Employer identification number  
43-1704371

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

1

Indicate whether the organization raised funds through any of the following activities. Check all that apply.

a

☐ Mail solicitations

e

☐ Solicitation of non-government grants

b

☐ Internet and email solicitations

f

☐ Solicitation of government grants

c

☐ Phone solicitations

g

☐ Special fundraising events

d

☐ In-person solicitations

2a

Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?

☐ Yes ☐ No

b

If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

| (i) Name and address of individual or entity (fundraiser) | (ii) Activity | (iii) Did fundraiser have custody or control of contributions? |    | (iv) Gross receipts from activity | (v) Amount paid to (or retained by) fundraiser listed in col (i) | (vi) Amount paid to (or retained by) organization |
|---|---------------|--|----|-----------------------------------|--|---|
|   |               | Yes  | No |                                   |  |   |
| 1   |               |  |    |                                   |  |   |
| 2   |               |  |    |                                   |  |   |
| 3   |               |  |    |                                   |  |   |
| 4   |               |  |    |                                   |  |   |
| 5   |               |  |    |                                   |  |   |
| 6   |               |  |    |                                   |  |   |
| 7   |               |  |    |                                   |  |   |
| 8   |               |  |    |                                   |  |   |
| 9   |               |  |    |                                   |  |   |
| 10  |               |  |    |                                   |  |   |
| Total . . . . . ▶   |               |  |    |                                   |  |   |

3

List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing.

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

| Revenue         |   |   | (a) Event #1          | (b) Event #2       | (c) Other events | (d) Total events     |           |
|-----------------|---|---|-----------------------|--------------------|------------------|----------------------|-----------|
|                 |   |   | <u>MIRACLE MARKET</u> | <u>GADGET SALE</u> | <u>11</u>        | (add col (a) through |           |
|                 |   |   | (event type)          | (event type)       | (total number)   | col (c))             |           |
|                 | 1   | Gross receipts . . . .  | 67,244                | 65,749             | 223,165          | 356,158              |           |
|                 | 2   | Less Contributions . . . .  |                       |                    | 25,896           | 25,896               |           |
| 3               | Gross income (line 1<br>minus line 2) . . . . | 67,244  | 65,749                | 197,269            | 330,262          |                      |           |
| Direct Expenses | 4   | Cash prizes . . . .   |                       |                    | 2,400            | 2,400                |           |
|                 | 5   | Noncash prizes . . . .  |                       |                    | 2,192            | 2,192                |           |
|                 | 6   | Rent/facility costs . . . .   |                       |                    | 3,420            | 3,420                |           |
|                 | 7   | Food and beverages . . . .  |                       |                    |                  |                      |           |
|                 | 8   | Entertainment . . . .   |                       |                    |                  |                      |           |
|                 | 9   | Other direct expenses . . . .   | 51,499                | 56,113             | 128,654          | 236,266              |           |
|                 | 10  | Direct expense summary Add lines 4 through 9 in column (d) . . . . . ▶  |                       |                    |                  |                      | (244,278) |
|                 | 11  | Net income summary Subtract line 10 from line 3, column (d) . . . . . ▶ |                       |                    |                  |                      | 85,984    |

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

|                 |   | (a) Bingo   | (b) Pull tabs/Instant<br>bingo/progressive bingo | (c) Other gaming | (d) Total gaming (add<br>col (a) through col<br>(c)) |
|-----------------|---|---|--|------------------|--|
|                 |   |   |  |                  |  |
| Revenue         | 1 | Gross revenue . . . . .   |  |                  |  |
|                 | 2 | Cash prizes . . . . .   |  |                  |  |
|                 | 3 | Non-cash prizes . . . . .   |  |                  |  |
|                 | 4 | Rent/facility costs . . . . .   |  |                  |  |
|                 | 5 | Other direct expenses . . . . .   |  |                  |  |
| Direct Expenses | 6 | Volunteer labor . . . . .   |  |                  |  |
|                 | 7 | Direct expense summary Add lines 2 through 5 in column (d) . . . . . ▶        |  |                  |  |
|                 | 8 | Net gaming income summary Subtract line 7 from line 1, column (d) . . . . . ▶ |  |                  |  |

9 Enter the state(s) in which the organization operates gaming activities \_\_\_\_\_

a Is the organization licensed to operate gaming activities in each of these states? . . . . . ☐ Yes ☐ No

b If "No," explain \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? . . . . . ☐ Yes ☐ No

b If "Yes," explain \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Does the organization operate gaming activities with nonmembers? ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? ☐ Yes ☐ No

|    |  |     |   |
|----|--|-----|---|
| 13 | Indicate the percentage of gaming activity operated in |     |   |
| a  | The organization's facility                            | 13a | % |
| b  | An outside facility                                    | 13b | % |

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶

Address ▶

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? ☐ Yes ☐ No

b If "Yes," enter the amount of gaming revenue received by the organization ▶ \$ and the amount of gaming revenue retained by the third party ▶ \$

c If "Yes," enter name and address of the third party

Name ▶

Address ▶

16 Gaming manager information

Name ▶

Gaming manager compensation ▶ \$

Description of services provided ▶

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? ☐ Yes ☐ No

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ \$

Part IV Supplemental Information. Provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

| Return Reference | Explanation |
|------------------|-------------|
|------------------|-------------|

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  
FREEMAN HEALTH SYSTEM

Employer identification number  
43-1704371

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<br><br><input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities<br><input type="checkbox"/> Generally tailored to individual hospital facilities  |     |     |    |
| 3  | Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year<br><br>a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care<br><br><input type="checkbox"/> 100% <input checked="" type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ % | 3a  | Yes |    |
| b  | Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care . . . . .<br><br><input type="checkbox"/> 200% <input checked="" type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %  | 3b  | Yes |    |
| c  | If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care  |     |     |    |
| 4  | Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? . . . . .  | 4   | Yes |    |
| 5a | Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . . . .   | 5a  | Yes |    |
| b  | If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .  | 5b  |     | 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 eligible 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) . . . .   |   |                               | 11,486,353                          |                               | 11,486,353                        | 2 650 %                      |
| b Medicaid (from Worksheet 3, column a) . . . . .   |   |                               | 55,225,887                          | 45,020,696                    | 10,205,191                        | 2 360 %                      |
| c Costs of other means-tested government programs (from Worksheet 3, column b) . .                  |   |                               |                                     |                               |                                   |                              |
| d <b>Total</b> Financial Assistance and Means-Tested Government Programs . .                        |   |                               | 66,712,240                          | 45,020,696                    | 21,691,544                        | 5 010 %                      |
| <b>Other Benefits</b>   |   |                               |                                     |                               |                                   |                              |
| e Community health improvement services and community benefit operations (from Worksheet 4) . . . . |   |                               | 649,619                             | 217,561                       | 432,058                           | 0 100 %                      |
| f Health professions education (from Worksheet 5) . . . .   |   |                               | 975,019                             |                               | 975,019                           | 0 230 %                      |
| g Subsidized health services (from Worksheet 6) . . . .   |   |                               | 44,550,574                          | 28,384,482                    | 16,166,092                        | 3 740 %                      |
| h Research (from Worksheet 7) . . . . .   |   |                               | 537,724                             |                               | 537,724                           | 0 120 %                      |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) . .                       |   |                               | 1,318,804                           |                               | 1,318,804                         | 0 300 %                      |
| j <b>Total</b> Other Benefits . . . .   |   |                               | 48,031,740                          | 28,602,043                    | 19,429,697                        | 4 490 %                      |
| k <b>Total.</b> Add lines 7d and 7j . .   |   |                               | 114,743,980                         | 73,622,739                    | 41,121,241                        | 9 500 %                      |

Part IICommunity 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 |
|--|---|-------------------------------|--------------------------------------|-------------------------------|------------------------------------|------------------------------|
| 1Physical improvements and housing                         |   |                               |                                      |                               |                                    |                              |
| 2Economic development                                      |   |                               |                                      |                               |                                    |                              |
| 3Community support   |   |                               |                                      |                               |                                    |                              |
| 4Environmental improvements                                |   |                               |                                      |                               |                                    |                              |
| 5Leadership development and training for community members |   |                               |                                      |                               |                                    |                              |
| 6Coalition building  |   |                               |                                      |                               |                                    |                              |
| 7Community health improvement advocacy                     |   |                               |                                      |                               |                                    |                              |
| 8Workforce development                                     |   |                               |                                      |                               |                                    |                              |
| 9Other   |   |                               | 16,052                               |                               | 16,052                             |                              |
| 10Total  |   |                               | 16,052                               |                               | 16,052                             |                              |

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?

1

No

2Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

45,991,001

3Enter 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

2,391,532

4Provide 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

5Enter total revenue received from Medicare (including DSH and IME).

5

111,905,440

6Enter Medicare allowable costs of care relating to payments on line 5.

6

101,847,848

7Subtract line 6 from line 5. This is the surplus (or shortfall).

7

10,057,592

8Describe 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

9aDid the organization have a written debt collection policy during the tax year?

9a

Yes

bIf "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 IVManagement 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 FREEMAN SURGICAL CTR | AMBULATORY SURGERY CENTER                     | 51.000 %   |  | 36.000 %                                      |
| 2 HEARTLAND KIDNEYDIA  | DIALYSIS CENTER                               | 25.000 %   |  | 45.000 %                                      |
| 3                      |   |  |  |   |
| 4                      |   |  |  |   |
| 5                      |   |  |  |   |
| 6                      |   |  |  |   |
| 7                      |   |  |  |   |
| 8                      |   |  |  |   |
| 9                      |   |  |  |   |
| 10                     |   |  |  |   |
| 11                     |   |  |  |   |
| 12                     |   |  |  |   |
| 13                     |   |  |  |   |

Part V

Facility Information

Section A. Hospital Facilities

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

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

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



Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

FREEMAN HEALTH SYSTEM

Name of hospital facility or facility reporting group

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

1

|   | Yes          | No |
|---|--------------|----|
| <b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)  |              |    |
| <b>1</b> During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9<br>If "Yes," indicate what the CHNA report describes (check all that apply)  | <b>1</b> Yes |    |
| <b>a</b> <input checked="" type="checkbox"/> A definition of the community served by the hospital facility  |              |    |
| <b>b</b> <input checked="" type="checkbox"/> Demographics of the community  |              |    |
| <b>c</b> <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community  |              |    |
| <b>d</b> <input checked="" type="checkbox"/> How data was obtained  |              |    |
| <b>e</b> <input checked="" type="checkbox"/> The health needs of the community  |              |    |
| <b>f</b> <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups  |              |    |
| <b>g</b> <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs  |              |    |
| <b>h</b> <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests   |              |    |
| <b>i</b> <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs   |              |    |
| <b>j</b> <input type="checkbox"/> Other (describe in Part VI)   |              |    |
| <b>2</b> Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>   |              |    |
| <b>3</b> In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted | <b>3</b> Yes |    |
| <b>4</b> Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI   | <b>4</b>     | No |
| <b>5</b> Did the hospital facility make its CHNA report widely available to the public?<br>If "Yes," indicate how the CHNA report was made widely available (check all that apply)  | <b>5</b> Yes |    |
| <b>a</b> <input checked="" type="checkbox"/> Hospital facility's website (list url) <u>http //www.freemanhealth.com/?id=939&amp;sid</u>   |              |    |
| <b>b</b> <input type="checkbox"/> Other website (list url)  |              |    |
| <b>c</b> <input checked="" type="checkbox"/> Available upon request from the hospital facility  |              |    |
| <b>d</b> <input type="checkbox"/> Other (describe in Part VI)   |              |    |
| <b>6</b> If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)   |              |    |
| <b>a</b> <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA   |              |    |
| <b>b</b> <input checked="" type="checkbox"/> Execution of the implementation strategy   |              |    |
| <b>c</b> <input type="checkbox"/> Participation in the development of a community-wide plan   |              |    |
| <b>d</b> <input type="checkbox"/> Participation in the execution of a community-wide plan   |              |    |
| <b>e</b> <input type="checkbox"/> Inclusion of a community benefit section in operational plans   |              |    |
| <b>f</b> <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA  |              |    |
| <b>g</b> <input checked="" type="checkbox"/> Prioritization of health needs in its community  |              |    |
| <b>h</b> <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community  |              |    |
| <b>i</b> <input type="checkbox"/> Other (describe in Part VI)   |              |    |
| <b>7</b> Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs  | <b>7</b> Yes |    |
| <b>8a</b> Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?   | <b>8a</b>    | No |
| <b>b</b> If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?  | <b>8b</b>    |    |
| <b>c</b> If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$   |              |    |

Part V

Facility Information (continued)

| Financial Assistance Policy  |   | Yes | No  |
|--|---|-----|-----|
| 9  | Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?   | 9   | Yes |
| 10   | Used federal poverty guidelines (FPG) to determine eligibility for providing free care? . . . . .<br>If "Yes," indicate the FPG family income limit for eligibility for free care 150 %<br>If "No," explain in Part VI the criteria the hospital facility used  | 10  | Yes |
| 11   | Used FPG to determine eligibility for providing discounted care? . . . . .<br>If "Yes," indicate the FPG family income limit for eligibility for discounted care 250 %<br>If "No," explain in Part VI the criteria the hospital facility used   | 11  | Yes |
| 12   | Explained the basis for calculating amounts charged to patients? . . . . .<br>If "Yes," indicate the factors used in determining such amounts (check all that apply)  | 12  | Yes |
| a <input checked="" type="checkbox"/> Income level   |   |     |     |
| b <input checked="" type="checkbox"/> Asset level  |   |     |     |
| c <input checked="" type="checkbox"/> Medical indigency  |   |     |     |
| d <input type="checkbox"/> Insurance status  |   |     |     |
| e <input type="checkbox"/> Uninsured discount  |   |     |     |
| f <input type="checkbox"/> Medicaid/Medicare   |   |     |     |
| g <input type="checkbox"/> State regulation  |   |     |     |
| h <input type="checkbox"/> Residency   |   |     |     |
| i <input checked="" type="checkbox"/> Other (describe in Part VI)  |   |     |     |
| 13   | Explained the method for applying for financial assistance? . . . . .   | 13  | Yes |
| 14   | Included measures to publicize the policy within the community served by the hospital facility? . . . . .<br>If "Yes," indicate how the hospital facility publicized the policy (check all that apply)  | 14  | Yes |
| a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website                               |   |     |     |
| b <input checked="" type="checkbox"/> The policy was attached to billing invoices  |   |     |     |
| c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms      |   |     |     |
| d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices                    |   |     |     |
| e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility |   |     |     |
| f <input checked="" type="checkbox"/> The policy was available upon request  |   |     |     |
| g <input type="checkbox"/> Other (describe in Part VI)   |   |     |     |
| Billing and Collections  |   |     |     |
| 15   | Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? . . . . .   | 15  | Yes |
| 16   | Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP   |     |     |
| a <input type="checkbox"/> Reporting to credit agency  |   |     |     |
| b <input type="checkbox"/> Lawsuits  |   |     |     |
| c <input type="checkbox"/> Liens on residences   |   |     |     |
| d <input type="checkbox"/> Body attachments  |   |     |     |
| e <input type="checkbox"/> Other similar actions (describe in Section C)   |   |     |     |
| 17   | Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? . . . . .<br>If "Yes," check all actions in which the hospital facility or a third party engaged | 17  | No  |
| a <input type="checkbox"/> Reporting to credit agency  |   |     |     |
| b <input type="checkbox"/> Lawsuits  |   |     |     |
| c <input type="checkbox"/> Liens on residences   |   |     |     |
| d <input type="checkbox"/> Body attachments  |   |     |     |
| e <input type="checkbox"/> Other similar actions (describe in Section C)   |   |     |     |

**Part V**

**Facility Information** *(continued)*

- 18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)
- a** ☒ Notified individuals of the financial assistance policy on admission

**b** ☒ Notified individuals of the financial assistance policy prior to discharge

**c** ☒ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills

**d** ☒ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy

**e** ☐ Other (describe in Section C)

**Policy Relating to Emergency Medical Care**

|  | Yes | No |
|--|-----|----|
| <b>19</b> 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? . . . . .<br>If "No," indicate why | Yes |    |
| <b>a</b> <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions  |     |    |
| <b>b</b> <input type="checkbox"/> The hospital facility's policy was not in writing  |     |    |
| <b>c</b> <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)  |     |    |
| <b>d</b> <input type="checkbox"/> Other (describe in Part VI)  |     |    |

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

|  |  |    |
|--|--|----|
| <b>20</b> 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  |  |    |
| <b>a</b> <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged  |  |    |
| <b>b</b> <input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged  |  |    |
| <b>c</b> <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged   |  |    |
| <b>d</b> <input checked="" type="checkbox"/> Other (describe in Part VI)   |  |    |
| <b>21</b> 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? . . . . .<br>If "Yes," explain in Part VI |  | No |
| <b>22</b> 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? . . . . .<br>If "Yes," explain in Part VI   |  | No |

**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.

[illegible]

**Part V**

**Facility Information** *(continued)*

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

How many non-hospital health care facilities did the organization operate during the tax year? **26**

| Name and address                   | Type of Facility (describe) |
|------------------------------------|-----------------------------|
| <b>1</b> See Additional Data Table |                             |
| <b>2</b>                           |                             |
| <b>3</b>                           |                             |
| <b>4</b>                           |                             |
| <b>5</b>                           |                             |
| <b>6</b>                           |                             |
| <b>7</b>                           |                             |
| <b>8</b>                           |                             |
| <b>9</b>                           |                             |
| <b>10</b>                          |                             |

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  |
|--------------------------------------|--|
| SCHEDULE H, PART I, LINE 7, COLUMN F | PERCENT OF TOTAL EXPENSE TO ARRIVE AT THE PERCENT OF TOTAL EXPENSES, THE DENOMINATOR WHICH EQUALS TOTAL OPERATING EXPENSES PER PART IX, LINE 25 OF THE FORM 990, WAS REDUCED BY BAD DEBT EXPENSE OF \$45,991,001 |

| Form and Line Reference    | Explanation  |
|----------------------------|--|
| SCHEDULE H, PART I, LINE 7 | COSTING METHODOLOGY THE COST TO CHARGE RATIO CALCULATED ON IRS WORKSHEET 2 WAS USED IN THE CALCULATION OF COST ON IRS WORKSHEETS 1 AND 3 WORKSHEET 6 USED COST TO CHARGE RATIOS COMPUTED INTERNALLY FOR EACH SERVICE |

| Form and Line Reference     | Explanation   |
|-----------------------------|---|
| SCHEDULE H, PART I, LINE 7G | SUBSIDIZED HEALTH SERVICES THE ORGANIZATION HAS INCLUDED COSTS ASSOCIATED WITH ITS PHYSICIAN SERVICES IN THE CALCULATION OF SUBSIDIZED SERVICES ON LINE 7G FREEMAN HEALTH SYSTEM PROVIDES PHYSICIAN SERVICES TO ITS SURROUNDING COMMUNITIES IF FREEMAN HEALTH SYSTEM WAS TO CEASE OFFERING THESE SERVICES, A SHORTAGE OF QUALITY MEDICAL CARE WILL RESULT FREEMAN HEALTH SYSTEM CONTINUES TO PROVIDE THESE SERVICES AS A BENEFIT TO THE COMMUNITY DESPITE KNOWING THAT FINANCIAL SHORTFALLS WILL BE SUSTAINED |



| Form and Line Reference | Explanation  |
|-------------------------|--|
| SCHEDULE H, PART II     | COMMUNITY BUILDING ACTIVITIES THE ECONOMIC DEVELOPMENT EXPENSES NOTED IN PART II RELATES TO FREEMAN'S CONTRIBUTION TO THE JOPLIN BUSINESS AND INDUSTRIAL DEVELOPMENT CORPORATION WHICH SUPPORTS THE ECONOMIC DEVELOPMENT EFFORTS IN THE JOPLIN AREA IN ADDITION, OTHER EXPENSES ARE INCURRED BY THE ORGANIZATION'S EMPLOYEES AS A RESULT OF THEIR INVOLVEMENT IN THE COMMUNITY FREEMAN HEALTH SYSTEM ENCOURAGES ITS EMPLOYEES TO BE INVOLVED IN THE COMMUNITY AS SUCH INVOLVEMENT PROVIDES THE COMMUNITY A UNIQUE HEALTH CARE PERSPECTIVE AND PROVIDES THE ORGANIZATION A VOICE TO PROMOTE THE HEALTH AND WELLNESS INITIATIVES OF THE ORGANIZATION |

| Form and Line Reference                         | Explanation  |
|---|--|
| SCHEDULE H, PART III, SECTION A, LINES 2, 3 & 4 | <p>BAD DEBT EXPENSE METHODOLOGY THE AUDITED FINANCIAL STATEMENTS DO NOT CONTAIN A FOOTNOTE THAT DESCRIBES BAD DEBT EXPENSE IT DOES, HOWEVER, CONTAIN A FOOTNOTE THAT DESCRIBES PATIENT ACCOUNTS RECEIVABLE THAT FOOTNOTE READS AS FOLLOWS ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IN EVALUATING THE COLLECTABILITY OF ACCOUNTS RECEIVABLE, THE HEALTH SYSTEM ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYER SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR UNCOLLECTIBLE ACCOUNTS MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYER SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE HEALTH SYSTEM ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR UNCOLLECTIBLE ACCOUNTS, IF NECESSARY (FOR EXAMPLE, FOR EXPECTED UNCOLLECTIBLE DEDUCTIBLES AND COPAYMENTS ON ACCOUNTS FOR WHICH THE THIRD-PARTY PAYER HAS NOT YET PAID, OR FOR PAYERS 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 HEALTH SYSTEM RECORDS A SIGNIFICANT PROVISION FOR UNCOLLECTIBLE ACCOUNTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE THE DIFFERENCE BETWEEN THE STANDARD RATES (OR THE DISCOUNTED RATES IF NEGOTIATED OR PROVIDED BY POLICY) AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS THE ORGANIZATION CALCULATED BAD DEBT USING THE AMOUNTS CALCULATED IN THE ORGANIZATION'S AUDITED FINANCIAL STATEMENTS BAD DEBT ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY WAS DETERMINED USING INTERNAL PATIENT DEMOGRAPHICS, AS WELL AS, CORE BASED STATISTICAL AREA AND POVERTY LIMIT DEMOGRAPHIC INFORMATION OBTAINED THROUGH THE US CENSUS BUREAU</p> |

| Form and Line Reference                 | Explanation   |
|---|---|
| SCHEDULE H, PART III, SECTION B, LINE 8 | COMMUNITY BENEFIT SERVING PATIENTS WITH GOVERNMENT HEALTH BENEFITS, SUCH AS MEDICARE, IS A COMPONENT OF THE COMMUNITY BENEFIT STANDARD THAT TAX-EXEMPT HOSPITALS ARE HELD TO THIS IMPLIES THAT SERVING MEDICARE PATIENTS IS A COMMUNITY BENEFIT AND THAT THE HOSPITAL OPERATES TO PROMOTE THE HEALTH OF THE COMMUNITY |

| Form and Line Reference                  | Explanation   |
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| SCHEDULE H, PART III, SECTION C, LINE 9B | COLLECTION POLICY FREEMAN HEALTH SYSTEM'S COLLECTION POLICY STATES THAT ANY AMOUNT NOT ADJUSTED FOR FINANCIAL ASSISTANCE DUE TO A PARTIAL 50% ADJUSTMENT OR 75% ADJUSTMENT WILL FOLLOW ITS NORMAL COLLECTION PROCESS<br>FREEMAN HEALTH WILL CONTINUE TO BILL THE PATIENT FOR 120 DAYS FROM FIRST STATEMENT, IF NO ARRANGEMENTS ARE MADE TO SATISFY THE REMAINING BALANCE WITH A PAYMENT IN FULL OR PAYMENT PLAN, THE ACCOUNT WILL AUTOMATICALLY ROLL TO ITS EXTERNAL AGENCY |

| Form and Line Reference     | Explanation  |
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| SCHEDULE H, PART VI, LINE 2 | <p>NEEDS ASSESSMENT IN ADDITION TO THE COMMUNITY HEALTH NEEDS ASSESSMENT DESCRIBED IN PART V, SECTION B, FREEMAN REVIEWS STUDIES AND ASSESSMENTS FROM JOPLIN HEALTH DEPARTMENT AND OTHER LOCAL GOVERNMENTAL AGENCIES TO ASSESS COMMUNITY NEEDS, INCORPORATING THIS INFORMATION INTO THE FREEMAN STRATEGIC PLAN AND MONITORING THE EDUCATIONAL AND OUTREACH PROGRAMS PROVIDED IN THE COMMUNITY FREEMAN ALSO WORKS WITH THE COMMUNITY HEALTH COLLABORATIVE, WHICH DEVELOPED A PRIORITIZED LISTING OF COMMUNITY HEALTH ISSUES USING TOOLS PROVIDED BY THE MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES FURTHERMORE, TO FIND OUT WHAT PATIENTS THINK OF THE SERVICE THEY RECEIVE, FREEMAN WORKS WITH HEALTHSTREAM RESEARCH, AN INDEPENDENT COMPANY THAT TELEPHONES A REPRESENTATIVE NUMBER OF PATIENTS AT HOME AFTER THEIR DISCHARGE FROM THE HOSPITAL AND ASKS THEM TO RATE FREEMAN IN A VARIETY OF AREAS RESULTS FROM THESE SURVEYS ARE REFLECTED IN HOSPITAL CONSUMER ASSESSMENT OF HEALTHCARE PROVIDERS AND SYSTEMS (HCAHPS) SCORES THAT THE FEDERAL GOVERNMENT USES TO EVALUATE FREEMAN SERVICES FREEMAN USES INFORMATION OBTAINED IN THE HCAHPS SURVEYS TO EVALUATE TRENDS IN PATIENT CARE AND ADDRESS ANY ISSUES DISCOVERED ADDITIONALLY, FREEMAN SUBSCRIBES TO AND MANAGES A NUMBER OF DATABASE SERVICES TO ANALYZE CONSUMER USE OF FREEMAN PRODUCTS AND SERVICES AND FORMULATE PLANS TO STAY AHEAD OF PATIENT NEEDS, AND FREEMAN PARTNERS WITH THE MISSOURI HOSPITAL ASSOCIATION FOR DATA ASSESSMENT DEMOGRAPHIC INFORMATION, TREND ANALYSIS, AND EDUCATION FREEMAN SENIOR LEADERS ROUTINELY MAKE APPEARANCES AT COMMUNITY FUNCTIONS, SUCH AS ROTARY INTERNATIONAL AND KIWANIS MEETINGS THEY INFORM CONSTITUENTS ABOUT HAPPENINGS IN THE HEALTH SYSTEM AND SEEK INPUT FROM AUDIENCE MEMBERS TO SERVE THE COMMUNITY AND SEEK OUT INFORMATION REGARDING CONSUMER TRENDS AND OPINIONS, FREEMAN SENIOR LEADERS SERVE ON A VARIETY OF BOARDS, COUNCILS, AND COMMITTEES WHILE PROVIDING LEADERSHIP AND SUPPORT TO THESE ORGANIZATIONS, FREEMAN LEADERS MAKE CONTACT WITH MANY OTHER COMMUNITY LEADERS TO CHECK THE PULSE OF THE COMMUNITY IN TERMS OF HEALTHCARE NEEDS AND OPINION</p> |

| Form and Line Reference            | Explanation   |
|------------------------------------|---|
| <p>SCHEDULE H, PART VI, LINE 3</p> | <p>PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE FREEMAN HAS STEPPED UP EFFORTS TO COMMUNICATE INFORMATION ABOUT FINANCIAL ASSISTANCE, OR CHARITY CARE, OPTIONS AVAILABLE TO PATIENTS IN MANY WAYS FREEMAN PUBLISHES COMMUNICATION PIECES ON FINANCIAL SERVICES, INCLUDING A BROCHURE TITLED FINANCIAL SERVICES AND PAYMENT OPTIONS FREEMAN ALSO INCLUDES MESSAGING ABOUT ITS FINANCIAL ASSISTANCE PROGRAM ON BILLS, STATEMENTS, AND ENVELOPES SENT TO PATIENTS' HOMES AND ON SIGNS POSTED AROUND FREEMAN PATIENT ACCOUNTS AND ADMISSIONS PUBLIC AREAS FREEMAN HAS ALSO PLACED FINANCIAL ASSISTANCE INFORMATION, INCLUDING A FINANCIAL ASSISTANCE APPLICATION IN ENGLISH AND SPANISH, ON THE FREEMAN WEBSITE ADDITIONALLY, FREEMAN HAS IMPLEMENTED SEVERAL EDUCATIONAL OPPORTUNITIES TO ENSURE THE COMMUNITY IS AWARE OF ITS FINANCIAL ASSISTANCE PROGRAM THESE INCLUDE -FREEMAN ADMISSIONS STAFF MEMBERS PERSONALLY INTERVIEW PATIENTS, BASED ON THE SETTING OF CARE (PRIOR TO SERVICES, AT TIME OF SERVICE, AND AFTER CARE PROVIDED), TO PROVIDE EDUCATION ON AVAILABLE BENEFITS FREEMAN HELPS UNINSURED AND UNDERINSURED PATIENTS WITH STATE AND FEDERAL ASSISTANCE RESOURCES, AS WELL AS THE FREEMAN FINANCIAL ASSISTANCE PROGRAM -FREEMAN CONTINUALLY PROVIDES EDUCATION TO EMPLOYEES, FROM CLINICAL STAFF TO VOLUNTEERS, REGARDING ITS FINANCIAL ASSISTANCE POLICY SO THEY CAN HELP CUSTOMERS LEARN ABOUT AVAILABLE RESOURCES -FREEMAN PROVIDES SYSTEM-WIDE COMMUNICATION, SUCH AS THE DAILY LINEUP NEWSLETTER (REQUIRED READING FOR STAFF MEMBERS AT EVERY LEVEL) AND COMMUNICATION BOARDS POSTED IN ALL DEPARTMENTS, TO REMIND STAFF OF THE FREEMAN FINANCIAL ASSISTANCE POLICY THROUGHOUT THE YEAR -PATIENTS NEEDING HELP PAYING FOR HEALTHCARE ARE INTERVIEWED THROUGH MEDIASSIST, FREEMAN'S THIRD-PARTY ELIGIBILITY VENDOR MEDIASSIST ON-SITE STAFF SPECIALIZE IN THE STATE ASSISTANCE APPLICATION PROCESS FOR THE FOUR-STATE AREA (MISSOURI, ARKANSAS, OKLAHOMA, AND KANSAS), AS WELL AS OTHER STATES, BASED ON PATIENTS' NEEDS MEDASSIST HELPS PATIENTS WITH THE APPLICATION PROCESS VIA FACE-TO-FACE INTERVIEWS, HOME VISITS, AND OVER-THE-PHONE CONVERSATIONS - FREEMAN WORKS WITH MANY OF OUR COMMUNITY'S EMPLOYERS BY SENDING WRITTEN NOTICES TO THEIR BENEFITS DEPARTMENTS EXPLAINING THE FREEMAN FINANCIAL ASSISTANCE ELIGIBILITY PROCESS FREEMAN ALSO MEETS WITH EMPLOYERS TO ENSURE THEIR EMPLOYEES UNDERSTAND THE AVAILABILITY OF ASSISTANCE OFFERED THROUGH FREEMAN -IN RESPONSE TO EDUCATION OFFERED ABOUT THE FREEMAN FINANCIAL ASSISTANCE PROGRAM, THE HEALTH SYSTEM RECEIVES REFERRALS FROM PHYSICIANS AND COMMUNITY CLINICS THIS HELPS PATIENTS ARRANGE FOR MEDICALLY NECESSARY HEALTHCARE PRIOR TO THE TIME SERVICES ARE RENDERED FREEMAN HEALTH SYSTEM STRONGLY BELIEVES THAT ITS FINANCIAL ASSISTANCE, OR CHARITY CARE, AND THE RELATED COMMUNITY BENEFIT PROVIDED BY SUCH CARE, IS UNDERSTATED ON ITS FINANCIAL STATEMENTS BECAUSE SOME PATIENTS THAT POTENTIALLY QUALIFY FOR FINANCIAL ASSISTANCE DO NOT WISH TO APPLY FOR IT IN ADDITION, SOME PATIENTS WHO QUALIFY FOR FINANCIAL ASSISTANCE DO NOT RECEIVE FINANCIAL ASSISTANCE BECAUSE THEY REFUSE TO PROVIDE REQUIRED DOCUMENTATION TO PROCESS THE APPLICATION THUS, FREEMAN'S BAD DEBT INCLUDES A PORTION THAT COULD BE CLASSIFIED AS FINANCIAL ASSISTANCE IF THE APPLICATION FOR FINANCIAL ASSISTANCE HAD BEEN PROPERLY COMPLETED BY THE PATIENT</p> |

| Form and Line Reference     | Explanation  |
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| SCHEDULE H, PART VI, LINE 4 | COMMUNITY INFORMATION FREEMAN'S COMMUNITY AND ITS PRIMARY SERVICE AREA CONSIST OF A POPULATION OVER 160,000 PEOPLE IN TWO MISSOURI COUNTIES, DUE TO THE EXTENSIVE SERVICE OFFERINGS THE ORGANIZATION RECOGNIZES A SECONDARY SERVICE AREA WHICH INCLUDES NINE ADDITIONAL, LARGELY RURAL COUNTIES IN SOUTHWEST MISSOURI, SOUTHEAST KANSAS, AND NORTHEAST OKLAHOMA, WITH A COMBINED POPULATION OVER 240,000 INCOMES AND EDUCATION LEVELS LAG BEHIND NATIONAL AVERAGES, WHILE THE PERCENTAGE OF PEOPLE LIVING IN POVERTY IS HIGHER THAN THE NATIONAL AVERAGE |

| Form and Line Reference     | Explanation   |
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| SCHEDULE H, PART VI, LINE 5 | <p>PROMOTION OF COMMUNITY HEALTH FREEMAN HEALTH SYSTEM WORKS TO IMPROVE THE HEALTH OF THE CO MMUNITY THROUGH A VARIETY OF COMMUNITY SERVICE PROGRAMS BOTH INSIDE AND OUTSIDE THE ORGANI ZATION AS A SYSTEM, FREEMAN PARTICIPATES IN THE JOPLIN AREA CHAMBER OF COMMERCE AS A TOP LEVEL SPONSOR, WITH STAFF MEMBERS SERVING ON A VARIETY OF COMMITTEES AND PARTICIPATING IN LEADERSHIP JOPLIN AND THE YOUNG PROFESSIONALS NETWORK UNITED WAY OF SOUTHWEST MISSOURI AN D SOUTHEAST KANSAS COUNTS ON FREEMAN, AS ONE OF ITS PACESETTER COMPANIES, TO HELP SET THE TONE FOR GIVING IN THE COMMUNITY FREEMAN PROVIDES FINANCIAL SUPPORT FOR A MANY COMMUNITY SERVICE GROUPS, INCLUDING THE ALZHEIMER'S ASSOCIATION, AMERICAN CANCER SOCIETY, AMERICAN D IABETES ASSOCIATION, AMERICAN HEART ASSOCIATION, BIG BROTHERS/BIG SISTERS OF JASPER &amp; NEWT ON COUNTIES, BOYS &amp; GIRLS CLUB OF JOPLIN, CHILDREN'S CENTER OF SOUTHWEST MISSOURI, COMMUNI TY BLOOD CENTER OF THE OZARKS, COMMUNITY CLINIC OF JOPLIN, FREEMAN SOUTHWEST FAMILY Y IN N EOSHO, JOPLIN FAMILY Y, GEORGE A SPIVA CENTER FOR THE ARTS, LAFAYETTE HOUSE, MARCH OF DIM ES, NATIONAL MULTIPLE SCLEROSIS SOCIETY, NEOSHO AREA UNITED FUND, RONALD MCDONALD HOUSE CH ARITIES OF THE FOUR STATES, AND MANY OTHER LOCAL, REGIONAL, AND NATIONAL ORGANIZATIONS SE TTING AN EXAMPLE FOR THEIR STAFFS, FREEMAN SENIOR LEADERS SERVE IN VOLUNTARY LEADERSHIP PO SITIONS FOR SERVICE/COMMUNITY ORGANIZATIONS SUCH AS COMMUNITY ADVISORY COUNCIL OF MISSOURI FOUNDATION FOR HEALTH, PITTSBURG STATE UNIVERSITY FOUNDATION, RONALD MCDONALD HOUSE CHARI TIES OF THE FOUR STATES, TALKINGTON FOUNDATION, MID AMERICA SERVICE SOLUTIONS, ASPIRE OF S OUTHWEST MISSOURI, MISSOURI HOSPITAL ASSOCIATION, VHA MID-AMERICA, BLUE CROSS/BLUE SHIELD OF MISSOURI PHYSICIAN CONSULTATIVE COMMITTEE, GRADUATE MEDICAL EDUCATION COMMITTEE OF THE OSTEOPATHIC MEDICAL EDUCATION CONSORTIUM OF OKLAHOMA, JOPLIN METRO EMERGENCY TRANSPORTATIO N SYSTEM, GEORGE A SPIVA CENTER FOR THE ARTS, JOPLIN REGIONAL ECONOMIC DEVELOPMENT ASSOCI ATION, WILDCAT GLADES CONSERVATION &amp; AUDUBON CENTER, UNITED WAY OF SOUTHWEST MISSOURI &amp; SO UTHEAST KANSAS, AND JOPLIN PUBLIC SCHOOLS BOARD OF EDUCATION IN COLLABORATION WITH JOPLIN PUBLIC SCHOOLS, FREEMAN WORKS TO ENHANCE EDUCATIONAL OPPORTUNITIES FOR CHILDREN THROUGH B RIGHT FUTURES, AN INITIATIVE FOCUSED ON IMPROVING THE LIVES OF JOPLIN STUDENTS FREEMAN PA RTICIPATES IN THIS INITIATIVE THROUGH A PARTNERSHIP SUPPORTING VARIOUS SCHOOLS BY HELPING WITH EVENTS, FUNCTIONS, AND OTHER NEEDS OF STUDENTS AND TEACHERS FREEMAN ALSO SPONSORS TH E TOGETHER REACHING EVERY KID PROJECT, IN WHICH MEMBERS OF THE COMMUNITY VOLUNTEER THEIR T IME TO TUTOR AND MENTOR STUDENTS AFTER SCHOOL TO IMPROVE STUDENT ACHIEVEMENT IN READING AN D MATH FREEMAN SERVES MORE THAN 1 MILLION MEALS EACH YEAR AND RECOGNIZES THE IMPORTANCE O F PROVIDING WHOLESOME FOODS TO THE COMMUNITY ESTABLISHING ITS COMMITMENT TO SERVING LOCAL , NUTRITIOUS, AND SUSTAINABLE FOOD, FREEMAN BECAME THE FIRST HOSPITAL IN MISSOURI TO SIGN THE HEALTHY FOOD IN HEALTHCARE PLEDGE THE PLEDGE, PART OF THE NATIONAL HEALTHY FOOD IN HE ALTHCARE INITIATIVE DEVELOPED BY THE INSTITUTE FOR AGRICULTURE AND TRADE POLICY AND HEALTH CARE WITHOUT HARM, WAS FREEMAN'S FIRST STEP TOWARD IMPROVING COMMUNITY HEALTH THROUGH FOO D POLICY CHANGE SINCE SIGNING THE PLEDGE IN 2010, FREEMAN HAS PROMOTED THE AVAILABILITY O F NUTRITIOUS FOODS TO PATIENTS, EMPLOYEES, AND VISITORS FREEMAN RE-SIGNED THE PLEDGE IN A PRIL 2012, REAFFIRMING ITS COMMITMENT TO PROVIDING ALTERNATIVES FOR HEALTHY EATING FREEMA N OPERATES FARMERS MARKETS FIVE MONTHS A YEAR AT FREEMAN WEST AND FREEMAN EAST THESE MARK ETS PROVIDE THE COMMUNITY WITH OPPORTUNITIES TO BUY FRESH, NUTRITIOUS FRUIT, VEGETABLES, A ND OTHER LOCALLY PRODUCED FOODS FREEMAN HELPS WITH COMMUNITY-BUILDING BY OFFERING SOLUTIO NS TO HELP MEET THE NEEDS OF SPECIFIC POPULATIONS, SUCH AS CHILDREN WITH AUTISM, CHILDREN WITH MEDICAL EXPENSES, CHILDREN WHO HAVE EXPERIENCED EMOTIONAL TRAUMA, AND SENIOR CITIZENS OZARK CENTER FOR AUTISM, FOR INSTANCE, PROVIDES HOPE FOR CHILDREN WITH AUTISM THROUGH A PRESCHOOL PROGRAM AND RECENTLY EXPANDED SERVICES FOR SCHOOL-AGE CHILDREN AS A CHILDREN'S MIRACLE NETWORK HOSPITAL, FREEMAN RAISES MONEY TO HELP SICK AND INJURED CHILDREN WITH MEDI CAL EXPENSES AFTER THE MAY 2011 TORNADO, THE COMMUNITY SAW A RISE IN CASES OF CHILD TRAUMA TO ADDRESS THIS NEED, FREEMAN AND OZARK CENTER, WITH SUPPORT FROM GOV JAY NIXON AND TH E STATE LEGISLATURE, OPENED WILL'S PLACE, A HEALING CENTER FOR KIDS, TO PROVIDE THE COMMUN ITY WITH A MUCH-NEEDED CHILD TRAUMA TREATMENT CENTER TO PROMOTE THE HEALTH OF THE AREA'S GERIATRIC POPULATION, FREEMAN ADVANTAGE OFFERS OPPORTUNITIES FOR LEARNING, TRAVEL, SOCIALI ZING, AND HEALTHY LIVING ADDITIONALLY, MEN AND WOMEN OF ALL AGES AND FROM ALL WALKS OF LI FE PARTICIPATE IN FREEMAN AUXILIARY, AN ORGANIZATION THAT RAISES MONEY FOR HOSPITAL EQUIPM ENT, SERVICES, SCHOLARSHIPS, AND COMMUNITY NEEDS AND, FREEMAN FOUNDATION WORKS WITH THE C OMMUNITY TO FIND FUNDING FOR INNOVATIVE, LIFESAVIN</p> |



| Form and Line Reference     | Explanation  |
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| SCHEDULE H, PART VI, LINE 5 | G TECHNOLOGIES AND MEDICAL SERVICES ONE OF FREEMAN'S GOALS IS TO BECOME THE COMMUNITY'S BEST CORPORATE PARTNER TO ACCOMPLISH THIS, FREEMAN DONATES TIME, RESOURCES, AND FUNDING AS AN ORGANIZATION, WHILE THOSE WORKING AT FREEMAN GIVE BACK TO THE COMMUNITY AS WELL, DONATING MAN-HOURS, MORE THAN 51,000 HOURS LAST YEAR, AND MONEY FOR THE BETTERMENT OF THE COMMUNITY |

| Form and Line Reference     | Explanation   |
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| SCHEDULE H, PART VI, LINE 6 | <p>AFFILIATED HEALTH CARE SYSTEM THE AFFILIATED HEALTH CARE SYSTEM INCLUDES THE FOLLOWING ENTITIES, WHICH ARE AFFILIATED THROUGH COMMON OWNERSHIP OR CONTROL FREEMAN HEALTH SYSTEM, D/B/A FREEMAN HOSPITAL, IS A 450-BED ACUTE CARE HOSPITAL WHICH PROVIDES SERVICES FROM ITS FACILITIES LOCATED IN JOPLIN, MISSOURI FREEMAN NEOSHO HOSPITAL IS AN ACUTE CARE HOSPITAL WHICH PROVIDES SERVICES FROM ITS FACILITY IN NEOSHO, MISSOURI FREEMAN NEOSHO HOSPITAL IS DESIGNATED AS A CRITICAL ACCESS HOSPITAL BY THE CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS) OZARK CENTER, A REGIONAL COMMUNITY MENTAL HEALTH CENTER, PRIMARILY EARNS REVENUE BY PROVIDING A COMPREHENSIVE RANGE OF MENTAL HEALTH CARE AND SUBSTANCE ABUSE SERVICES IN JOPLIN AND SURROUNDING AREAS OF SOUTHWEST MISSOURI CEDAR HILL HOUSING CORPORATION, MAGNOLIA HEIGHTS HOUSING CORPORATION AND POPLAR PLACE HOUSING, PROVIDE HOUSING FOR LOW-INCOME, CHRONICALLY MENTALLY ILL ADULTS FINANCING FOR THE HOUSING UNITS IS PROVIDED PRIMARILY FROM THE U S DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) THE BOARD OF DIRECTORS OF CEDAR HILL HOUSING, MAGNOLIA HEIGHTS HOUSING AND POPLAR PLACE HOUSING ARE MADE UP OF MEMBERS OF THE BOARD OF DIRECTORS OF OZARK CENTER OR ARE APPOINTED BY OZARK CENTER DIRECTORS CEDAR HILL HOUSING, MAGNOLIA HEIGHTS HOUSING AND POPLAR PLACE HOUSING BYLAWS INDICATE THAT THESE ORGANIZATIONS WERE ESTABLISHED SPECIFICALLY FOR THE PURPOSE OF PROVIDING HOUSING THAT IS FINANCED PRIMARILY THROUGH HUD FHS HOLDINGS, LLC WAS FORMED IN JANUARY 2006 AND SHALL CONTINUE PERPETUALLY FHS HOLDINGS, LLC IS A DISREGARDED ENTITY OF FREEMAN HEALTH SYSTEM FHS HOLDINGS, LLC HAS A 13% OWNERSHIP INTEREST IN A LONG-TERM ACUTE CARE HOSPITAL (LTACH) THAT COMMENCED OPERATIONS IN MAY 2007 AND A 25% OWNERSHIP INTEREST IN HEARTLAND KIDNEY AND DIALYSIS CENTER, LLC COMMENCING IN 2013 FREEMAN SURGICAL CENTER, LLC IS A LIMITED LIABILITY COMPANY FORMED IN MAY 2008 FOR THE PURPOSE OF OPERATING AN AMBULATORY SURGERY CENTER THE SURGICAL CENTER COMMENCED OPERATIONS IN FISCAL YEAR 2011 FREEMAN HEALTH SYSTEM OWNS A 51% INTEREST IN FREEMAN SURGICAL CENTER, LLC AT MARCH 31, 2014 AND 2013 FREEMAN HEALTH SYSTEM IS THE SOLE MEMBER OF FREEMAN NEOSHO HOSPITAL, OZARK CENTER AND FHS HOLDINGS, LLC AND HAS A CONTROLLING INTEREST IN FREEMAN SURGICAL CENTER, LLC FREEMAN HEALTH SYSTEM AND ITS SUBSIDIARIES ARE COLLECTIVELY REFERRED TO AS THE HEALTH SYSTEM</p> |

| Form and Line Reference                  | Explanation   |
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| STATE FILING OF COMMUNITY BENEFIT REPORT | FREEMAN HEALTH SYSTEM IS INCORPORATED IN THE STATE OF MISSOURI AND FILES A COMMUNITY BENEFIT REPORT IN MISSOURI |

| Form and Line Reference | Explanation  |
|-------------------------|--|
| OTHER INFORMATION       | <p>FREEMAN PROMOTES THE HEALTH OF THE COMMUNITY THROUGH MANY OUTREACH PROGRAMS THESE INCLUDE PROGRAMS TO HELP PEOPLE QUIT SMOKING, SUPPORT GROUPS FOR A VARIETY OF ILLNESSES AND CONDITIONS, OZARK CENTER FOR AUTISM, PROGRAMS FOR SENIOR CITIZENS, COMMUNITY HEALTH SCREENINGS, AND MANY MORE FREEMAN SCREEN TEAM TRAVELS THROUGHOUT THE COMMUNITY, OFFERING LOW-COST HEALTH SCREENINGS TO HELP PEOPLE GET A HANDLE ON THEIR MEDICAL CONDITIONS AND SEEK HELP BEFORE SMALL PROBLEMS BECOME MEDICAL EMERGENCIES FREEMAN SUPPORT GROUPS OFFER SUPPORT TO PARTICIPANTS AND EDUCATION ON TOPICS SUCH AS AUTISM, DIABETES, STROKE RECOVERY, CANCER RECOVERY, SLEEP DISORDERS, AND ALZHEIMER'S DISEASE FOR THE FOURTH TIME SINCE 2007, FREEMAN HEALTH SYSTEM WAS RECOGNIZED FOR ITS EMPLOYEE HEALTH INITIATIVES WITH THE HEALTH AT WORK SILVER AWARD IN OCTOBER 2012 SPONSORED BY COMPSYCH, THIS AWARD HONORS ORGANIZATIONS THAT PROMOTE EMPLOYEE HEALTH AND WELLNESS FREEMAN EARNED THIS MERIT BASED ON ITS COMPREHENSIVE WELLNESS PROGRAM, PARTICIPATION RATES, AND RESULTS ADDITIONALLY, FREEMAN WAS RECOGNIZED AS A PLATINUM-LEVEL FIT-FRIENDLY COMPANY BY THE AMERICAN HEART ASSOCIATION AS A FIT-FRIENDLY COMPANY, FREEMAN SERVES AS AN EXAMPLE OF POSITIVE CHANGE IN THE AMERICAN WORKFORCE BY MAKING EMPLOYEES' HEALTH AND WELLNESS A PRIORITY FREEMAN ALSO PROVIDES AUTISM SERVICES TO THE COMMUNITY PRIOR TO THE OPENING OF OZARK CENTER FOR AUTISM IN FALL 2007, FAMILIES SEEKING TREATMENT FOR CHILDREN WITH AUTISM HAD TWO CHOICES-RELOCATE TO RECEIVE TREATMENT OR GO WITHOUT IT DEVELOPED IN CONSULTATION WITH THE CLEVELAND CLINIC AUTISM CONSULTING GROUP, OZARK CENTER FOR AUTISM IS ONE OF ONLY A FEW TREATMENT CENTERS OF ITS CALIBER OZARK CENTER FOR AUTISM INCLUDES A SPECIAL EDUCATION CENTER, PROVIDING THERAPY SERVICES TO STUDENTS FROM KINDERGARTEN THROUGH HIGH SCHOOL OZARK CENTER FOR AUTISM ALSO OFFERS THE AREA'S ONLY AUTISM DIAGNOSTIC TEAM, PROVIDING PARENTS OF CHILDREN ON THE AUTISM SPECTRUM THE OPPORTUNITY TO RECEIVE AN AUTISM DIAGNOSIS WITHOUT HAVING TO TRAVEL HUNDREDS OF MILES AWAY FROM HOME FREEMAN STAFF MEMBERS, SUCH AS DOCTORS AND NURSES, HELP THE COMMUNITY BY WORKING AT THE COMMUNITY CLINIC OF JOPLIN AND ACCESS FAMILY CARE, ORGANIZATIONS THAT PROVIDE FREE OR LOW-COST HEALTHCARE SERVICES TO INDIGENT PORTIONS OF THE COMMUNITY DEPENDING ON THE SITUATION, FREEMAN STAFF MEMBERS VOLUNTEER OR FREEMAN PAYS THEM TO WORK FOR THE COMMUNITY THROUGH THESE ORGANIZATIONS IT IS OFTEN DIFFICULT TO ATTRACT NEW PHYSICIANS TO CITIES LOCATED IN LARGELY RURAL AREAS ONE WAY FREEMAN HELPS ATTRACT DOCTORS TO JOPLIN IS THROUGH GRADUATE MEDICAL EDUCATION AS A TEACHING HOSPITAL, FREEMAN BROUGHT 89 THIRD-AND FOURTH-YEAR MEDICAL STUDENTS AND 24 RESIDENT DOCTORS TO ITS CAMPUSES THROUGH THE FREEMAN GRADUATE MEDICAL EDUCATION PROGRAM IN THE 2012-2013 SCHOOL YEAR MEDICAL STUDENTS AND RESIDENT DOCTORS OFTEN REMAIN IN THE COMMUNITIES IN WHICH THEY TRAINED THIS COMMUNITY BENEFIT IS VITAL TO THE POPULATION SERVED BY FREEMAN BECAUSE IT IS DIFFICULT AND EXPENSIVE TO ATTRACT AND RECRUIT PHYSICIANS TO WORK IN THE JOPLIN AREA ADDITIONALLY, FREEMAN REACHES OUT TO YOUNGER STUDENTS AS WELL THROUGH A SUMMER VOLUNTEER PROGRAM, HIGH SCHOOL STUDENTS SPEND SEVERAL WEEKS AT THE HOSPITALS, WORKING SIDE-BY-SIDE WITH NURSES AND DOCTORS FREEMAN HEALTH ACADEMY, ON THE OTHER HAND, WORKS WITH MIDDLE SCHOOL STUDENTS TO ENCOURAGE THEM TO GRADUATE FROM HIGH SCHOOL AND HELP THEM CHOOSE COURSES, SUCH AS MATH AND SCIENCE, TO PREPARE THEM FOR FURTHER EDUCATION AND CAREERS IN HEALTHCARE</p> |

Additional Data

Software ID:  
Software Version:  
EIN: 43-1704371  
Name: FREEMAN HEALTH SYSTEM

990 Schedule H, Supplemental Information

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  |
|---|--|
| SCHEDULE H, PART V, SECTION A           |  |
| SCHEDULE H, PART V, SECTION B, LINE 3   | COMMUNITY INPUT INTERVIEWING KEY INFORMANTS (COMMUNITY STAKEHOLDERS THAT REPRESENT THE BROAD INTERESTS OF THE COMMUNITY WITH KNOWLEDGE OF OR EXPERTISE IN PUBLIC HEALTH) IS A TECHNIQUE EMPLOYED TO ASSESS PUBLIC PERCEPTIONS OF THE COUNTY'S HEALTH STATUS AND UNMET NEEDS. THESE INTERVIEWS ARE INTENDED TO ASCERTAIN OPINIONS AMONG INDIVIDUALS LIKELY TO BE KNOWN OR CAPABLE ABOUT THE COMMUNITY AND INFLUENTIAL OVER THE OPINIONS OF OTHERS ABOUT HEALTH CONCERNS IN THE COMMUNITY. INTERVIEWS WITH 25 KEY INFORMANTS WERE CONDUCTED OVER NINE DATES IN JULY, AUGUST AND SEPTEMBER 2012. INFORMANTS WERE DETERMINED BASED ON THEIR A) SPECIALIZED KNOWLEDGE OR EXPERTISE IN PUBLIC HEALTH, B) THEIR AFFILIATION WITH LOCAL GOVERNMENT, SCHOOLS AND INDUSTRY OR C) THEIR INVOLVEMENT WITH UNDERSERVED AND MINORITY POPULATIONS. A REPRESENTATIVE FROM THE HOSPITAL CONTACTED ALL INDIVIDUALS NOMINATED FOR INTERVIEWING. IF THE RESPECTIVE KEY INFORMANT AGREED TO AN INTERVIEW, AN INTERVIEW TIME AND PLACE WAS SCHEDULED. MOST OF THE INTERVIEWS WERE CONDUCTED AT FREEMAN BUSINESS CENTER. IN SOME INSTANCES, INTERVIEWS WERE CONDUCTED OVER THE PHONE. ALL INTERVIEWS WERE CONDUCTED USING A STANDARD QUESTIONNAIRE. A SUMMARY OF THEIR OPINIONS IS REPORTED WITHOUT JUDGING THE TRUTHFULNESS OR ACCURACY OF THEIR REMARKS. COMMUNITY LEADERS PROVIDED COMMENTS ON THE FOLLOWING ISSUES: -HEALTH AND QUALITY OF LIFE FOR RESIDENTS OF THE COMMUNITY -BARRIERS TO IMPROVING HEALTH AND QUALITY OF LIFE FOR RESIDENTS OF THE COMMUNITY -OPINIONS REGARDING THE IMPORTANT HEALTH ISSUES THAT AFFECT NEWTON AND MCDONALD COUNTY RESIDENTS AND THE TYPES OF SERVICES THAT ARE IMPORTANT FOR ADDRESSING THESE ISSUES -DELINEATION OF THE MOST IMPORTANT HEALTH CARE ISSUES OR SERVICES DISCUSSED AND ACTIONS NECESSARY FOR ADDRESSING THOSE ISSUES. INTERVIEW DATA WAS INITIALLY RECORDED IN NARRATIVE FORM. THEMES IN THE DATA WERE IDENTIFIED AND REPRESENTATIVE QUOTES HAVE BEEN DRAWN FROM THE DATA TO ILLUSTRATE THE THEMES. INFORMANTS WERE ASSURED THAT PERSONAL IDENTIFIERS SUCH AS NAME OR ORGANIZATIONAL AFFILIATIONS WOULD NOT BE CONNECTED IN ANY WAY TO THE INFORMATION PRESENTED IN THE REPORT. THEREFORE, QUOTES INCLUDED IN THE REPORT MAY HAVE BEEN ALTERED SLIGHTLY TO PRESERVE CONFIDENTIALITY. THIS TECHNIQUE DOES NOT PROVIDE A QUANTITATIVE ANALYSIS OF THE LEADERS' OPINIONS, BUT REVEALS COMMUNITY INPUT FOR SOME OF THE FACTORS AFFECTING THE VIEWS AND SENTIMENTS ABOUT OVERALL HEALTH AND QUALITY OF LIFE WITHIN THE COMMUNITY. THE ORGANIZATION INTERVIEWED THE FOLLOWING COMMUNITY MEMBERS: BARBIE BILTON, EXECUTIVE DIRECTOR, JOPLIN COMMUNITY CLINIC REBA SNAVELY, HR DIRECTOR, CITY OF JOPLIN CINDY KATCHUM, BENEFITS MANAGER, THE INSURANCE CENTER DAVID MCMILIN, BUSINESS OFFICE DIRECTOR, OZARK CHRISTIAN COLLEGE DEAN WILLIS, ALLGEIER MARTIN JOHN JOINES, CEO, ECONOMIC SECURITY CORP. OF SW AREA KEITH STAMMER, EMERGENCY MANAGEMENT DIRECTOR, EMERGENCY MANAGEMENT PHIL COOK, SUPERINTENDENT, CARL JUNCTION SCHOOL DISTRICT DEBBIE DUTCH KELLY, HR DIRECTOR, MISSOURI SOUTHERN UNIVERSITY MICHELE DUCRE, REGIONAL DEVELOPMENT DIRECTOR, COMMUNITY FOUNDATION OF THE OZARKS SHARA GAMBLE, HR DIRECTOR, TAMKO BUILDING PRODUCTS DON MCBRIDE, CEO, ACCESS FAMILY CARE LISA OLLIGES, REPORTER, KOAM TV BILL WHITE, STATE REPRESENTATIVE, DISTRICT 129 ANNETTE THURSDON, EXECUTIVE DIRECTOR, RONALD MCDONALD HOUSE DAVID POWELL, OWNER, BENEFITS MANAGEMENT RANDY KRAFT, OWNER, KRAFT INSURANCE SUSAN VERSLUIS, HR DIRECTOR, K & S WIRE GARY ROARK, DIRECTOR, NEWTON COUNTY EMERGENCY MANAGEMENT GIB GARROW, NEOSHO CAMBER TODD DECKER, PASTOR, FREEMAN PASTORAL CARE PHIL WILCOXON, CEO, OZARK CENTER DAN PEKAREK, DIRECTOR, JOPLIN HEALTH DEPARTMENT ROBERT POOLE, DIRECTOR OF ADMISSIONS, CHC OF SEKS NEAL MCDONALD, CONTROLLER, O & F MACHINE. IN ADDITION TO THE INTERVIEWS CONDUCTED, FREEMAN HEALTH SYSTEM CIRCULATED A COMMUNITY HEALTH INPUT QUESTIONNAIRE THAT GATHERED A WIDE RANGE OF INFORMATION WHICH WAS WIDELY DISTRIBUTED TO MEMBERS OF THE COMMUNITY. THE COMMUNITY HEALTH QUESTIONNAIRE BROAD SURVEY WAS INTENDED TO GATHER INFORMATION REGARDING THE OVERALL HEALTH OF THE COMMUNITY. THE RESULTS ARE INTENDED TO PROVIDE INFORMATION ON DIFFERENT HEALTH AND COMMUNITY FACTORS. REQUESTED COMMUNITY INPUT INCLUDED DEMOGRAPHICS AND SOCIOECONOMIC CHARACTERISTICS, BEHAVIORAL RISK FACTORS, HEALTH CONDITIONS AND ACCESS TO HEALTH RESOURCES. |
| SCHEDULE H, PART V, SECTION B, LINE 4   | HOSPITAL FACILITIES INCLUDED IN CHNA. PURSUANT TO REG. 1501(R)-1(B)(17), THE COMMUNITY HEALTH NEEDS ASSESSMENT SERVED BOTH FREEMAN HEALTH SYSTEM WEST AND FREEMAN HEALTH SYSTEM EAST AS THE HOSPITALS OPERATE TOGETHER AS ONE UNIT AND UNDER ONE STATE LICENSE.  |
| SCHEDULE H, PART V, SECTION B, LINE 6   | IMPLEMENTATION STRATEGY. IN RESPONSE TO THE RESULTS OF FREEMAN HEALTH SYSTEM'S MOST RECENTLY CONDUCTED COMMUNITY HEALTH NEEDS ASSESSMENT, THE ORGANIZATION ADOPTED AN IMPLEMENTATION STRATEGY. THE IMPLEMENTATION STRATEGY CAN BE FOUND AT THE FOLLOWING URL: <a href="http://www.freemanhealth.com/?id=939&amp;sid=1">http://www.freemanhealth.com/?id=939&amp;sid=1</a>  |
| SCHEDULE H, PART V, SECTION B, LINE 12I | BASIS FOR CALCULATING AMOUNTS CHARGED TO PATIENTS. THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY ALSO USES FAMILY SIZE IN THE DETERMINATION OF AMOUNTS CHARGED TO PATIENTS.   |
| SCHEDULE H, PART V, SECTION B, LINE 20D | MAXIMUM AMOUNTS CHARGED TO FAP-ELIGIBLE INDIVIDUALS. THE HOSPITAL USED A LOOK-BACK METHOD AND THE MEDIAN NEGOTIATED COMMERCIAL INSURANCE RATES WHEN CALCULATING THE MAXIMUM AMOUNTS THAT CAN BE CHARGED.   |

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) |
|---|-----------------------------|
| FREEMAN CANCER INSTITUTE<br>3415 MCINTOSH<br>JOPLIN, MO 64804                   | MEDICAL SERVICES            |
| FREEMAN MIDWEST ORTHOPAEDIC SURGERY<br>3105 MCCLELLAND BLVD<br>JOPLIN, MO 64804 | MEDICAL SERVICES            |
| FREEMAN WOMEN'S CENTER<br>1532 W 32ND ST<br>JOPLIN, MO 64804                    | MEDICAL SERVICES            |
| URGENT CARE - JOPLIN<br>1130 E 32ND ST<br>JOPLIN, MO 64804                      | MEDICAL SERVICES            |
| FREEMAN WOUND CARE & HOME CARE<br>3315 MCINTOSH<br>JOPLIN, MO 64804             | MEDICAL SERVICES            |
| OCCUMED - JOPLIN<br>3201 MCCLELLAND BLVD<br>JOPLIN, MO 64804                    | MEDICAL SERVICES            |
| CH BENTLAGE MEDICAL CENTER<br>3202 MCINTOSH<br>JOPLIN, MO 64804                 | MEDICAL SERVICES            |
| MEDICAL OFFICE BUILDING<br>336 S JEFFERSON<br>NEOSHO, MO 64580                  | MEDICAL SERVICES            |
| FREEMAN CHILDREN'S CLINIC<br>1030 MCINTOSH<br>JOPLIN, MO 64804                  | MEDICAL SERVICES            |
| REHABILITATION & SPORTS CENTER<br>2206 E 32ND STREET<br>JOPLIN, MO 64804        | MEDICAL SERVICES            |
| URGENT CARE - WEBB CITY<br>1010 S MADISON<br>WEBB CITY, MO 64870                | MEDICAL SERVICES            |
| FREEMAN NEUROSPINE<br>1905 W 32ND ST<br>JOPLIN, MO 64804                        | MEDICAL SERVICES            |
| FREEMAN EAR NOSE AND THROAT CENTER<br>1331 W 32ND ST<br>JOPLIN, MO 64804        | MEDICAL SERVICES            |
| JOPLIN UROLOGYPHYSICIAN OFFICES<br>3302 MCINTOSH<br>JOPLIN, MO 64804            | MEDICAL SERVICES            |
| FREEMAN SLEEP CENTERGERIATRIC CARE<br>931 E 32ND ST<br>JOPLIN, MO 64804         | MEDICAL SERVICES            |

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

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

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

\_\_\_\_\_

| Name and address   | Type of Facility (describe) |
|--|-----------------------------|
| HIGGINS MEDICAL BUILDING<br>1020 MCINTOSH<br>JOPLIN,MO 64804                   | MEDICAL SERVICES            |
| FREEMAN PROFESSIONAL CENTER<br>3333 MCINTOSH<br>JOPLIN,MO 64804                | MEDICAL SERVICES            |
| FREEMAN CLINIC OF ANDERSON<br>510 PARK ST<br>ANDERSON,MO 64831                 | MEDICAL SERVICES            |
| PHYSICAL REHABILITATION<br>204 N LINCOLN<br>NEOSHO,MO 64850                    | MEDICAL SERVICES            |
| DAVID A BALL MEDICAL BUILDING<br>1111 MCINTOSH CIRCLE DRIVE<br>JOPLIN,MO 64804 | MEDICAL SERVICES            |
| FREEMAN MEDICAL PLAZA I<br>702 E 34TH ST<br>JOPLIN,MO 64804                    | MEDICAL SERVICES            |
| FREEMAN CLINIC OF CARTHAGE<br>719 W CENTENNIAL<br>CARTHAGE,MO 64836            | MEDICAL SERVICES            |
| FREEMAN CLINIC OF BAXTER SPRINGS<br>322 E 11TH ST<br>BAXTER SPRINGS,KS 66713   | MEDICAL SERVICES            |
| OCCUMED - CARTHAGE SPECIALTY CLINIC<br>1500 S CASE ST<br>CARTHAGE,MO 64836     | MEDICAL SERVICES            |
| FREEMAN LAMAR FAMILY CARE<br>307 W 11TH ST<br>LAMAR,MO 64759                   | MEDICAL SERVICES            |
| SWEETEN MEDICAL CLINIC<br>1606 OLIVE<br>SENECA,MO 64865                        | MEDICAL SERVICES            |

Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
FREEMAN HEALTH SYSTEM

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

OMB No 1545-0047

2013

Open to Public  
Inspection

Employer identification number  
43-1704371

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) OZARK CENTER<br>3006 MCCLELLAND<br>JOPLIN,MO 64804                               | 43-0821959 | 501(C)(3)                          | 643,529                  |                                   |   |  | SUPPORT                            |
| (2) CROWDER COLLEGE<br>601 LACLEDE AVE<br>NEOSHO,MO 64850                            | 44-0668521 | 501(C)(3)                          | 62,770                   |                                   |   |  | SUPPORT                            |
| (3) MISSOURI SOUTHERN FOUNDATION<br>3950 E NEWMAN ROAD<br>JOPLIN,MO 64801            | 43-0907114 | 501(C)(3)                          | 55,000                   |                                   |   |  | SUPPORT                            |
| (4) COMMUNITY HEALTH CLINIC OF JOPLIN<br>701 SOUTH JOPLIN AVENUE<br>JOPLIN,MO 64801  | 43-1643962 | 501(C)(3)                          | 29,000                   |                                   |   |  | SUPPORT                            |
| (5) BREAST CANCER FDN OF THE OZARKS<br>330 N JEFFERSON STE B<br>SPRINGFIELD,MO 65806 | 43-1881450 | 501(C)(3)                          | 20,000                   |                                   |   |  | SUPPORT                            |
| (6) JOPLIN MEMORIAL RUN<br>PO BOX 3102<br>JOPLIN,MO 64801                            | 45-4202274 | 501(C)(3)                          | 15,000                   |                                   |   |  | SUPPORT                            |
| (7) FRIENDS OF ST AVIPS<br>222 W 3RD STREET<br>JOPLIN,MO 64801                       | 43-1339582 | 501(C)(3)                          | 6,000                    |                                   |   |  | SUPPORT                            |
|  |            |                                    |                          |                                   |   |  |                                    |

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . 7

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



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 |
|--|-------------------------|-------------------------|----------------------------------|--|---------------------------------------|
| (1) CMN AID TO FAMILIES                  | 1040                    | 196,337                 |                                  |  |                                       |
| (2) MAMMOGRAMS                           | 27                      | 8,858                   |                                  |  |                                       |
| (3) PRESCRIPTIONS, MEALS, TRANSPORTATION | 3016                    | 61,584                  |                                  |  |                                       |
| (4) CANCER PATIENT HELP                  | 309                     | 12,880                  |                                  |  |                                       |
|  |                         |                         |                                  |  |                                       |
|  |                         |                         |                                  |  |                                       |
|  |                         |                         |                                  |  |                                       |

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   |
|----------------------------|---|
| SCHEDULE I, PART I, LINE 2 | MONITORING USE OF GRANT FUNDS OZARK CENTER IS A RELATED ORGANIZATION TO AND WORKS CLOSELY WITH FREEMAN HEALTH SYSTEM TO FURTHER THE ORGANIZATION'S EXEMPT PURPOSE THROUGH CARING FOR PATIENTS SUFFERING FROM PSYCHIATRIC, SUBSTANCE ABUSE AND AUTISM SPECTRUM DISORDERS THIS CLOSE RELATIONSHIP ALLOWS FREEMAN HEALTH SYSTEM TO CLOSELY MONITOR THE USE OF FUNDS AMOUNTS ARE ALSO CONTRIBUTED TO CROWDER COLLEGE AND THE MISSOURI SOUTHERN FOUNDATION FOR NURSING SCHOLARSHIPS FOR AREA STUDENTS THE ORGANIZATION IS ABLE TO MONITOR FUNDS BY PROVIDING THESE AMOUNTS DIRECTLY TO THE SCHOOLS, TO BE USED FOR THE DESIGNATED ENROLLED STUDENT RECIPIENTS OTHER AMOUNTS WERE GIVEN DURING THE YEAR TO LOCAL ORGANIZATIONS THE USE OF THE FUNDS CAN BE SEEN IN THE COMMUNITY AND CAN BE MONITORED ACCORDINGLY |
| SCHEDULE I, PART III       | GRANTS AND OTHER ASSISTANCE TO INDIVIDUALS IN FISCAL YEAR 2014, FREEMAN HEALTH SYSTEM PROVIDED ASSISTANCE THROUGH THE FOLLOWING PROGRAMS *HELPING FRIENDS MAMMOGRAM PROGRAM - \$8,858 WAS SPENT TO HELP OVER 25 WOMEN WITH FREE MAMMOGRAPHY *CHAPLAINS DISCRETIONARY FUND - \$61,584 WAS SPENT TO HELP OVER 3,000 WITH PRESCRIPTIONS/FREE MEALS OR TRANSPORTATION HOME *FHS CHILDREN'S MIRACLE NETWORK - \$196,337 WAS SPENT HELPING OVER 1,000 FAMILIES WITH MEDICINE, TRANSPORTATION AND LODGING *CANCER PATIENT ASSISTANCE - \$12,880 WAS SPENT HELPING OVER 300 CANCER PATIENTS WITH PHARMACY-RELATED EXPENSES  |

Schedule J  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Compensation Information

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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.  
▶ Attach to Form 990. ▶ See separate instructions.

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
FREEMAN HEALTH SYSTEM

Employer identification number  
43-1704371

Part I Questions Regarding Compensation

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

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

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

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

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

Part III Supplemental Information

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

| Return Reference                     | Explanation  |
|--------------------------------------|--|
| SCHEDULE J, PART I, LINE 4A          | CHANGE OF CONTROL PAYMENT THE FOLLOWING INDIVIDUALS RECEIVED A SEVERANCE OR CHANGE OF CONTROL PAYMENT DURING THE YEAR \$ 17,432 DEBRA KOELKEBECK \$ 15,882 DEBORAH CHIODO \$ 14,749 DAXTON HOLCOMB   |
| SCHEDULE J, PART I, LINE 4B          | SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN THE FOLLOWING INDIVIDUALS RECEIVED CONTRIBUTIONS FROM A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN THROUGH FREEMAN HEALTH SYSTEM OR FREEMAN NEOSHO DURING THE YEAR \$ 71,392 STEVE GRADDY \$ 52,094 JOE KIRK \$ 64,915 RICHARD SCHOOLER \$ 274,252 PAULA BAKER \$ 16,302 DEBRA KOELKEBECK \$ 34,773 JEFFREY CARRIER \$ 28,047 SUE ANNESSER \$ 21,506 COLEEN CAMERON \$ 19,201 MICHAEL LEONE \$ 6,525 DEBORAH CHIODO \$ 31,224 KEVIN GAUDETTE \$ 24,033 WESLEY BRAMAN \$ 5,328 DAXTON HOLCOMB THE FOLLOWING INDIVIDUALS RECEIVED PAYMENTS FROM A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN \$ 67,576 STEVE GRADDY \$ 216,522 JOE KIRK \$ 63,725 RICHARD SCHOOLER \$ 64,126 PAULA BAKER \$ 82,064 DEBRA KOELKEBECK \$ 25,123 JEFFREY CARRIER \$ 27,983 SUE ANNESSER \$ 21,139 COLEEN CAMERON \$ 21,994 MICHAEL LEONE \$ 64,085 DEBORAH CHIODO \$ 27,913 KEVIN GAUDETTE \$ 23,502 WESLEY BRAMAN \$ 16,260 DAXTON HOLCOMB IN ADDITION, PAULA BAKER, CEO, IS ELIGIBLE TO RECEIVE RETIREMENT COMPENSATION, UPON RETIREMENT AND SUBJECT TO SATISFYING THE REQUIREMENTS OF A COVENANT NOT TO COMPETE THIS COVENANT STATES THAT THE CEO AGREES THAT DURING THE TERM OF EMPLOYMENT AND FOR A PERIOD OF THREE YEARS AFTER THE TERMINATION OF EMPLOYMENT FOR ANY REASON, CEO SHALL NOT ENGAGE IN ANY EMPLOYMENT OR BUSINESS THAT PROVIDES HEALTH CARE SERVICES, WHICH COMPETES WITH FREEMAN THIS RETIREMENT COMPENSATION IS ACCRUED AT THE MONTHLY AMOUNT OF \$31,250 AND IS INCLUDED IN SCHEDULE J, PART II, COLUMN C AS RETIREMENT AND OTHER DEFERRED COMPENSATION IN THE TOTAL AMOUNT OF \$375,000 |
| SCHEDULE J, PART I, LINE 6A          | MANAGEMENT COMPENSATION FREEMAN HEALTH SYSTEM PROVIDES MANAGEMENT THE POTENTIAL TO RECEIVE AN AT-RISK PAYMENT BASED ON SYSTEM AND INDIVIDUAL GOAL ACHIEVEMENT THE AMOUNT OF COMPENSATION IS BASED UPON A PERCENTAGE OF THE EMPLOYEE'S ANNUAL COMPENSATION AND IS SUBJECT TO BOARD APPROVAL   |
| SCHEDULE J, PART II, COLUMN (B) (II) | BONUS & INCENTIVE COMPENSATION THE ORGANIZATION PROVIDES PHYSICIANS THE POTENTIAL TO RECEIVE ANNUAL BONUS COMPENSATION PHYSICIAN BONUSES ARE CALCULATED BASED ON GENERATING WORKED RELATIVE VALUE UNITS (WRVU) EMPLOYMENT CONTRACTS SPECIFY THE NUMBER OF REQUIRED WRVUS (TO OBTAIN AN ANNUAL SALARY) AND THE ADDITIONAL BONUS COMPENSATION PHYSICIANS WILL RECEIVE ONCE THE REQUIRED WRVUS HAVE BEEN MET ADDITIONAL BONUS COMPENSATION IS CALCULATED BY MULTIPLYING THE WRVUS IN EXCESS OF REQUIRED WRVUS TIMES A PREDETERMINED COMPENSATION FACTOR WRVUS SHALL BE COMPUTED BY USE OF THE APPROVED MEDICARE METHODS OF COMPUTATION FOR PHYSICIAN PRACTICES  |
| SCHEDULE J, PART II, COLUMN F        | COMPENSATION REPORTED IN PRIOR FORM 990 COMPENSATION IS REPORTED ON THE FORM 990 IN THE YEAR THAT THE COMPENSATION IS EARNED BY OR AWARDED TO AN INDIVIDUAL, EVEN IF THE COMPENSATION IS NOT PAID TO THE INDIVIDUAL, IS NOT FULLY VESTED, OR IS SUBJECT TO SUBSTANTIAL RISK OF FORFEITURE IF COMPENSATION IS EARNED OR AWARDED IN ONE YEAR BUT PAID IN A LATER YEAR, THEN THE COMPENSATION IS REPORTED A SECOND TIME ON THE FORM 990 IN THE YEAR THE COMPENSATION IS VESTED OR PAID TO THE INDIVIDUAL AMOUNTS REPORTED IN COLUMN F INCLUDE BOTH PRIOR CONTRIBUTIONS AS WELL AS EARNINGS ON THOSE CONTRIBUTIONS   |

Additional Data

Software ID:  
Software Version:  
EIN: 43-1704371  
Name: FREEMAN HEALTH SYSTEM

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 |                           |                         |                                 |  |
| LARRY MCINTIRE DO DIRECTOR                      | (i)<br>(ii) | 456,197<br>0                                       | 52,006<br>0                         | 17,500<br>0              | 7,500<br>0                | 905<br>0                | 534,108<br>0                    | 0<br>0   |
| JOHN M COX DO DIRECTOR                          | (i)<br>(ii) | 968,579<br>0                                       | 119,619<br>0                        | 15,474<br>0              | 7,500<br>0                | 19,577<br>0             | 1,130,749<br>0                  | 0<br>0   |
| RODNEY MCFARLAND MD DIRECTOR                    | (i)<br>(ii) | 200,548<br>20,475                                  | 38,649<br>0                         | 15,199<br>1,301          | 6,909<br>591              | 13,487<br>1,155         | 274,792<br>23,522               | 0<br>0   |
| PAULA F BAKER PRESIDENT/CEO                     | (i)<br>(ii) | 714,943<br>0                                       | 952<br>0                            | 88,012<br>0              | 656,752<br>0              | 17,076<br>0             | 1,477,735<br>0                  | 64,126<br>0  |
| JOE L KIRK CHIEF OPERATIONS OFFICER             | (i)<br>(ii) | 297,678<br>0                                       | 1,900<br>0                          | 234,022<br>0             | 59,594<br>0               | 14,822<br>0             | 608,016<br>0                    | 216,522<br>0   |
| STEVE W GRADDY CFO                              | (i)<br>(ii) | 363,475<br>0                                       | 1,852<br>0                          | 67,596<br>0              | 78,892<br>0               | 13,622<br>0             | 525,438<br>0                    | 67,576<br>0  |
| RICHARD D SCHOOLER CHIEF MEDICAL OFFICER        | (i)<br>(ii) | 388,612<br>0                                       | 950<br>0                            | 68,209<br>0              | 72,415<br>0               | 12,089<br>0             | 542,275<br>0                    | 63,725<br>0  |
| DEBRA M KOELKEBECK VP RETAIL/CLIN OPS END 09/13 | (i)<br>(ii) | 197,544<br>0                                       | 750<br>0                            | 115,301<br>0             | 23,802<br>0               | 9,839<br>0              | 347,236<br>0                    | 82,064<br>0  |
| MICHAEL J LEONE CONTROLLER                      | (i)<br>(ii) | 212,468<br>0                                       | 1,002<br>0                          | 31,283<br>0              | 26,701<br>0               | 19,863<br>0             | 291,318<br>0                    | 21,994<br>0  |
| JEFFREY M CARRIER CHIEF CLINICAL OFFICER        | (i)<br>(ii) | 196,190<br>0                                       | 352<br>0                            | 27,405<br>0              | 42,273<br>0               | 19,576<br>0             | 285,797<br>0                    | 25,123<br>0  |
| KEVIN P GAUDETTE VP REVENUE CYCLE               | (i)<br>(ii) | 204,524<br>0                                       | 31,702<br>0                         | 28,173<br>0              | 38,275<br>0               | 13,050<br>0             | 315,724<br>0                    | 27,913<br>0  |
| DEBORAH E CHIODO CHIEF HR OFFICER ENDING 05/13  | (i)<br>(ii) | 104,060<br>0                                       | 0<br>0                              | 79,987<br>0              | 13,733<br>0               | 5,005<br>0              | 202,785<br>0                    | 64,085<br>0  |
| WESLEY B BRAMAN VP BUSINESS DEVELOPMENT         | (i)<br>(ii) | 187,474<br>0                                       | 552<br>0                            | 23,762<br>0              | 24,033<br>0               | 19,862<br>0             | 255,683<br>0                    | 23,502<br>0  |
| SUE A ANNESSER CHIEF INFORMATION OFFICER        | (i)<br>(ii) | 213,491<br>0                                       | 1,902<br>0                          | 28,243<br>0              | 35,547<br>0               | 13,102<br>0             | 292,285<br>0                    | 27,983<br>0  |
| DAXTON D HOLCOMB ER/TRAUMA SERV END 06/13       | (i)<br>(ii) | 109,322<br>0                                       | 0<br>0                              | 38,298<br>0              | 12,098<br>0               | 6,234<br>0              | 165,952<br>0                    | 16,260<br>0  |
| COLEEN S CAMERON CHIEF REGULATORY OFFICER       | (i)<br>(ii) | 135,447<br>0                                       | 801<br>0                            | 21,399<br>0              | 26,773<br>0               | 6,672<br>0              | 191,092<br>0                    | 21,139<br>0  |
| WILLIAM J NICHOLAS PHYSICIAN ENDING 09/13       | (i)<br>(ii) | 1,366,864<br>0                                     | 223,980<br>0                        | 16,116<br>0              | 7,500<br>0                | 11,222<br>0             | 1,625,681<br>0                  | 0<br>0   |
| THOMAS B COY PHYSICIAN                          | (i)<br>(ii) | 1,214,045<br>0                                     | 251,501<br>0                        | 13,000<br>0              | 7,500<br>0                | 17,076<br>0             | 1,503,122<br>0                  | 0<br>0   |
| ROBERT C STAUFFER PHYSICIAN                     | (i)<br>(ii) | 1,133,119<br>0                                     | 224,680<br>0                        | 17,248<br>0              | 7,500<br>0                | 9,790<br>0              | 1,392,337<br>0                  | 0<br>0   |
| JOSHUA M BALL PHYSICIAN                         | (i)<br>(ii) | 569,823<br>0                                       | 792,422<br>0                        | 4,752<br>0               | 7,500<br>0                | 16,757<br>0             | 1,391,253<br>0                  | 0<br>0   |

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

| (A) Name                           |             | (B) Breakdown of W-2 and/or 1099-MISC compensation |                                     |                          | (C) Deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation reported in prior Form 990 or Form 990-EZ |
|------------------------------------|-------------|--|-------------------------------------|--------------------------|---------------------------|-------------------------|---------------------------------|--|
|                                    |             | (i) Base Compensation                              | (ii) Bonus & incentive compensation | (iii) Other compensation |                           |                         |                                 |  |
| CHRISTOPHER R LONGNECKER PHYSICIAN | (i)<br>(ii) | 874,425<br>0                                       | 368,505<br>0                        | 17,500<br>0              | 7,500<br>0                | 16,844<br>0             | 1,284,774<br>0                  | 0<br>0   |

Schedule K  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
FREEMAN HEALTH SYSTEM

Employer identification number  
43-1704371

Part I

Bond Issues

|   | (a) Issuer name                                   | (b) Issuer EIN | (c) CUSIP # | (d) Date issued | (e) Issue price | (f) Description of purpose         | (g) Defeased |    | (h) On behalf of issuer |    | (i) Pool financing |    |
|---|---|----------------|-------------|-----------------|-----------------|------------------------------------|--------------|----|-------------------------|----|--------------------|----|
|   |   |                |             |                 |                 |                                    | Yes          | No | Yes                     | No | Yes                | No |
| A | THE INDUSTRIAL DEVELOPMENT AUTHORITY OF JOPLIN MO | 52-1299414     | 480639AN3   | 11-30-2004      | 49,064,229      | CONSTRUCT & EQUIP WEST CAMPUS HOSP |              | X  |                         | X  |                    | X  |
| B | THE INDUSTRIAL DEVELOPMENT AUTHORITY OF JOPLIN MO | 52-1299414     |             | 07-23-2009      | 18,950,000      | REFUND 2008 BOND AND 2008 TAXABLE  | X            |    |                         | X  |                    | X  |
| C | THE INDUSTRIAL DEVELOPMENT AUTHORITY OF JOPLIN MO | 52-1299414     |             | 12-20-2010      | 10,393,515      | EQUIPMENT                          |              | X  |                         | X  |                    | X  |
| D | THE INDUSTRIAL DEVELOPMENT AUTHORITY OF JOPLIN MO | 52-1299414     | 480639AY9   | 12-13-2011      | 25,031,815      | CONSTRUCT & EQUIP WEST CAMPUS HOSP |              | X  |                         | X  |                    | X  |

Part II

Proceeds

|    |  | A          |    | B          |    | C          |    | D          |   |
|----|--|------------|----|------------|----|------------|----|------------|---|
| 1  | Amount of bonds retired  | 6,970,000  |    | 2,840,012  |    | 7,253,768  |    | 1,845,000  |   |
| 2  | Amount of bonds legally defeased   | 0          |    | 0          |    | 0          |    | 0          |   |
| 3  | Total proceeds of issue  | 52,108,917 |    | 18,950,000 |    | 10,394,224 |    | 25,031,815 |   |
| 4  | Gross proceeds in reserve funds  | 3,341,338  |    | 0          |    | 0          |    | 2,055,000  |   |
| 5  | Capitalized interest from proceeds   | 2,010,207  |    | 0          |    | 0          |    | 0          |   |
| 6  | Proceeds in refunding escrows  | 0          |    | 0          |    | 0          |    | 0          |   |
| 7  | Issuance costs from proceeds   | 733,072    |    | 0          |    | 42,200     |    | 403,785    |   |
| 8  | Credit enhancement from proceeds   | 0          |    | 0          |    | 0          |    | 0          |   |
| 9  | Working capital expenditures from proceeds   | 0          |    | 0          |    | 0          |    | 0          |   |
| 10 | Capital expenditures from proceeds   | 46,024,301 |    | 0          |    | 10,352,024 |    | 18,315,635 |   |
| 11 | Other spent proceeds   | 31,842     |    | 18,950,000 |    | 0          |    | 0          |   |
| 12 | Other unspent proceeds   | 0          |    | 0          |    | 0          |    | 4,247,570  |   |
| 13 | Year of substantial completion   | 2008       |    | 2008       |    | 2013       |    | YesNo      |   |
|    |  | Yes        | No | Yes        | No | Yes        | No |            |   |
| 14 | Were the bonds issued as part of a current refunding issue?  |            | X  | X          |    |            | X  |            | X |
| 15 | Were the bonds issued as part of an advance refunding issue?   |            | X  |            | X  |            | X  |            | X |
| 16 | Has the final allocation of proceeds been made?  | X          |    | X          |    | X          |    |            | X |
| 17 | Does the organization maintain adequate books and records to support the final allocation of proceeds? | X          |    | X          |    | X          |    | X          |   |

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

|    |  | A       |    | B   |    | C   |    | D   |    |
|----|--|---------|----|-----|----|-----|----|-----|----|
|    |  | Yes     | No | Yes | No | Yes | No | Yes | No |
| 3a | Are there any management or service contracts that may result in private business use of bond-financed property?   | X       |    |     | X  |     | X  | X   |    |
| b  | If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?   | X       |    |     |    |     |    | X   |    |
| c  | Are there any research agreements that may result in private business use of bond-financed property?   |         | X  |     | X  |     | X  |     | X  |
| d  | If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?   |         |    |     |    |     |    |     |    |
| 4  | Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government  | 0 %     |    | 0 % |    | 0 % |    | 0 % |    |
| 5  | Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government | 0 220 % |    |     |    |     |    |     |    |
| 6  | Total of lines 4 and 5   | 0 220 % |    |     |    |     |    |     |    |
| 7  | Does the bond issue meet the private security or payment test?   |         | X  |     | X  |     | X  |     | X  |
| 8a | Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?   |         | X  |     | X  |     | X  |     | X  |
| b  | If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of  |         |    |     |    |     |    |     |    |
| c  | If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?  |         | X  |     | X  |     | X  |     | X  |
| 9  | Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?                           | X       |    | X   |    | X   |    | X   |    |

Part IV

Arbitrage

|    |  | A   |    | B   |    | C   |    | D   |    |
|----|--|-----|----|-----|----|-----|----|-----|----|
|    |  | Yes | No | Yes | No | Yes | No | Yes | No |
| 1  | Has the issuer filed Form 8038-T?  |     | X  |     | X  |     | X  |     | X  |
| 2  | If "No" to line 1, did the following apply?  |     |    |     |    |     |    |     |    |
| a  | Rebate not due yet?  |     | X  |     | X  |     | X  | X   |    |
| b  | Exception to rebate?   |     | X  | X   |    |     | X  |     | X  |
| c  | No rebate due?   | X   |    |     | X  | X   |    |     | X  |
|    | If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed    |     |    |     |    |     |    |     |    |
| 3  | Is the bond issue a variable rate issue?   |     | X  |     | X  |     | X  |     | X  |
| 4a | Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue? |     | X  |     | X  |     | X  |     | X  |
| b  | Name of provider   | 0   |    | 0   |    | 0   |    |     |    |
| c  | Term of hedge  |     |    |     |    |     |    |     |    |
| d  | Was the hedge superintegrated?   |     |    |     |    |     |    |     |    |
| e  | Was the hedge terminated?  |     |    |     |    |     |    |     |    |



Part IV Arbitrage (Continued)

|   | A               |    | B   |    | C   |    | D   |    |
|---|-----------------|----|-----|----|-----|----|-----|----|
|   | Yes             | No | Yes | No | Yes | No | Yes | No |
| 5a Were gross proceeds invested in a guaranteed investment contract (GIC)?                        | X               |    |     | X  |     | X  |     | X  |
| b Name of provider  | BANK OF AMERICA |    | 0   |    | 0   |    | 0   |    |
| c Term of GIC   | 10 1            |    |     |    |     |    |     |    |
| d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?     | X               |    |     |    |     |    |     |    |
| 6 Were any gross proceeds invested beyond an available temporary period?                          | X               |    |     | X  |     | X  |     | X  |
| 7 Has the organization established written procedures to monitor the requirements of section 148? | X               |    | X   |    | X   |    | X   |    |

Part V Procedures To Undertake Corrective Action

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

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

| Return Reference                                   | Explanation  |
|--|--|
| SCHEDULE K, PART I, LINE B, COLUMN F               | THE 2008A BONDS WERE ORIGINALLY ISSUED ON 2/28/2008 AND THE 2008 TAXABLE LOAN WAS ORIGINALLY ISSUED ON 9/2/2008  |
| SCHEDULE K, PART I, LINE B                         | THE HOSPITAL ISSUED A 2014 BOND ON 6/18/2014 TO REFUND THE 2009 BONDS ON THE ISSUE DATE, WHICH OCCURRED AFTER THE FISCAL YEAR END  |
| SCHEDULE K, PART II, LINE 3, COLUMN A              | AMOUNT DOES NOT EQUAL ISSUE PRICE OF THE BONDS DUE TO INVESTMENT EARNINGS EARNED DURING THE PROJECT PERIOD   |
| SCHEDULE K, PART II, LINE 5, COLUMN A              | THE TOTAL AMOUNT OF INTEREST FUNDED DURING THE PROJECT PERIOD WAS \$2,039,657, OF WHICH \$2,010,207 IS CAPITALIZED INTEREST AND \$29,450 IS ADDITIONAL INVESTMENT EARNINGS EARNED IN THE DEBT SERVICE RESERVE FUND DURING THE PROJECT PERIOD AFTER THE PROJECT WAS PLACED-IN-SERVICE |
| SCHEDULE K, PART II, LINE 11, COLUMN B             | ALL BOND PROCEEDS WERE USED ON THE ISSUE DATE TO CURRENTLY REFUND THE 2008A BOND AND THE 2008 TAXABLE BANK LOAN  |
| SCHEDULE K, PART II, LINE 3, COLUMN C              | AMOUNT DOES NOT EQUAL ISSUE PRICE OF THE BONDS DUE TO INVESTMENT EARNINGS EARNED DURING THE PROJECT PERIOD   |
| SCHEDULE K, PART II, LINE 12, COLUMN D             | THIS IS THE AMOUNT OF BOND PROCEEDS REMAINING IN THE PROJECT FUND AS OF THE FISCAL YEAR END  |
| SCHEDULE K, PART II, LINES 13 & 16, COLUMN D       | PROJECT IS NOT SUBSTANTIALLY COMPLETE AND AS A RESULT THE FINAL ALLOCATION HAS NOT YET BEEN COMPLETED  |
| SCHEDULE K, PART III, LINE 5, COLUMN A             | AMOUNT REPRESENTS THE MAXIMUM AMOUNT OF NONQUALIFIED USE THAT MAY RESULT FROM UNRELATED TRADE OR BUSINESS ACTIVITY   |
| SCHEDULE K, PART III, LINE 8A, COLUMNS A,B,C AND D | THE HOSPITAL GENERALLY DOES NOT DISPOSE OF ANY BOND FINANCED PROPERTY PRIOR TO THE END OF ITS USEFUL LIFE  |
| SCHEDULE K, PART IV, LINE 2C, COLUMN A             | REBATE COMPUTATION PERFORMED AS OF 11/1/2009 AND 11/1/2014   |
| SCHEDULE K, PART IV, LINE 6, COLUMN A              | THE PROJECT FUND WAS INVESTED BEYOND THE 3-YEAR TEMPORARY PERIOD BUT ALL BOND PROCEEDS IN THE PROJECT FUND HAVE BEEN SPENT AND NO YIELD REDUCTION LIABILITY WAS GENERATED  |
| SCHEDULE K, PART IV, LINE 2C, COLUMN C             | THE ARBITRAGE REBATE ANALYSIS WAS PERFORMED AS OF 10/1/2013  |

Schedule K  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
FREEMAN HEALTH SYSTEM

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2013

Open to Public Inspection

Employer identification number  
43-1704371

Part I Bond Issues

| (a) Issuer name                                   | (b) Issuer EIN | (c) CUSIP # | (d) Date issued | (e) Issue price | (f) Description of purpose     | (g) Defeased |    | (h) On behalf of issuer |    | (i) Pool financing |    |
|---|----------------|-------------|-----------------|-----------------|--------------------------------|--------------|----|-------------------------|----|--------------------|----|
|   |                |             |                 |                 |                                | Yes          | No | Yes                     | No | Yes                | No |
| A HEALTH AND EDUCATION FACILITIES AUTHORITY OF MO | 43-1178966     | 60637ADK5   | 12-20-2012      | 40,129,591      | REFUND 1994 BOND AND 1998 BOND |              | X  |                         | X  |                    | X  |

Part II Proceeds

|    |  | A          |    | B   |    | C   |    | D   |    |
|----|--|------------|----|-----|----|-----|----|-----|----|
| 1  | Amount of bonds retired  | 4,165,000  |    |     |    |     |    |     |    |
| 2  | Amount of bonds legally defeased   | 0          |    |     |    |     |    |     |    |
| 3  | Total proceeds of issue  | 40,129,591 |    |     |    |     |    |     |    |
| 4  | Gross proceeds in reserve funds  | 3,557,201  |    |     |    |     |    |     |    |
| 5  | Capitalized interest from proceeds   | 0          |    |     |    |     |    |     |    |
| 6  | Proceeds in refunding escrows  | 0          |    |     |    |     |    |     |    |
| 7  | Issuance costs from proceeds   | 530,282    |    |     |    |     |    |     |    |
| 8  | Credit enhancement from proceeds   | 0          |    |     |    |     |    |     |    |
| 9  | Working capital expenditures from proceeds   | 0          |    |     |    |     |    |     |    |
| 10 | Capital expenditures from proceeds   | 0          |    |     |    |     |    |     |    |
| 11 | Other spent proceeds   | 36,042,809 |    |     |    |     |    |     |    |
| 12 | Other unspent proceeds   | 0          |    |     |    |     |    |     |    |
| 13 | Year of substantial completion   | 1999       |    |     |    |     |    |     |    |
|    |  | Yes        | No | Yes | No | Yes | No | Yes | No |
| 14 | Were the bonds issued as part of a current refunding issue?  | X          |    |     |    |     |    |     |    |
| 15 | Were the bonds issued as part of an advance refunding issue?   |            | X  |     |    |     |    |     |    |
| 16 | Has the final allocation of proceeds been made?  | X          |    |     |    |     |    |     |    |
| 17 | Does the organization maintain adequate books and records to support the final allocation of proceeds? | X          |    |     |    |     |    |     |    |

Part III Private Business Use

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

Part III

Private Business Use (Continued)

|    |  | A   |    | B   |    | C   |    | D   |    |
|----|--|-----|----|-----|----|-----|----|-----|----|
|    |  | Yes | No | Yes | No | Yes | No | Yes | No |
| 3a | Are there any management or service contracts that may result in private business use of bond-financed property?   |     |    |     |    |     |    |     |    |
| b  | If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?   |     |    |     |    |     |    |     |    |
| c  | Are there any research agreements that may result in private business use of bond-financed property?   |     |    |     |    |     |    |     |    |
| d  | If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?   |     |    |     |    |     |    |     |    |
| 4  | Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶  | 0 % |    |     |    |     |    |     |    |
| 5  | Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶ |     |    |     |    |     |    |     |    |
| 6  | Total of lines 4 and 5   |     |    |     |    |     |    |     |    |
| 7  | Does the bond issue meet the private security or payment test?   |     |    |     |    |     |    |     |    |
| 8a | Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?   |     |    |     |    |     |    |     |    |
| b  | If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of  |     |    |     |    |     |    |     |    |
| c  | If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?  |     |    |     |    |     |    |     |    |
| 9  | Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?                             |     |    |     |    |     |    |     |    |

Part IV

Arbitrage

|    |  | A   |    | B   |    | C   |    | D   |    |
|----|--|-----|----|-----|----|-----|----|-----|----|
|    |  | Yes | No | Yes | No | Yes | No | Yes | No |
| 1  | Has the issuer filed Form 8038-T?  |     | X  |     |    |     |    |     |    |
| 2  | If "No" to line 1, did the following apply?  |     |    |     |    |     |    |     |    |
| a  | Rebate not due yet?  | X   |    |     |    |     |    |     |    |
| b  | Exception to rebate?   |     | X  |     |    |     |    |     |    |
| c  | No rebate due?   |     | X  |     |    |     |    |     |    |
|    | If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed    |     |    |     |    |     |    |     |    |
| 3  | Is the bond issue a variable rate issue?   |     | X  |     |    |     |    |     |    |
| 4a | Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue? |     | X  |     |    |     |    |     |    |
| b  | Name of provider   | 0   |    |     |    |     |    |     |    |
| c  | Term of hedge  |     |    |     |    |     |    |     |    |
| d  | Was the hedge superintegrated?   |     |    |     |    |     |    |     |    |
| e  | Was the hedge terminated?  |     |    |     |    |     |    |     |    |

Part IV Arbitrage (Continued)

|    |   | A   |    | B   |    | C   |    | D   |    |
|----|---|-----|----|-----|----|-----|----|-----|----|
|    |   | Yes | No | Yes | No | Yes | No | Yes | No |
| 5a | Were gross proceeds invested in a guaranteed investment contract (GIC)?                         |     | X  |     |    |     |    |     |    |
| b  | Name of provider  | 0   |    |     |    |     |    |     |    |
| c  | Term of GIC   |     |    |     |    |     |    |     |    |
| d  | Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?     |     |    |     |    |     |    |     |    |
| 6  | Were any gross proceeds invested beyond an available temporary period?                          |     | X  |     |    |     |    |     |    |
| 7  | Has the organization established written procedures to monitor the requirements of section 148? | X   |    |     |    |     |    |     |    |

Part V Procedures To Undertake Corrective Action

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

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

| Return Reference                       | Explanation   |
|--|---|
| SCHEDULE K, PART I, LINE A, COLUMN F   | The 1994-A Bonds were originally issued on 3/15/1994 and the 1998-A Bonds were originally issued on 2/12/1998   |
| SCHEDULE K, PART II, LINE 7, COLUMN A  | Amount reported has changed form last year due to clerical error  |
| SCHEDULE K, PART II, LINE 11, COLUMN A | PROCEEDS OF \$36,010,967 WERE USED TO REFUND THE 1994-A BONDS AND 1998-A BONDS ON DECEMBER 27, 2012 PROCEEDS REMAINING IN THE COSTS OF ISSUANCE ACCOUNT OF \$31,842 WERE USED TO PAY INTEREST ON THE BONDS ON 8/15/2013 |

Schedule L  
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2013

Open to Public Inspection

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

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

Name of the organization  
FREEMAN HEALTH SYSTEM

Employer identification number  
43-1704371

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

| (a) Name of interested person | (b) Relationship with organization | (c) Purpose of loan | (d) Loan to or from the organization? |      | (e) Original principal amount | (f) Balance due | (g) In default? |    | (h) Approved by board or committee? | (i) Written agreement? |     |
|-------------------------------|------------------------------------|---------------------|---------------------------------------|------|-------------------------------|-----------------|-----------------|----|-------------------------------------|------------------------|-----|
|                               |                                    |                     | To                                    | From |                               |                 | Yes             | No |                                     | Yes                    | No  |
| (1) THOMAS COY                | EMPLOYEE                           | PHYS EQUIP          |                                       | X    | 154,655                       | 1,657           |                 | No |                                     | No                     | Yes |
|                               |                                    |                     |                                       |      |                               |                 |                 |    |                                     |                        |     |
|                               |                                    |                     |                                       |      |                               |                 |                 |    |                                     |                        |     |
|                               |                                    |                     |                                       |      |                               |                 |                 |    |                                     |                        |     |
|                               |                                    |                     |                                       |      |                               |                 |                 |    |                                     |                        |     |
|                               |                                    |                     |                                       |      |                               |                 |                 |    |                                     |                        |     |
| Total ▶ \$                    |                                    |                     |                                       |      |                               | 1,657           |                 |    |                                     |                        |     |

Part III Grants or Assistance Benefitting Interested Persons.

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

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

**Part IV Business Transactions Involving Interested Persons.**

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

| (a) Name of interested person | (b) Relationship between interested person and the organization | (c) Amount of transaction | (d) Description of transaction | (e) Sharing of organization's revenues? |    |
|-------------------------------|---|---------------------------|--------------------------------|---|----|
|                               |   |                           |                                | Yes                                     | No |
| See Additional Data Table     |   |                           |                                |   |    |
|                               |   |                           |                                |   |    |
|                               |   |                           |                                |   |    |
|                               |   |                           |                                |   |    |
|                               |   |                           |                                |   |    |
|                               |   |                           |                                |   |    |

**Part V Supplemental Information**

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

| Return Reference | Explanation |
|------------------|-------------|
|------------------|-------------|

Additional Data

Software ID:  
Software Version:  
EIN: 43-1704371  
Name: FREEMAN HEALTH SYSTEM

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

| (a) Name of interested person | (b) Relationship between interested person and the organization | (c) Amount of transaction | (d) Description of transaction | (e) Sharing of organization's revenues? |    |
|-------------------------------|---|---------------------------|--------------------------------|---|----|
|                               |   |                           |                                | Yes                                     | No |
| (1) ADAM GRADDY               | SON OF STEVE GRADDY, CFO  | 48,228                    | EMPLOYEE COMPENSATION          |   | No |
| (2) KENT MCINTIRE             | SON OF LARRY MCINTIRE   | 775,400                   | EMPLOYEE COMPENSATION          |   | No |
| (3) PAMELA HUNT               | DAUGHTER OF RICK SCHOOLER                                       | 38,176                    | EMPLOYEE COMPENSATION          |   | No |
| (4) PAM JONES                 | SISTER OF RICK SCHOOLER   | 25,190                    | EMPLOYEE COMPENSATION          |   | No |
| (5) DEBORAH CANSLER           | IN-LAW OF D KOELKEBECK  | 35,137                    | EMPLOYEE COMPENSATION          |   | No |
| (6) BRYAN GRADDY              | SON OF STEVE GRADDY, CFO  | 18,868                    | EMPLOYEE COMPENSATION          |   | No |
| (7) LARRY ANNESSER            | HUSBAND OF SUE ANNESSER   | 34,159                    | EMPLOYEE COMPENSATION          |   | No |
| (8) HEATHER GRADDY            | IN-LAW OF STEVE GRADDY  | 33,162                    | EMPLOYEE COMPENSATION          |   | No |

SCHEDULE M  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Noncash Contributions

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
FREEMAN HEALTH SYSTEM

Employer identification number  
43-1704371

Part I Types of Property

|  | (a)<br>Check<br>if<br>applicable | (b)<br>Number of contributions<br>or items contributed | (c)<br>Noncash contribution<br>amounts reported on<br>Form 990, Part VIII, line<br>1g | (d)<br>Method of determining<br>noncash contribution amounts |
|--|----------------------------------|--|---|--|
| 1 Art—Works of art . . . . .   |                                  |  |   |  |
| 2 Art—Historical treasures . . . . .                                       |                                  |  |   |  |
| 3 Art—Fractional interests . . . . .                                       |                                  |  |   |  |
| 4 Books and publications . . . . .   |                                  |  |   |  |
| 5 Clothing and household<br>goods . . . . .                                |                                  |  |   |  |
| 6 Cars and other vehicles . . . . .  |                                  |  |   |  |
| 7 Boats and planes . . . . .   |                                  |  |   |  |
| 8 Intellectual property . . . . .  |                                  |  |   |  |
| 9 Securities—Publicly traded . . . . .                                     | X                                | 1  | 269,930   | FMV  |
| 10 Securities—Closely held stock . . . . .                                 |                                  |  |   |  |
| 11 Securities—Partnership, LLC,<br>or trust interests . . . . .            |                                  |  |   |  |
| 12 Securities—Miscellaneous . . . . .                                      |                                  |  |   |  |
| 13 Qualified conservation<br>contribution—Historic<br>structures . . . . . |                                  |  |   |  |
| 14 Qualified conservation<br>contribution—Other . . . . .                  |                                  |  |   |  |
| 15 Real estate—Residential . . . . .                                       |                                  |  |   |  |
| 16 Real estate—Commercial . . . . .  |                                  |  |   |  |
| 17 Real estate—Other . . . . .   |                                  |  |   |  |
| 18 Collectibles . . . . .  |                                  |  |   |  |
| 19 Food inventory . . . . .  |                                  |  |   |  |
| 20 Drugs and medical supplies . . . . .                                    |                                  |  |   |  |
| 21 Taxidermy . . . . .   |                                  |  |   |  |
| 22 Historical artifacts . . . . .  |                                  |  |   |  |
| 23 Scientific specimens . . . . .  |                                  |  |   |  |
| 24 Archeological artifacts . . . . .                                       |                                  |  |   |  |
| 25 Other ► ( )   |                                  |  |   |  |
| 26 Other ►( )  |                                  |  |   |  |
| 27 Other ►( )  |                                  |  |   |  |
| 28 Other ► ( )   |                                  |  |   |  |

29

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

30a

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

30a

Yes

No

b

If "Yes," describe the arrangement in Part II

31

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

31

Yes

32a

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

32a

Yes

b

If "Yes," describe in Part II

33

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

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

Cat No 51227J

Schedule M (Form 990) (2013)



Part II

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

| Return Reference             | Explanation   |
|------------------------------|---|
| SCHEDULE M, PART I, COLUMN B | NUMBER OF CONTRIBUTIONS THE NUMBER IN COLUMN B REPRESENTS THE NUMBER OF CONTRIBUTORS                                |
| SCHEDULE M, PART I, LINE 32B | THIRD PARTIES USED FOR NONCASH CONTRIBUTIONS THE ORGANIZATION USES A THIRD PARTY FOR THE SALE OF SECURITIES DONATED |

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

OMB No 1545-0047

**2013****Open to Public  
Inspection**Name of the organization  
FREEMAN HEALTH SYSTEM**Employer identification number**

43-1704371

**Return  
Reference****Explanation**FORM 990,  
PART I, LINE 1

VISION - TO BE THE LEADING PROVIDER OF PATIENT CENTERED, PHYSICIAN DIRECTED HEALTHCARE IN AN ENVIRONMENT OF COMPASSION AND TRUST, SUPPORTED BY DEDICATED EMPLOYEES WITH A DESIRE TO PROVIDE EXCELLENCE IN CARE AND SERVICE. FREEMAN HEALTH SYSTEM IN JOPLIN, MISSOURI IS A 404 BED, THREE HOSPITAL SYSTEM PROVIDING COMPREHENSIVE HEALTHCARE AND BEHAVIORAL HEALTH SERVICES TO AN AREA THAT INCLUDES MORE THAN 450,000 FROM MISSOURI, ARKANSAS, OKLAHOMA, AND KANSAS

| Return Reference           | Explanation   |  |
|----------------------------|---|--|
| FORM 990, PART III, LINE 4 | <p>FREEMAN HEALTH SYSTEM, NOT-FOR-PROFIT, COMMUNITY-OWNED, AND LOCALLY GOVERNED BY A VOLUNTEER BOARD OF DIRECTORS, PROVIDES FULL-SERVICE HEALTHCARE TO SOUTHWEST MISSOURI, SOUTHEAST KANSAS, NORTHEAST OKLAHOMA, AND NORTHWEST ARKANSAS. A THREE-HOSPITAL HEALTH SYSTEM, FREEMAN PROVIDES COMPREHENSIVE SERVICES INCLUDING CANCER CARE, HEART CARE, ORTHOPAEDICS, NEUROSURGERY, WOMEN'S SERVICES, AND BEHAVIORAL HEALTHCARE. FREEMAN ACCEPTS MEDICAID AND MEDICARE PATIENTS AND OFFERS CHARITY CARE AND PAYMENT PLANS, PROVIDING A SAFETY NET TO A THIRD OF THE LOCAL POPULATION WITH HOUSEHOLD INCOMES BELOW \$25,000. FREEMAN ASKS ALL EMPLOYEES AND VOLUNTEERS TO EMBRACE THE MISSION OF IMPROVING THE HEALTH OF THE COMMUNITIES SERVED THROUGH CONTEMPORARY, INNOVATIVE, QUALITY HEALTHCARE SOLUTIONS. THE FREEMAN MEDICAL TEAM, WHICH INCLUDES MORE THAN 300 PHYSICIANS REPRESENTING 60 SPECIALTIES, USES THE LATEST TECHNIQUES, BEST PRACTICES, AND TECHNOLOGIES TO PROVIDE LIFESAVING MEDICAL CARE, PROVIDING CONSTITUENTS WITH THE HEALTHCARE THEY NEED RIGHT IN THEIR OWN BACKYARD. JOPLIN-AREA PATIENTS DO NOT HAVE TO TRAVEL TO BIG CITIES TO RECEIVE HEART INTERVENTIONS, CARDIOTHORACIC SURGERIES, NEUROSURGERIES, PAIN THERAPIES, INTENSIVE CARE, TRAUMA CARE, AND ADVANCED DIAGNOSTIC SERVICES. THE CLOSE-TO-HOME AVAILABILITY OF PROGRESSIVE HEALTHCARE SERVICES EASES STRESS ON PATIENTS, FOR WHOM TRAVEL CAN BE UNCOMFORTABLE, AND THEIR FAMILIES, FOR WHOM TRAVEL CAN PRESENT A GREAT FINANCIAL BURDEN. FREEMAN FAST FACTS FY 2014 (JOPLIN &amp; NEOSHO COMBINED) - OUTPATIENT REGISTRATIONS 384,436 - EMERGENCY/TRAUMA/URGENT CARE VISITS 108,365 - FREEMAN OCCUMED VISITS 46,201 - ADMISSIONS 20,897 - SURGICAL PROCEDURES 11,197 - BIRTHS 2,455 - BABIES IN NEONATAL INTENSIVE CARE UNIT 334. OBESITY AND DIABETES ARE GROWING PROBLEMS WITH SERIOUS HEALTH IMPLICATIONS. ACCORDING TO THE MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES, 12.6 PERCENT OF SOUTHWESTERN MISSOURI RESIDENTS HAVE DIABETES. TO ADDRESS THE PROBLEM AND PROVIDE EDUCATION TO THE COMMUNITY, FREEMAN DIABETES EDUCATION HOSTED THE FIFTH ANNUAL DIABETES EXPO IN NOVEMBER 2013. IT FEATURED FREEMAN ENDOCRINOLOGIST DR. ALLISON GALLOWAY, WHO DISCUSSED NEW DIABETES MEDICATIONS FOR TREATING TYPE 2 DIABETES, AS WELL AS DIABETES-RELATED PRODUCT DEMONSTRATIONS AND SAMPLES. ANOTHER COMMUNITY BENEFIT RELATED TO DIABETES AND OBESITY, FREEMAN HOSTED AN AMERICAN DIABETES ASSOCIATION ALERT DAY EVENT IN MARCH 2014. DURING THIS FREE EVENT, FREEMAN DIABETES EDUCATORS ADMINISTERED A FREE DIABETES RISK ASSESSMENT TO ANY MEMBER OF THE PUBLIC WHO WANTED ONE. PARTICIPANTS RECEIVED PREVENTATIVE TIPS AND EDUCATION. ADDITIONALLY, THE EVENT RAISED AWARENESS ABOUT DIABETES AND ITS IMPACT ON HEALTH. TO HELP ENSURE THE COMMUNITY HAS THE PHYSICIANS IT NEEDS, FREEMAN BROUGHT 27 NEW PHYSICIANS INTO THE COMMUNITY DURING 2013 AND 12 IN 2014, PROVIDING A GREAT BENEFIT, IN TERMS OF BOTH HEALTHCARE AND ECONOMICS. ACCORDING TO THE MISSOURI HOSPITAL ASSOCIATION, FAMILY PHYSICIANS MAKE AN ECONOMIC IMPACT OF MORE THAN \$1 MILLION EACH YEAR ON THE COMMUNITIES THEY SERVE. FOR 23 YEARS, FREEMAN ORTHOPAEDICS &amp; SPORTS MEDICINE AND FREEMAN REHABILITATION SERVICES HAVE PROVIDED FREE ANNUAL PRESEASON PHYSICAL EXAMS FOR HUNDREDS OF ATHLETES ATTENDING AREA SCHOOLS. MORE THAN 75 VOLUNTEERS, INCLUDING DOCTORS, NURSES, THERAPISTS, AND OTHER CLINICIANS, ASSIST WITH THE EXAMS, SCHEDULED AT SPECIFIC TIMES THROUGHOUT THE YEAR. THE SE FREE PRESEASON PHYSICALS PROVIDE COMPREHENSIVE EVALUATION AND ASSESSMENT TO ATHLETES PARTICIPATING IN A SANCTIONED SPORT IN A SCHOOL-BASED PROGRAM, THROUGH THE AREA'S PARKS AND RECREATION DEPARTMENTS, YMCAS, OR LOCAL LEAGUES, OR IN TRAINING TO COMPETE IN A SPECIFIC EVENT, SUCH AS A MARATHON OR TRIATHLON. A HUGE COMMUNITY BENEFIT IN FY 2014, THIS PROGRAM HELPED HUNDREDS OF FAMILIES BY PROVIDING REQUIRED MEDICAL EXAMINATIONS FREE OF CHARGE. ON A RELATED NOTE, FREEMAN BEGAN OFFERING FREE SATURDAY MORNING SPORTS INJURY CLINICS IN FY 2014. THANKS TO DR. ROBERT LIEURANCE, A BOARD-CERTIFIED FREEMAN ORTHOPAEDICS &amp; SPORTS MEDICINE PHYSICIAN WHO FELLOWSHIP-TRAINED IN SPORTS MEDICINE, STUDENT ATHLETES CAN OBTAIN FREE MEDICAL CARE FOR INJURIES SUSTAINED DURING THE PREVIOUS WEEK'S GAMES AT THESE CLINICS. THE CLINIC INCLUDES THE SERVICES OF DR. LIEURANCE, A PHYSICIAN ASSISTANT, AND FREEMAN ATHLETIC TRAINERS. THIS IS A GREAT COMMUNITY BENEFIT FOR THE FAMILIES OF INJURED ATHLETES. THROUGH THE CHAPLAINS FUND, FREEMAN OFFERS HELP TO PATIENTS UPON DISMISSAL FROM THE HOSPITAL - SO SOMETIMES PATIENTS CAN'T AFFORD A NEEDED PRESCRIPTION OR DON'T HAVE A WAY TO GET HOME. IN FY 2014, THE CHAPLAINS FUND PROVIDED A COMMUNITY BENEFIT OF \$61,584 THROUGH ASSISTANCE FOR PRESCRIPTIONS, TRANSPORTATION, MEALS, AND OTHER ISSUES TO 3,016 PEOPLE. IN TERMS OF COMMUNITY SERVICE AS A COMMUNITY BENEFIT, FREEMAN EMPLOYEES SPENT 37,581 HOURS ENGAGED IN COMMUNITY BENEFIT ACTIVITIES IN FY 2014. THIS ON-THE-JOB COMMUNITY BENEFIT INCLUDES TIME FREEMAN HEALTHCARE PROFESSIONALS SPENT TRAINING OR SERVING A</p> |  |

| Return Reference | Explanation                |   |
|------------------|----------------------------|---|
|                  | FORM 990, PART III, LINE 4 | <p>S PRECEPTORS FOR STUDENT NURSES, MEDICAL STUDENTS, AND RESIDENT PHYSICIANS, AMONG OTHERS STAFF MEMBERS ALSO SPENT COUNTLESS HOURS GIVING TOURS TO SCHOOL AND COMMUNITY GROUPS, WORKING WITH HIGH SCHOOL STUDENTS AND OTHER COMMUNITY MEMBERS ON JOB-SHADOWING PROJECTS, AND ENGAGING THE PUBLIC THROUGH PUBLIC PROGRAMS AND EVENTS. FREEMAN PROVIDES EMERGENT CARE FOR ALL WHO ENTER ITS DOORS, REGARDLESS OF THE PATIENT'S ABILITY TO PAY OR INSURANCE STATUS. FREEMAN ENDEAVORS TO GIVE PATIENTS MORE OPTIONS FOR PAYING THEIR BILLS, INCLUDING SETTING UP PAYMENT PLANS FOR QUALIFYING PATIENTS, A PROGRAM THAT PROVES ESPECIALLY BENEFICIAL TO PEOPLE WHO HAVE HEALTH INSURANCE, BUT LACK FUNDS TO PAY LARGE DEDUCTIBLES, CO-PAYS, OR OUT-OF-POCKET EXPENSES. ON A RELATED NOTE, FREEMAN ALLOWS FREEMAN EMPLOYEES TO PAY OFF HOSPITAL BILLS IN INSTALLMENTS AS LOW AS \$50 EVERY TWO WEEKS. CONSIDERING THE FACT THAT FREEMAN EMPLOYS MORE THAN 4,000 PEOPLE AND MOST OF THEIR FAMILIES RECEIVE TREATMENT AT FREEMAN, THIS ACT ALONE AMOUNTS TO A SIZABLE COMMUNITY BENEFIT. FREEMAN URGENT CARE, WITH WALK-IN CLINICS IN JOPLIN AND WEBB CITY, OFFERS CONVENIENT, COST-EFFECTIVE CARE FOR MINOR MEDICAL ISSUES. WHILE FREEMAN URGENT CARE PROVIDES PATIENTS, INCLUDING THOSE WITHOUT PRIMARY CARE PROVIDERS, AN APPROPRIATE, LESS EXPENSIVE ALTERNATIVE TO AN EMERGENCY ROOM VISIT, MANY PATIENTS STILL CHOOSE TO USE THE EMERGENCY ROOM FOR PRIMARY MEDICAL CARE. FREEMAN HELPS MANY ORGANIZATIONS THAT, IN TURN, HELP SOME OF THE MOST FRAGILE MEMBERS OF THE COMMUNITY. FOR INSTANCE, FOR \$1 PER YEAR, FREEMAN LEASES THE LAND AND BUILDING AT 34TH STREET AND INDIANA AVENUE TO CHILDREN'S CENTER OF SOUTHWEST MISSOURI, A NOT-FOR-PROFIT AGENCY THAT PROTECTS AND ADVOCATES FOR CHILDREN WHO HAVE BEEN VICTIMS OF ABUSE. SIMILARLY, FREEMAN LEASES LAND TO RONALD MCDONALD HOUSE CHARITIES OF THE FOUR STATES FOR \$1 PER YEAR, AND FREEMAN MAINTAINS THE GROUNDS AND PROVIDES HOUSEKEEPING SERVICES, SERVICES WITH AN ANNUAL RETAIL VALUE OF \$7,175.49. FREEMAN HEALTH SYSTEM CONTRIBUTES TO THE HEALTH OF THE COMMUNITY BY CREATING A WIDE RANGE OF CAREER OPPORTUNITIES. PROFESSIONALS IN MANY FIELDS AT FREEMAN EARN ABOVE-AVERAGE WAGES AND SALARIES, AND THE BENEFITS FREEMAN OFFERS HELP ATTRACT AND MAINTAIN AN AFFLUENT MIDDLE CLASS, WHOSE MEMBERS BUY HOMES, SPEND MONEY, AND BOOST THE AREA ECONOMY. IN FY 2014, FREEMAN HEALTH SYSTEM PROVIDED PAYROLL AND BENEFITS TOTALING \$215,172,746 TO HELP ENSURE A STEADY SUPPLY OF PHYSICIANS, NURSES, AND OTHER CLINICIANS IN THE FUTURE. FREEMAN EDUCATES YOUNG PEOPLE ABOUT HEALTHCARE CAREERS. HIGH SCHOOL STUDENTS PARTICIPATE IN A SUMMER VOLUNTEER PROGRAM, WORKING WITH HEALTHCARE PROFESSIONALS IN REAL-LIFE HOSPITAL SITUATIONS. THE HIGH SCHOOL VOLUNTEER PROGRAM ALSO PROVIDES SCHOLARSHIP MONEY FOR OUTSTANDING PARTICIPANTS. ADDITIONALLY, FREEMAN HEALTH ACADEMY, PROVIDED AT NO COST TO FAMILIES, REACHES OUT TO MIDDLE SCHOOL STUDENTS TO HELP THEM PREPARE FOR HEALTHCARE CAREERS. THE FIRST PROGRAM OF ITS KIND IN THE COMMUNITY, IT GIVES STUDENTS THE OPPORTUNITY TO LEARN ABOUT HEALTHCARE CAREERS FROM FREEMAN PHYSICIANS AND STAFF. IT ENCOURAGES STUDENTS TO GRADUATE FROM HIGH SCHOOL AND HELPS THEM CHOOSE HIGH SCHOOL COURSES, SUCH AS SCIENCE AND MATH, TO PREPARE THEM FOR FURTHER EDUCATION AND HEALTHCARE CAREERS. IN FY 2014, FREEMAN OBTAINED A "GROW YOUR OWN" GRANT FROM MISSOURI HOSPITAL ASSOCIATION. THIS GRANT WAS USED TO EXPAND FREEMAN HEALTH ACADEMY OFFERINGS TO YOUNGER STUDENTS. IN FY 2014, FREEMAN BEGAN OFFERING HEALTH INSURANCE MARKETPLACE EDUCATION AND ENROLLMENT TO HELP PEOPLE COMPLY WITH AND UNDERSTAND THE AFFORDABLE CARE ACT. WITH A GRANT FROM MISSOURI FOUNDATION FOR HEALTH, FREEMAN WORKED WITH OTHER AREA HEALTHCARE ORGANIZATIONS TO CONDUCT FREE EVENTS THROUGHOUT THE YEAR IN SEVERAL SOUTHWESTERN MISSOURI COMMUNITIES. FREEMAN IS COMMITTED TO IMPROVING THE HEALTH OF ALL PEOPLE LIVING WITHIN THE COMMUNITIES SERVED BY FREEMAN. TO THIS END, FREEMAN DONOR COUNCIL, COMPOSED OF FREEMAN CAREGIVERS WHO VOLUNTEER THEIR</p> |

| Return Reference            | Explanation  |  |
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| FORM 990, PART III, LINE 4A | OUTPATIENT SERVICES CANCER CARE FREEMAN CANCER INSTITUTE PROVIDES PHYSICAL AND EMOTIONAL CARE FOR PATIENTS AND FAMILIES THROUGH COMPREHENSIVE SERVICES AND THE MOST UP-TO-DATE TECHNOLOGICAL ADVANCES, ALL LOCATED IN ONE CONVENIENT AND COMFORTABLE SETTING FREEMAN CANCER INSTITUTE ACCEPTS MEDICAID AND MEDICARE PATIENTS FREEMAN CANCER INSTITUTE EMPLOYS A SOCIAL WORKER TO HELP PATIENTS DEAL WITH THE ISSUES SURROUNDING TREATMENT AND RECOVERY FREEMAN STAFF WORK WITH DRUG COMPANIES AND OTHER ORGANIZATIONS TO PROCURE FREE CANCER MEDICATIONS FOR PATIENTS WHO CANNOT AFFORD THEM TO HELP CATCH BREAST CANCER WHILE IT IS TREATABLE, THE FREEMAN HELPING FRIENDS MAMMOGRAM FUND, ADMINISTERED THROUGH FREEMAN FOUNDATION, PROVIDES MAMMOGRAMS FOR WOMEN WHO CAN'T AFFORD THEM IN FY 2014, HELPING FRIENDS MAMMOGRAM FUND HELPED 27 WOMEN BY PROVIDING \$8,858 IN MAMMOGRAMS, AS WELL AS EDUCATIONAL MATERIALS FREE MAN CANCER SUPPORT GROUP OFFERS AN OPPORTUNITY FOR CANCER PATIENTS, SURVIVORS, AND FAMILY MEMBERS TO TALK ABOUT THEIR EXPERIENCES AND LEARN ABOUT SUPPORT AND RESOURCES IN A CARING AND INFORMATIVE ENVIRONMENT MEETINGS, WHICH ARE FREE AND OPEN TO THE PUBLIC, ARE HELD MONTHLY A SPECIAL SUPPORT GROUP FOR PATIENTS WITH GYNECOLOGICAL CANCER WAS STARTED IN FY 2014 IT MEETS QUARTERLY TO HELP PATIENTS WITH CANCER OF THE REPRODUCTIVE ORGANS AND CANCER SURVIVORS, AS WELL THE SUPPORT GROUP PROVIDES PATIENTS, SURVIVORS, AND FAMILY MEMBERS AN OPPORTUNITY TO TALK ABOUT THEIR EXPERIENCES WITH THE DISEASE SUPPORT AND RESOURCES ARE OFFERED IN CARING AND INFORMATIVE ENVIRONMENT ALL MEETINGS ARE FREE AND OPEN TO THE PUBLIC EMERGENCY SERVICES THE 2011 TORNADO THAT TORE THROUGH JOPLIN, MISSOURI, DESTROYED ONE OF THE CITY'S TWO FULL-SERVICE HOSPITALS THIS LEFT FREEMAN HOSPITAL WEST AS THE ONLY LEVEL II TRAUMA CENTER IN THE AREA FREEMAN RETAINED THIS STATUS THROUGH FY 2014 THE EMERGENCY DEPARTMENT/TRAUMA CENTER AT FREEMAN HOSPITAL WEST TREATS APPROXIMATELY 45,000 PATIENTS EACH YEAR EMERGENCY ROOMS ROUTINELY DEAL WITH HOMELESS, MENTALLY ILL, AND SUBSTANCE-ADDICTED PATIENTS FREEMAN PLACES MENTAL HEALTH COUNSELORS IN THE EMERGENCY ROOM ON AN AROUND-THE-CLOCK BASIS THESE COUNSELORS ARE AVAILABLE TO TALK WITH PATIENTS WHO SHOW SIGNS OF MENTAL HEALTH OR SUBSTANCE ABUSE CONDITIONS AFTER THOROUGH EVALUATION, THE COUNSELORS OFFER RECOMMENDATIONS REGARDING FOLLOW-UP CARE RANGING FROM ASSESSMENT OF SUICIDALITY AND NEED FOR INPATIENT PSYCHIATRIC HOSPITALIZATION TO MAKING OUTPATIENT THERAPY APPOINTMENTS FOR PATIENTS BEFORE THEY LEAVE THE EMERGENCY ROOM IF EVALUATION MANDATES HOSPITALIZATION, COUNSELORS HELP FIND AN APPROPRIATE BED AND TRANSPORTATION ON AVERAGE, COUNSELORS EVALUATE AND RECOMMEND TREATMENT FOR 54 PSYCHIATRIC PATIENTS EACH WEEK AS A RESULT OF THIS INTERVENTION, MANY PREVIOUS FREQUENT VISITORS TO THE EMERGENCY ROOM HAVE BEEN REDIRECTED TO APPROPRIATE PSYCHIATRIC OR SUBSTANCE ABUSE PROGRAMS EVERY TWO MINUTES, SOMEWHERE IN AMERICA, SOMEONE IS SEXUALLY ASSAULTED FREEMAN DOCTORS AND NURSES OFFER COMPASSIONATE AND COMPREHENSIVE CARE TO VICTIMS OF SEXUAL ASSAULT IN THE EMERGENCY ROOM THROUGH THE SEXUAL ASSAULT NURSE EXAMINER (SANE) PROGRAM THE PROGRAM PROVIDES A COORDINATED HOSPITAL RESPONSE AND CONTINUUM OF CARE FOR VICTIMS OF SEXUAL VIOLENCE AND ENSURES A MEDICAL EVALUATION, STANDARDIZED FORENSIC EXAMINATION WITH EVIDENCE COLLECTION, AND EFFECTIVE INTERFACE WITH LAW ENFORCEMENT AND A DVOCACY SERVICES IT ALSO PROVIDES EDUCATION TO LOCAL COMMUNITIES ON SEXUAL VIOLENCE AWARENESS, PREVENTION, AND AVAILABLE SERVICES THE NURSE EXAMINER REPORTS THE CRIME AND/OR COLLECTS EVIDENCE OF THE SEXUAL ASSAULT ONLY AT THE VICTIM'S REQUEST THE SANE PROGRAM AT FREEMAN IS THE ONLY ONE OF ITS KIND IN THE AREA IN PARTNERSHIP WITH LAFAYETTE HOUSE, THE PROGRAM ALSO OFFERS EMERGENCY SHELTER AND SERVICES MANY PATIENTS, WHO DON'T HAVE A PRIMARY CARE PHYSICIAN, TURN THE FREEMAN EMERGENCY ROOM FOR ROUTINE MEDICAL CARE WHILE FREEMAN TRIES TO EDUCATE THE COMMUNITY OF THE BENEFITS OF USING URGENT CARE CLINICS AND ESTABLISHING A RELATIONSHIP WITH A PRIMARY CARE PHYSICIAN, PATIENTS STILL VISIT THE FREEMAN EMERGENCY ROOM FOR CARE OF COLDS, STOMACH ACHES, BUMPS, AND BRUISES THAT COULD BE MORE EFFICIENTLY TREATED IN OTHER VENUES THE COST OF PROVIDING TREATMENT IN THE EMERGENCY ROOM SETTING IS EXTREMELY EXPENSIVE, AND MANY OF THE PATIENTS SEEKING EMERGENCY CARE HAVE NO INSURANCE AS A RESULT, FREEMAN HEALTH SYSTEM OFTEN HAS TO PICK UP THE COST OF EMERGENCY TREATMENT FREEMAN AMBULANCE SERVICE COVERS THE ENTIRE 540-MILE McDONALD COUNTY AREA, AVERAGING MORE THAN 60,000 MILES PER YEAR PER AMBULANCE WITH TWO STATE-OF-THE-ART AMBULANCES, FREEMAN AMBULANCE SERVICE PROVIDES RELIABLE, SAFE, AND COMFORTABLE TRANSPORTATION ACROSS THE OFTEN-DIFFICULT, STEEP, TWISTING ROADS OF McDONALD COUNTY, AN AREA THAT HAS BEEN DESIGNATED "MEDICALLY UNDERSERVED" BY THE HEALTH RESOURCES AND SERVICES ADMINISTRATION THE NEED FOR SERVICES IN THIS AREA IS DRAMATIC, AND FREEMAN AMBULANCE SERV |  |

| Return Reference | Explanation                 |   |
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|                  | FORM 990, PART III, LINE 4A | ICE OPERATES AT A LOSS. ALL PATIENTS ARE SERVED REGARDLESS OF ABILITY TO PAY FOR THE SERVICE. |

| Return<br>Reference               | Explanation  |
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| FORM 990,<br>PART III,<br>LINE 4B | <p>INPATIENT SERVICES FREEMAN JOPLIN INPATIENT SERVICES TOTALED 19,942 CASES, OF WHICH, 4,559 OR 23%, WERE MEDICAID CASES. ADDITIONALLY, 1,734 INPATIENT CASES, OR 9% OF THE TOTAL, FELL INTO THE SELF-PAY (NO INSURANCE) CATEGORY. CRITICAL CARE AFTER THE 2011 TORNADO, FREEMAN FOUND THAT THE COMMUNITY NEEDED A HOSPITAL WITH THE ABILITY TO TREAT LARGE NUMBERS OF CRITICAL CARE PATIENTS. WHILE FREEMAN HAS A 33-BED INTENSIVE CARE UNIT AND A SEVEN-BED CARDIOVASCULAR INTENSIVE CARE UNIT, THE HEALTH SYSTEM DECIDED TO INCREASE ITS CAPACITY TO SERVE PATIENTS NEEDING CRITICAL CARE SERVICES BY DEDICATING THE ENTIRE SIXTH FLOOR TO CRITICAL CARE AS WELL. THE SIXTH FLOOR INCLUDES THE AREA'S FIRST TRANSITIONAL CARE UNIT (TCU), WHICH CARES FOR PATIENTS TOO ILL FOR THE GENERAL MEDICAL FLOOR, BUT WELL ENOUGH THAT THEY NO LONGER REQUIRE THE LEVEL OF SERVICES PROVIDED BY THE INTENSIVE CARE UNIT. ADDITIONALLY, THE SIXTH FLOOR INCLUDES CARDIAC/MEDICAL UNIT 2 (CMU-2) TO SERVE KIDNEY PATIENTS NEEDING DIALYSIS. ALL NURSES IN THIS UNIT HAVE ADVANCED CARDIAC AND DIALYSIS TRAINING. FREEMAN JOPLIN CRITICAL CARE SERVICES TOTALED 4,414 CASES, OF WHICH, 469, OR 11%, WERE MEDICAID CASES. ADDITIONALLY, 8% OF THE CRITICAL CARE CASES FELL INTO THE SELF-PAY (NO INSURANCE) CATEGORY. FREEMAN PEDIATRIC UNIT THE FREEMAN PEDIATRIC UNIT PROVIDES CARE TO CHILDREN FROM BIRTH TO AGE 18 AND WORKS WITH FAMILIES TO MAKE THEIR CHILDREN'S HOSPITALIZATION LESS TRAUMATIC BY ENCOURAGING PARENTAL INVOLVEMENT. CHAIR BEDS IN EACH ROOM, AS WELL AS MEAL TRAYS FOR PARENTS, ENABLE FAMILIES TO REMAIN TOGETHER DURING DIFFICULT TIMES. EACH ROOM HAS A TV/VCR, VIDEOS AND VIDEO GAMES ARE AVAILABLE UPON REQUEST. THE UNIT INCLUDES A BRIGHTLY DECORATED EXAMINATION ROOM AND A PLAYROOM FILLED WITH BOOKS AND TOYS. FREEMAN JOPLIN INPATIENT PEDIATRIC SERVICES TOTALED 427 CASES, OF WHICH, 243, OR 57%, WERE MEDICAID CASES. ADDITIONALLY, 3% OF THE PEDIATRIC INPATIENT CASES FELL INTO THE SELF-PAY (NO INSURANCE) CATEGORY. MATERNITY SERVICES DESIGNED TO GIVE NEW MOTHERS AND THEIR FAMILIES THE COMFORTS OF HOME WITHIN THE SECURITY OF A HOSPITAL, FREEMAN MATERNITY CENTER DELIVERED 2,455 BABIES IN FY 2014. THE UNIT INCLUDES BOARD-CERTIFIED OBSTETRICIANS AVAILABLE 24 HOURS A DAY AND THE REGION'S ONLY BOARD-CERTIFIED PERINATOLOGIST CARING FOR PATIENTS WITH HIGH-RISK PREGNANCIES. IN FY 2014, FREEMAN MATERNITY CENTER SERVED 1,134 MEDICAID PATIENTS, OR 52% OF ITS CASELOAD. SELF-PAY PATIENTS (THOSE WITH NO INSURANCE) REPRESENTED 4% OF THE MOTHERS DELIVERING BABIES AT FREEMAN. AS THESE STATISTICS INDICATE, FREEMAN PROVIDES A SAFETY NET FOR EXPECTANT MOTHERS WHO LIVE IN POVERTY AND RECEIVE GOVERNMENT ASSISTANCE AND THOSE WHO SCRAPE BY WITHOUT ASSISTANCE BUT HAVE NO HEALTH INSURANCE. MEDICAID REIMBURSEMENT DOES NOT COVER THE COST OF PROVIDING THE LEVEL OF TREATMENT REQUIRED. NICU FREEMAN HAS THE REGION'S ONLY NEONATAL INTENSIVE CARE UNIT (NICU) PROVIDING IMMEDIATE CRITICAL CARE FOR PREMATURE AND CRITICALLY ILL INFANTS. THE UNIT INCLUDES SKILLED AND EXPERIENCED PHYSICIANS AND STAFF WHO STAND READY TO PROVIDE THE IMMEDIATE CRITICAL CARE. PREMATURE BABIES NEED FREEMAN NICU PROVIDES SPECIALIZED CARE USING STATE-OF-THE-ART TECHNOLOGY AND DECADES OF EXPERIENCE. SURVIVAL RATES FOR INFANTS LESS THAN THREE POUNDS HAVE INCREASED SIGNIFICANTLY AS A RESULT OF THE OUTSTANDING MEDICAL CARE PROVIDED BY THE FREEMAN NICU TEAM OF DOCTORS, NEONATAL NURSE PRACTITIONERS, SPECIALIZED DEVELOPMENTAL THERAPISTS, AND NURSES. IN FY 2014, FREEMAN NICU SERVED 334 PREMATURELY BORN OR CRITICALLY ILL BABIES. OF THESE TINY PATIENTS, 233 RECEIVED MEDICAID, WHICH REPRESENTS 70% OF FREEMAN NICU'S CASELOAD. SELF-PAY PATIENTS (THOSE WITH NO INSURANCE) REPRESENTED 2% OF FREEMAN NICU PATIENTS. NEONATAL INTENSIVE CARE IS EXTREMELY EXPENSIVE TO PROVIDE, AND MEDICAID REIMBURSEMENT DOES NOT COVER THE COST OF PROVIDING THE LEVEL OF TREATMENT REQUIRED.</p> |

| Return<br>Reference               | Explanation  |
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| FORM 990,<br>PART III,<br>LINE 4C | <p>HEART/CARDIOVASCULAR SERVICES FREEMAN HAS BEEN RECOGNIZED BY ANTHEM BLUE CROSS AND BLUE SHIELD OF MISSOURI AS A BLUE DISTINCTION CENTER FOR CARDIAC CARE, A DISTINCTION THAT HONORS HEALTHCARE PROVIDERS FOR DEMONSTRATING EXPERTISE IN DELIVERING SPECIALTY CARE SAFELY AND EFFECTIVELY. ADDITIONALLY, FREEMAN HAS EARNED 90 2014 AWARDS FROM THE CARECHEX QUALITY RATING SYSTEM, INCLUDING TOP 10% IN THE NATION PATIENT SAFETY AWARD FOR CARDIAC CARE, TOP 100 HOSPITALS IN THE NATION PATIENT SAFETY AWARD FOR INTERVENTIONAL CORONARY CARE, AND TOP 10% IN THE NATION PATIENT SAFETY AWARD FOR STROKE CARE. FREEMAN HEART &amp; VASCULAR INSTITUTE INCLUDES A TEAM OF BOARD-CERTIFIED PHYSICIANS WHO PROVIDE BOTH INPATIENT AND OUTPATIENT CARE. THE TEAM INCLUDES SIX CARDIOLOGISTS AND TWO CARDIOTHORACIC SURGEONS. THE CARDIOLOGISTS AT FREEMAN HEART &amp; VASCULAR INSTITUTE USE A VARIETY OF NONINVASIVE TESTS TO DIAGNOSE HEART DISEASE AND CONDITIONS SUCH AS ANGINA (CHEST PAIN). THESE TESTS INCLUDE STATE-OF-THE-ART ECHOCARDIOGRAPHY, CONTRAST ECHO, AND REGULAR TREADMILL, STRESS ECHO, DOBUTAMINE STRESS ECHO, AND NUCLEAR MEDICINE STRESS TESTS. ADDITIONALLY, FREEMAN OFFERS COMPUTED TOMOGRAPHY (CT) AND POSITRON EMISSION TOMOGRAPHY/COMPUTED TOMOGRAPHY (PET) IMAGING. FREEMAN BOARD-CERTIFIED CARDIOTHORACIC SURGEONS TREAT PATIENTS FOR A WIDE RANGE OF CONDITIONS AFFECTING THE HEART, AS WELL AS THE RESPIRATORY AND CIRCULATORY SYSTEMS. THEY COMBINE USE INNOVATIVE TECHNOLOGY TO PROVIDE THE LATEST IN VASCULAR AND ENDOVASCULAR SURGICAL OPTIONS. MANY OF THE PROCEDURES PERFORMED BY FREEMAN CARDIOTHORACIC SURGEONS USE MINIMALLY INVASIVE APPROACHES THROUGH SMALL INCISIONS AND WITH VIDEO ASSISTANCE DEVICES. MINIMALLY-INVASIVE BEATING-HEART SURGERY RESULTS IN LESS PAIN AND TRAUMA, REDUCED RECOVERY TIME, AND REDUCED RISK OF INFECTION. PATIENTS EXPERIENCE BETTER OUTCOMES, SPEND LESS TIME AWAY FROM HOME, AND RETURN TO WORK SOONER. HISTORY IN ACCORDANCE WITH FREEMAN'S MISSION OF IMPROVING THE HEALTH OF THE COMMUNITIES IT SERVES THROUGH CONTEMPORARY, INNOVATIVE QUALITY HEALTHCARE SOLUTIONS, FREEMAN HEART &amp; VASCULAR INSTITUTE WAS ESTABLISHED IN 1999 TO PROVIDE ESSENTIAL HEART SERVICES TO THE PEOPLE OF JOPLIN AND SURROUNDING COMMUNITIES. BEFORE THE INSTITUTE OPENED, MANY PATIENTS HAD TO DRIVE TO DISTANT CITIES FOR HEART CARE, TREATMENT, AND REHABILITATION. RESTORING BLOOD FLOW TO THE HEART. FREEMAN HEART &amp; VASCULAR INSTITUTE HAS AN OUTSTANDING RECORD WITH DOOR-TO-BALLOON TIME, OR THE TIME IT TAKES TO RESTORE BLOOD FLOW TO THE HEART AFTER A HEART ATTACK. FREEMAN CONTINUALLY BEATS NATIONAL STANDARDS BY MORE THAN 40 PERCENT. THE NATIONAL STANDARD FOR RESTORING BLOOD FLOW TO THE HEART IS 90 MINUTES - FREEMAN AVERAGES 44 MINUTES. TO ACHIEVE THIS RECORD, FREEMAN PROVIDES EDUCATION TO EMERGENCY MEDICAL TECHNICIANS WHO TRANSPORT PATIENTS TO THE HOSPITAL, HELPING THEM SHAVE MINUTES OFF THE TIME IT TAKES TO RESTORE BLOOD FLOW BY TRANSMITTING HEART DATA FROM THE AMBULANCE TO THE HOSPITAL AND SHOWING EMTs HOW THEIR EFFORTS HAVE HELPED SAVE PATIENTS. HELPING PATIENTS WITH CHRONIC HEART DISEASES. THE FREEMAN HEARTWISE PROGRAM HELPS PEOPLE WITH CHRONIC CARDIAC CONDITIONS LIVE HEALTHY, HAPPY LIVES. WHILE THE HEART OF A PATIENT WITH CHRONIC HEART DISEASE NO LONGER WORKS AS WELL AS IT SHOULD, MANY PEOPLE LIVE WITH CHRONIC HEART CONDITIONS WITHOUT EVER SUFFERING A HEART ATTACK. THE HEARTWISE TEAM OF HEART CARE PROFESSIONALS HELPS PATIENTS BY PRESCRIBING MEDICATIONS AND DEVICES, AS NEEDED, AND HELPING PATIENTS ADOPT LIFESTYLE CHANGES. IMPROVING THE LEVEL OF SPECIALTY CARE PROVIDED TO PATIENTS, HEARTWISE ALSO HELPS REDUCE HOSPITAL READMISSION RATES, WHICH HELPS LOWER THE COST OF HEALTHCARE. CLINICAL TRIALS. FREEMAN ALSO OFFERS CARDIAC PATIENTS THE OPPORTUNITY TO PARTICIPATE IN CLINICAL TRIALS. A CLINICAL TRIAL IS A CAREFULLY DESIGNED STUDY IN WHICH PATIENTS WILLINGLY PARTICIPATE IN RESEARCH INVESTIGATIONS AND TREATMENTS UNDER CLOSE SUPERVISION OF A PHYSICIAN AND OTHER MEDICAL PROFESSIONALS. CLINICAL TRIALS TAKE PLACE IN PHASES. THEY ARE REVIEWED BY AN INDEPENDENT BOARD TO PROTECT THE RIGHTS AND WELFARE OF PARTICIPANTS, SPONSORED BY VARIOUS ORGANIZATIONS, SUCH AS MEDICAL INSTITUTIONS AND PHARMACEUTICAL COMPANIES, AND MONITORED AND SUPPORTED BY GOVERNMENT AGENCIES, SUCH THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES AND THE U.S. FOOD AND DRUG ADMINISTRATION. CLINICAL TRIALS KEEP PARTICIPATING PATIENTS INFORMED OF WHAT'S HAPPENING DURING THE COURSE OF THE TRIAL. THESE PATIENTS OFTEN BECOME THE BEST ADVOCATES IN ADVANCING MEDICAL RESEARCH. WHILE PATIENTS RECEIVE NO PAY FOR PARTICIPATION IN CLINICAL TRIALS, THEY DO GET A CHANCE TO TRY EMERGING THERAPIES, HELPING THEMSELVES AND OTHERS IN THE FUTURE.</p> |



| Return Reference                | Explanation  |
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| FORM 990,<br>PART V, LINE<br>2A | COMMON PAY MASTER ARRANGEMENT & SALARIES FREEMAN HEALTH SYSTEM FILES ALL W-2'S ON BEHALF OF FREEMAN NEOSHO HOSPITAL (FNH), A RELATED ORGANIZATION THE AMOUNT OF W-2'S FILED FOR THE YEAR ON PART V, LINE 2A, INCLUDES THE AMOUNT OF W-2'S FILED ON BEHALF OF FNH FOR THOSE THAT WORK PRIMARILY FOR FNH AND THE W-2'S FILED FOR FREEMAN HEALTH SYSTEM EMPLOYEES SALARY AND BENEFITS EXPENSES ARE ALLOCATED FROM FREEMAN HEALTH SYSTEM TO FNH FOR THOSE EMPLOYEES WHO WORK PRIMARILY FOR FNH |

| Return<br>Reference                             | Explanation   |
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| FORM 990,<br>PART VI,<br>SECTION B, LINE<br>11B | REVIEW OF THE FORM 990 THE FORM 990 IS PREPARED BY AN INDEPENDENT ACCOUNTING FIRM BASED ON THE AUDITED FINANCIAL STATEMENTS AND INFORMATION PROVIDED BY THE ACCOUNTING DEPARTMENT OF THE ORGANIZATION PRIOR TO FILING, THE DRAFT OF THE FORM 990 IS REVIEWED BY MEMBERS OF TOP MANAGEMENT ONCE A FINAL DRAFT IS READY , A POWER POINT PRESENTATION IS MADE TO THE BOARD MEMBERS AT THE BOARD OF DIRECTORS MEETING TO EXPLAIN THE 990 AND ITS USES THE BOARD REVIEWS THE DOCUMENT FOR KEY INFORMATION INCLUDED PAPER COPIES ARE MADE AVAILABLE TO THE BOARD MEMBERS AT THEIR REQUEST |

| Return<br>Reference                             | Explanation  |
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| FORM 990,<br>PART VI,<br>SECTION B,<br>LINE 12C | <p>CONFLICT OF INTEREST POLICY THE CONFLICT OF INTEREST POLICY IS REVIEWED BY THE BOARD OF DIRECTORS EACH YEAR IN APRIL THE BOARD MEMBERS ARE ASKED TO SIGN A NEW CONFLICT OF INTEREST POLICY AND LIST ANY POSSIBLE CONFLICTS THIS INFORMATION IS REVIEWED AND MAINTAINED IN THE ADMINISTRATIVE OFFICES IF A BOARD MEMBER ENCOUNTERS A TRANSACTION THAT WOULD CAUSE A POSSIBLE CONFLICT OF INTEREST, A FORM DETAILING THE TRANSACTION IS COMPLETED AND SUBMITTED TO THE BOARD FOR REVIEW AND APPROVAL IF A CONFLICT IS FOUND, THE INTERESTED PERSON WILL NOT PARTICIPATE IN THE DISCUSSION OR VOTE ON A TRANSACTION INVOLVING HIS OR HER CONFLICT THE CONFLICT OF INTEREST POLICY WAS UPDATED IN FISCAL YEAR 2011 TO REQUIRE AN ATTESTATION FORM FROM ALL EMPLOYED PHYSICIANS AND LEVEL FOUR SUPERVISORS/MANAGERS AND UP CORPORATE OFFICERS AND KEY EMPLOYEES ARE ALSO REQUIRED TO ANNUALLY DISCLOSE CONFLICTS OF INTEREST</p> |

| Return Reference | Explanation                                   |   |
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|                  | FORM 990, PART VI, SECTION B, LINES 15A & 15B | <p>FREEMAN HEALTH SYSTEM COMPENSATION REVIEW EXECUTIVE COMPENSATION PHILOSOPHY &amp; STRATEGY I KEY PRINCIPLES FREEMAN HEALTH SYSTEM ("FHS") DESIRES TO ENSURE THAT ITS EXECUTIVE COMPENSATION PROGRAM IS COMPETITIVE, FAIR, AND EQUITABLE, COMPLIANT WITH REGULATORY GUIDELINES, AND REPRESENTATIVE OF MARKET BEST PRACTICES KEY PRINCIPLES THAT GUIDE FHS'S EXECUTIVE COMPENSATION DECISION-MAKING PROCESS INCLUDE -EXECUTIVE COMPENSATION PROGRAMS WILL SUPPORT FHS'S MISSION, VALUES, STRATEGIC DIRECTION, AND TAX-EXEMPT STATUS -FHS COMPETES IN A NATIONAL MARKET FOR ITS EXECUTIVES AND THUS WILL CONSIDER PAY PRACTICES THAT ARE REPRESENTATIVE OF THE INDUSTRY -THE RELATIVE PAY LEVELS OF FHS EXECUTIVES WILL OVER TIME REFLECT BOTH INDIVIDUAL AND ORGANIZATIONAL PERFORMANCE -FHS INTENDS TO ESTABLISH THE REBUTTABLE PRESUMPTION OF REASONABLENESS UNDER IRS INTERMEDIATE SANCTIONS REGULATIONS THUS, EXECUTIVE COMPENSATION PROGRAMS AND DECISIONS WILL BE APPROVED, IN ADVANCE OF ITS IMPLEMENTATION BY THE EXECUTIVE COMPENSATION COMMITTEE (HEREAFTER THE "COMMITTEE") OF THE BOARD OF DIRECTORS *THE COMMITTEE IS COMPRISED OF MEMBERS OF THE BOARD OF DIRECTORS, WHO ARE INDEPENDENT OF FHS'S MANAGEMENT, HAVE NO PERSONAL INTEREST IN THE COMPENSATION ARRANGEMENTS, ARE NOT RELATED TO, OR UNDER THE CONTROL OF ANY INDIVIDUAL WHOSE COMPENSATION ARRANGEMENT IS BEING REVIEWED AND HAVE NO MATERIAL BUSINESS RELATIONSHIP WITH FHS *THE COMMITTEE WILL RELY UPON APPROPRIATE, INDEPENDENT COMPARABILITY DATA TO SUPPORT ITS DECISION MAKING PROCESS *THE COMMITTEE WILL ADEQUATELY DOCUMENT ITS DELIBERATIONS, DECISIONS, AND ACTIONS ON A TIMELY BASIS II PRIMARY PROGRAM COMPONENTS FHS'S EXECUTIVE TOTAL COMPENSATION PROGRAM CONSISTS OF THE FOLLOWING COMPONENTS -BASE SALARY -ANNUAL AT RISK COMPENSATION -STANDARD ALL EMPLOYEE BENEFITS -SUPPLEMENTAL BENEFITS AND PERQUISITES -SEVERANCE ANNUALLY, THE COMMITTEE WILL DIRECT THE REVIEW OF THE COMPONENTS OF THE EXECUTIVE COMPENSATION PROGRAM AND APPROVE PROGRAM MODIFICATIONS AS APPROPRIATE THE COMMITTEE MAY ALSO AUTHORIZE UNIQUE PROGRAM COMPONENTS WHICH SUPPORT THE ACHIEVEMENTS OF FHS'S MISSION III MARKET COMPARATORS FHS WILL CONSIDER A NATIONAL PEER GROUP OF HEALTHCARE ORGANIZATIONS COMPARABLE TO FHS IN SIZE (IE, NET REVENUES) AND COMPLEXITY TO DETERMINE THE MARKET VALUES FOR EACH OF ITS EXECUTIVE POSITIONS THIS PEER GROUP WILL PRIMARILY BE COMPRISED OF NOT-FOR-PROFIT HEALTHCARE ORGANIZATIONS (BUT FOR-PROFIT ORGANIZATIONS MAY BE CONSIDERED SELECTIVELY) FOR FUNCTIONALLY COMPARABLE POSITIONS AS REPORTED IN SURVEYS CONDUCTED BY INDEPENDENT FIRMS -CASH COMPENSATION THE FOLLOWING ORGANIZATIONS/MARKETS ARE THE PRIMARY COMPARATORS FOR COMPENSATION PURPOSES *SYSTEM LEVEL EXECUTIVES HEALTH SYSTEMS OF COMPARABLE SIZE TO FHS, BASED ON NET REVENUE THESE WILL BE BASED ON NATIONAL HEALTHCARE LABOR MARKETS *HOSPITAL LEVEL EXECUTIVES HOSPITALS OF COMPARABLE SIZE TO THE FHS ENTITY, BASED ON NET REVENUE THESE WILL BE BASED ON NATIONAL HEALTHCARE LABOR MARKETS *OTHER EXECUTIVES ORGANIZATIONS OF COMPARABLE SIZE IN RELEVANT MARKET SEGMENTS SUCH AS MEDICAL GROUP PRACTICES, HOME HEALTH, AND THE LIKE THESE WILL BE BASED ON NATIONAL HEALTHCARE LABOR MARKET -EXECUTIVE BENEFITS FHS WILL DEVELOP AND ADMINISTER EXECUTIVE BENEFIT (IE, STANDARD BENEFITS, SUPPLEMENTAL EXECUTIVE BENEFITS, AND PERQUISITES) PLANS THAT ARE BASED ON NATIONAL HEALTHCARE INDUSTRY MARKET NORMS IV MARKET POSITION TARGETS FHS HAS ESTABLISHED A TARGET MARKET POSITION FOR EACH OF THE COMPONENTS OF ITS EXECUTIVE TOTAL COMPENSATION PROGRAM -BASE SALARIES FHS WILL MANAGE ITS EXECUTIVES' BASE SALARIES AROUND THE 50TH PERCENTILE OF BASE SALARIES PAID IN THE MARKET SALARIES WILL VARY FROM THE 50TH PERCENTILE BASED ON AN EXECUTIVE'S EXPERIENCE AND PERFORMANCE FOR EXAMPLE *EXECUTIVES WHO ARE NEW TO THE ORGANIZATION AND/OR HAVE LIMITED OR NO PRIOR EXECUTIVE-LEVEL EXPERIENCE SHOULD HAVE SALARIES THAT ARE 80 TO 90 PERCENT OF THE 50TH PERCENTILE *EXPERIENCED EXECUTIVES (WITH APPROXIMATELY 5 TO 7 YEARS OF EXECUTIVE-LEVEL EXPERIENCE) WHO CONSISTENTLY MEET FHS'S PERFORMANCE EXPECTATIONS SHOULD HAVE SALARIES THAT ARE 90 TO 110 PERCENT OF THE 50TH PERCENTILE *EXPERIENCED EXECUTIVES (WITH MORE THAN 7 YEARS OF EXECUTIVE-LEVEL EXPERIENCE) WHO CONSISTENTLY EXCEED FHS'S PERFORMANCE EXPECTATIONS SHOULD HAVE SALARIES THAT ARE 110 TO 120 PERCENT OF THE 50TH PERCENTILE -TOTAL CASH COMPENSATION THE GOAL OF THIS COMPONENT IS TO PAY UP TO THE 75TH PERCENTILE OF MARKET TOTAL CASH COMPENSATION WHEN EXCEPTIONAL PERFORMANCE IS ACHIEVED TOTAL CASH COMPENSATION INCLUDES BASE SALARIES AND LUMP-SUM AWARDS FROM FHS'S EXECUTIVE AT RISK COMPENSATION PLAN(S) ACTUAL TOTAL CASH COMPENSATION WILL REFLECT EXECUTIVES' CURRENT SALARIES, INDIVIDUAL PERFORMANCE AND CONTRIBUTIONS, AND THE ORGANIZATION'S PERFORMANCE -EXECUTIVE BENEFITS FHS TARGETS EXECUTIVE BENEFITS (STANDARD BENEFITS PLUS SUPPLEMENTAL EXECUTIVE BENEFITS AND PERQUISITES) AT THE 50TH PERCENTILE OF EXECUTIVE BENEFITS PROVIDED IN THE HEALTH</p> |

| Return Reference | Explanation                                   |  |
|------------------|---|--|
|                  | FORM 990, PART VI, SECTION B, LINES 15A & 15B | HCARE MARKET -SEVERANCE FHS TARGETS EXECUTIVE SEVERANCE AT THE 50TH PERCENTILE OF CURREN T HEALTHCARE MARKET PRACTICES OTHER BUSINESS JUDGMENT FACTORS SUCH AS COMPETITIVE MARKET FORCES, EACH EXECUTIVE'S JOB PERFORMANCE, EACH EXECUTIVE'S UNIQUE SKILLS, RESPONSIBILITIES AND EFFORTS, AND/OR EACH EXECUTIVE'S MARKETPLACE STANDING, ARE ALSO CONSIDERED BY THE COM MITTEE DURING ITS DECISION MAKING PROCESS |

| Return Reference | Explanation                                   |   |
|------------------|---|---|
|                  | FORM 990, PART VI, SECTION B, LINES 15A & 15B | <p>FREEMAN HEALTH SYSTEM COMPENSATION REVIEW (CONTINUED) EXECUTIVE COMPENSATION COMMITTEE CHARTER THIS EXECUTIVE COMPENSATION COMMITTEE CHARTER WAS ADOPTED BY THE BOARD OF DIRECTORS (THE "BOARD") OF FREEMAN HEALTH SYSTEM (HEREAFTER "FHS") ON APRIL 25, 2008 THIS CHARTER APPLIES TO FHS AND ALL OF ITS BUSINESS ENTITIES, INCLUDING FREEMAN NEOSHO HOSPITAL, OZARK CENTER AND THE FREEMAN FOUNDATION (HEREAFTER THE "SYSTEM") THIS CHARTER IS A COMPONENT OF THE FLEXIBLE FRAMEWORK WITHIN WHICH THE BOARD, ASSISTED BY ITS COMMITTEES, DIRECTS THE AFFAIRS OF FHS WHILE THE CHARTER SHOULD BE INTERPRETED IN THE CONTEXT OF ALL APPLICABLE LAWS AND REGULATIONS, AS WELL AS IN THE CONTEXT OF FHS'S ARTICLES OF INCORPORATION AND BYLAWS, IT IS NOT INTENDED TO ESTABLISH BY ITS OWN FORCE ANY LEGALLY BINDING OBLIGATIONS I PURPOSE THE EXECUTIVE COMPENSATION COMMITTEE (HEREAFTER THE "COMMITTEE") IS AUTHORIZED TO ACT ON THE BOARD'S BEHALF IN (I) DETERMINING APPROPRIATE COMPENSATION FOR SYSTEM EXECUTIVES AND OTHER DISQUALIFIED PERSONS AS DEFINED IN THE IRS INTERMEDIATE SANCTIONS REGULATIONS, (II) EVALUATING SYSTEM EXECUTIVES' AND OTHER DISQUALIFIED PERSONS' CASH COMPENSATION PLANS, POLICIES, AND PROGRAMS, (III) REVIEWING BENEFIT PLANS FOR SYSTEM EXECUTIVES AND OTHER DISQUALIFIED PERSONS, AND (IV) VERIFYING THAT COMPENSATION INFORMATION IS APPROPRIATELY AND FULLY DISCLOSED -A DISQUALIFIED PERSON IS ANY PERSON WHO IS OR WAS IN A POSITION TO EXERCISE SUBSTANTIAL INFLUENCE OVER THE AFFAIRS OF THE APPLICABLE TAX-EXEMPT ORGANIZATION IT IS NOT NECESSARY THAT THE PERSON ACTUALLY EXERCISE SUBSTANTIAL INFLUENCE, ONLY THAT THE PERSON BE IN A POSITION TO DO SO -FOR PURPOSES OF THIS CHARTER, "EXECUTIVES" ARE DEFINED AS SYSTEM EXECUTIVES AND OTHER DISQUALIFIED PERSONS VALIDATED BY THE COMMITTEE IN DISCHARGING ITS ROLE, THE COMMITTEE IS EMPOWERED TO INVESTIGATE ANY MATTER BROUGHT TO ITS ATTENTION WITH ACCESS TO ALL BOOKS, RECORDS, FACILITIES, AND PERSONNEL OF THE SYSTEM IT HAS THE AUTHORITY TO RETAIN OUTSIDE ADVISORS (E.G., LEGAL COUNSEL, COMPENSATION CONSULTANTS, OR OTHER EXPERTS) AND WILL RECEIVE ADEQUATE FUNDING FROM THE SYSTEM TO ENGAGE SUCH ADVISORS IT SHALL HAVE THE SOLE AUTHORITY TO RETAIN, COMPENSATE, TERMINATE, AND OVERSEE ITS ADVISORS, WHO SHALL BE ACCOUNTABLE ULTIMATELY TO THE COMMITTEE TO SUPPORT THE COMMITTEE, A TIMETABLE AND RESOURCE BOOK WILL BE DEVELOPED CONTAINING THE NECESSARY DATA, INFORMATION, AND DOCUMENTS THE COMMITTEE WILL NEED TO CARRY OUT ITS DUTIES THE RESOURCE BOOK WILL BE DISTRIBUTED TO THE COMMITTEE IN ADVANCE OF ITS MEETINGS AND FHS WILL MAINTAIN THESE BOOKS AT ITS CORPORATE OFFICE THE COMMITTEE ALSO WILL RECEIVE TRAINING IN COMPENSATION PLAN DESIGN AND ADMINISTRATION, INCLUDING LEGAL AND REGULATORY ISSUES (AS NEEDED) II COMMITTEE MEMBERSHIP THE COMMITTEE IS A STANDING COMMITTEE OF THE BOARD IN ACCORDANCE WITH THE CORPORATE BYLAWS, IT SHALL CONSIST OF AT LEAST THREE, BUT NOT MORE THAN FIVE, MEMBERS OF THE BOARD EACH COMMITTEE MEMBER HAS BEEN DETERMINED BY THE BOARD TO BE "INDEPENDENT" IN ACCORDANCE WITH IRS INTERMEDIATE SANCTIONS REGULATIONS AT THE START OF THE YEAR, EACH MEMBER WILL REVIEW THE ORGANIZATION'S CONFLICT OF INTEREST POLICY TO ENSURE HE OR SHE HAS NO CONFLICT OF INTEREST AND IS "INDEPENDENT" IF A REAL, POTENTIAL, OR PERCEIVED CONFLICT OF INTEREST IS IDENTIFIED, THE COMMITTEE MEMBER WILL REVIEW THE ISSUE WITH THE COMMITTEE CHAIR AND LEGAL COUNSEL TO DETERMINE THE APPROPRIATE ACTION IN ADDITION, NO DIRECTOR MAY SERVE ON THE COMMITTEE UNLESS HE OR SHE IS A "NON-EMPLOYEE" MEMBER OF A SYSTEM BOARD THE FHS BOARD WILL APPOINT A COMMITTEE CHAIR TO CONVENE ALL SESSIONS, SET AGENDAS FOR MEETINGS, AND DETERMINE THE INFORMATION NEEDS OF THE COMMITTEE BEFORE DEBATING AND VOTING ON ANY COMPENSATION ARRANGEMENT, EACH MEMBER SHALL DETERMINE WHETHER HE OR SHE HAS A CONFLICT OF INTEREST REGARDING THE COMPENSATION ARRANGEMENT ANY MEMBER WITH A CONFLICT OF INTEREST REGARDING A PARTICULAR COMPENSATION ARRANGEMENT OR TRANSACTION SHALL RECUSE HIMSELF OR HERSELF FROM THE DISCUSSION AND SHALL NOT VOTE ON THE PENDING COMPENSATION ARRANGEMENT OR TRANSACTION III COMMITTEE SUPPORT STAFF THE COMMITTEE SHALL BE ASSISTED IN FULFILLING ITS DUTIES AND RESPONSIBILITIES BY A FHS SUPPORT STAFF COMPRISED OF THE FOLLOWING POSITIONS -THE PRESIDENT AND CHIEF EXECUTIVE OFFICER (CEO) -CHIEF FINANCIAL OFFICER -CONTROLLER -DIRECTOR OF HUMAN RESOURCES FROM TIME TO TIME, THE COMMITTEE MAY REQUEST OTHER SYSTEM POSITIONS TO SERVE AS SUPPORT STAFF MEMBERS WHEN THE COMMITTEE VOTES ON COMPENSATION MATTERS RELATED TO ANY OF THE SUPPORT STAFF, THE SUPPORT STAFF SHOULD BE EXCUSED FROM THE MEETING IV COMMITTEE MEETINGS THE COMMITTEE SHALL MEET ON A REGULARLY SCHEDULED BASIS TWO TIMES PER YEAR OR MORE FREQUENTLY AS CIRCUMSTANCES DICTATE THE COMMITTEE SHALL MEET AT LEAST (ANNUALLY) WITH FHS'S PRESIDENT AND CEO AND OTHER CORPORATE OFFICERS THE BOARD AND COMMITTEE DEEM APPROPRIATE, TO DISCUSS AND REVIEW THE PERFORMANCE CRITERIA AND COMPENSATION</p> |

| Return Reference | Explanation                                   |   |
|------------------|---|---|
|                  | FORM 990, PART VI, SECTION B, LINES 15A & 15B | <p>N LEVELS OF SYSTEM EXECUTIVES AND OTHER DISQUALIFIED PERSONS MEETINGS OF THE COMMITTEE MAY BE HELD TELEPHONICALLY A MAJORITY OF THE MEMBERS SHALL CONSTITUTE A QUORUM SUFFICIENT FOR THE TAKING OF ANY ACTION BY THE COMMITTEE V COMMITTEE RESPONSIBILITIES THE FOLLOWING RESPONSIBILITIES ARE SET FORTH AS A GUIDE WITH THE UNDERSTANDING THAT THE COMMITTEE MAY DIVERGE FROM THIS LIST AS APPROPRIATE GIVEN THE CIRCUMSTANCES THE COMMITTEE SHALL REPORT ANY DIVERGENCE FROM THIS LIST TO THE FULL BOARD THE COMMITTEE IS AUTHORIZED TO CARRY OUT THESE AND SUCH OTHER RESPONSIBILITIES ASSIGNED BY THE BOARD FROM TIME TO TIME, AND TAKE ANY ACTIONS REASONABLY RELATED TO THE MANDATE OF THIS CHARTER -ESTABLISH, REGULARLY REVIEW, AND APPROPRIATELY MODIFY THE FHS EXECUTIVE COMPENSATION PHILOSOPHY AND STRATEGY THE EXECUTIVE COMPENSATION PHILOSOPHY AND STRATEGY WILL BE REVIEWED AND APPROVED BY THE FULL BOARD -ADMINISTER EXECUTIVE COMPENSATION PROGRAMS IN A MANNER *CONSISTENT WITH THE EXECUTIVE COMPENSATION PHILOSOPHY AND STRATEGY, *THAT QUALIFIES FOR THE REBUTTABLE PRESUMPTION OF REASONABLENESS UNDER THE IRS INTERMEDIATE SANCTIONS REGULATIONS -VALIDATE THE GOALS AND OBJECTIVES RELEVANT TO THE COMPENSATION OF THE PRESIDENT AND CEO, SYSTEM EXECUTIVES, AND OTHER DISQUALIFIED PERSONS, INCLUDING ANNUAL PERFORMANCE OBJECTIVES -EVALUATE THE PERFORMANCE OF THE PRESIDENT AND CEO, AND REVIEW THE EVALUATIONS PREPARED BY THE PRESIDENT/CEO AND OTHER SYSTEM EVALUATION COMMITTEES OF OTHER EXECUTIVES/DISQUALIFIED PERSONS BASED ON APPROVED GOALS AND OBJECTIVES -ESTABLISH THE COMPENSATION LEVEL FOR THE PRESIDENT/CEO AND REVIEW AND APPROVE COMPENSATION RECOMMENDATIONS PREPARED BY THE PRESIDENT/CEO FOR ALL EXECUTIVES AND DO SAME FOR EXECUTIVES AND DISQUALIFIED PERSONS FROM OTHER SYSTEM ENTITIES -REVIEW AND APPROVE CHANGES, IN ADVANCE OF THEIR IMPLEMENTATION, INCLUDING *EXECUTIVE BASE SALARIES AND RANGE *AT RISK COMPENSATION PLANS *EXECUTIVE WELFARE AND RETIREMENT BENEFIT PLANS *OTHER EXECUTIVE FRINGE BENEFITS *EMPLOYMENT AGREEMENTS AND/OR SEVERANCE PLANS -MAINTAIN MINUTES OR OTHER RECORDS OF COMMITTEE MEETINGS AND ACTIVITIES, AS REQUIRED BY IRS INTERMEDIATE SANCTIONS REGULATIONS -ENGAGE INDEPENDENT, OUTSIDE ADVISORS TO PROVIDE OBJECTIVE AND IMPARTIAL COMPENSATION DATA AND EXPRESS AN OPINION ON THE REASONABLENESS OF TOTAL COMPENSATION -REVIEW PERIODICALLY THE COMPONENTS OF FHS'S EXECUTIVE TOTAL COMPENSATION PROGRAM TO DETERMINE WHETHER THEY ARE PROPERLY COORDINATED AND ACHIEVE ITS INTENDED PURPOSE(S), AND APPROVE MODIFICATIONS, INCLUDING NEW PROGRAMS -REPORT REGULARLY TO THE FULL BOARD AND TO OTHER SYSTEM BOARDS ON COMMITTEE FINDINGS AND APPROVED ACTIONS AND ANY OTHER MATTERS THE COMMITTEE DEEMS APPROPRIATE OR THE BOARD REQUESTS -CONDUCT AN ANNUAL SELF-EVALUATION OF THE COMMITTEE'S PERFORMANCE, INCLUDING ITS EFFECTIVENESS AND COMPLIANCE WITH THIS CHARTER -REVIEW AND REASSESS THE ADEQUACY OF THIS CHARTER ANNUALLY, AND AMEND IT AS THE COMMITTEE DEEMS APPROPRIATE -COMMUNICATE WITH EXTERNAL PARTIES, AS APPROPRIATE, REGARDING COMMITTEE PROCEDURES AND THE COMPENSATION OF THE ORGANIZATION'S EXECUTIVES AND OTHER DISQUALIFIED PERSONS A COMPENSATION REVIEW LAST OCCURRED IN JUNE OF 2013</p> |

| Return Reference                         | Explanation  |
|--|--|
| FORM 990, PART VI,<br>SECTION C, LINE 19 | DOCUMENT DISCLOSURE. THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY,<br>AND FINANCIAL STATEMENTS ARE NOT MADE AVAILABLE TO THE PUBLIC |



| Return Reference      | Explanation  |
|-----------------------|--|
| FORM 990,<br>PART VII | BOARD MEMBER COMPENSATION NO DIRECTORS RECEIVE COMPENSATION FOR THEIR SERVICES AS BOARD MEMBERS<br>BOARD MEMBERS LARRY MCINTIRE, JOHN COX AND RODNEY MCFARLAND ARE EMPLOYEES OF THE ORGANIZATION AND<br>COMPENSATED AS PHYSICIANS ADDITIONALLY, PAULA BAKER RECEIVES COMPENSATION FOR HER DUTIES AS<br>PRESIDENT/CEO OF BOTH FREEMAN HEALTH SYSTEM AND FREEMAN NEOSHO HOSPITAL |

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.  
▶ Attach to Form 990. ▶ See separate instructions.

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
FREEMAN HEALTH SYSTEM

Employer identification number  
43-1704371

Part I Identification of Disregarded Entities

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

| (a)<br>Name, address, and EIN (if applicable) of disregarded entity      | (b)<br>Primary activity | (c)<br>Legal domicile (state or foreign country) | (d)<br>Total income | (e)<br>End-of-year assets | (f)<br>Direct controlling entity |
|--|-------------------------|--|---------------------|---------------------------|----------------------------------|
| (1) FHS HOLDINGS LLC<br>1102 W 32ND ST<br>JOPLIN, MO 64804<br>20-5441528 | LT ACUTE CARE           | MO   | 124,310             | 1,210,510                 | FREEMAN HLTH                     |
|  |                         |  |                     |                           |                                  |
|  |                         |  |                     |                           |                                  |
|  |                         |  |                     |                           |                                  |
|  |                         |  |                     |                           |                                  |
|  |                         |  |                     |                           |                                  |

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)<br>Name, address, and EIN of related organization  | (b)<br>Primary activity | (c)<br>Legal domicile (state or foreign country) | (d)<br>Exempt Code section | (e)<br>Public charity status (if section 501(c)(3)) | (f)<br>Direct controlling entity | (g)<br>Section 512(b)(13) controlled entity? |    |
|--|-------------------------|--|----------------------------|---|----------------------------------|--|----|
|  |                         |  |                            |   |                                  | Yes  | No |
| (1) FREEMAN NEOSHO HOSPITAL<br><br>113 W HICKORY<br><br>NEOSHO, MO 64850<br>43-1240629                     | HOSPITAL                | MO   | 501(C)(3)                  | 3   | FREEMAN HLTH                     | Yes  |    |
| (2) OZARK CENTER<br><br>3006 MCCLELLAND BLVD<br><br>JOPLIN, MO 64804<br>43-0821959                         | BEHAVRL HLTH            | MO   | 501(C)(3)                  | 9   | FREEMAN HLTH                     | Yes  |    |
| (3) MAGNOLIA HEIGHTS HOUSING CORPORATION<br><br>3006 MCCLELLAND BLVD<br><br>JOPLIN, MO 64804<br>47-0950622 | HUD HOUSING             | MO   | 501(C)(3)                  | 11 A I  | OZARK CENTER                     | Yes  |    |
| (4) CEDAR HILL HOUSING CORPORATION<br><br>3006 MCCLELLAND BLVD<br><br>JOPLIN, MO 64804<br>47-0943557       | HUD HOUSING             | MO   | 501(C)(3)                  | 11 A I  | OZARK CENTER                     | Yes  |    |
| (5) POPLAR PLACE HOUSING CORPORATION<br><br>3006 MCCLELLAND BLVD<br><br>JOPLIN, MO 64804<br>90-0462595     | HUD HOUSING             | MO   | 501(C)(3)                  | 11 A I  | OZARK CENTER                     | Yes  |    |
|  |                         |  |                            |   |                                  |  |    |
|  |                         |  |                            |   |                                  |  |    |

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)<br>Name, address, and EIN of<br>related organization  | (b)<br>Primary activity | (c)<br>Legal<br>domicile<br>(state or<br>foreign<br>country) | (d)<br>Direct<br>controlling<br>entity | (e)<br>Predominant<br>income(related,<br>unrelated,<br>excluded from<br>tax under<br>sections 512-<br>514) | (f)<br>Share of total<br>income | (g)<br>Share of end-<br>of-year<br>assets | (h)<br>Disproprtionate<br>allocations? |    | (i)<br>Code V-UBI<br>amount in<br>box 20 of<br>Schedule K-1<br>(Form 1065) | (j)<br>General or<br>managing<br>partner? |    | (k)<br>Percentage<br>ownership |
|---|-------------------------|--|--|--|---------------------------------|---|--|----|--|---|----|--------------------------------|
|   |                         |  |  |  |                                 |   | Yes                                    | No |  | Yes                                       | No |                                |
| (1) FREEMAN SURGICAL CE<br><br>11221 ROE AVE STE 320 LEAWOOD<br>LEAWOOD, KS 66211<br>26-2652980 | AMBULATORY<br>SURG      | MO   | FREEMAN<br>HLTH                        | RELATED  | 1,596,014                       | 2,068,984                                 |  | No | 0  | Yes                                       |    | 51 000 %                       |
|   |                         |  |  |  |                                 |   |  |    |  |   |    |                                |
|   |                         |  |  |  |                                 |   |  |    |  |   |    |                                |
|   |                         |  |  |  |                                 |   |  |    |  |   |    |                                |
|   |                         |  |  |  |                                 |   |  |    |  |   |    |                                |
|   |                         |  |  |  |                                 |   |  |    |  |   |    |                                |
|   |                         |  |  |  |                                 |   |  |    |  |   |    |                                |

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)<br>Name, address, and EIN of<br>related organization | (b)<br>Primary activity | (c)<br>Legal<br>domicile<br>(state or foreign<br>country) | (d)<br>Direct controlling<br>entity | (e)<br>Type of entity<br>(C corp, S<br>corp,<br>or trust) | (f)<br>Share of total<br>income | (g)<br>Share of end-<br>of-year<br>assets | (h)<br>Percentage<br>ownership | (i)<br>Section 512<br>(b)(13)<br>controlled<br>entity? |    |
|--|-------------------------|---|-------------------------------------|---|---------------------------------|---|--------------------------------|--|----|
|  |                         |   |                                     |   |                                 |   |                                | Yes  | No |
|  |                         |   |                                     |   |                                 |   |                                |  |    |
|  |                         |   |                                     |   |                                 |   |                                |  |    |
|  |                         |   |                                     |   |                                 |   |                                |  |    |
|  |                         |   |                                     |   |                                 |   |                                |  |    |
|  |                         |   |                                     |   |                                 |   |                                |  |    |
|  |                         |   |                                     |   |                                 |   |                                |  |    |
|  |                         |   |                                     |   |                                 |   |                                |  |    |

Part V

Transactions With Related Organizations

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

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

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

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

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

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

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

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

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

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

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

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

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

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

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

1a

Yes

1b

Yes

1c

No

1d

Yes

1e

Yes

1f

No

1g

No

1h

No

1i

No

1j

Yes

1k

Yes

1l

Yes

1m

Yes

1n

Yes

1o

Yes

1p

Yes

1q

Yes

1r

No

1s

No

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)<br>Name of related organization | (b)<br>Transaction<br>type (a-s) | (c)<br>Amount involved | (d)<br>Method of determining amount involved |
|-------------------------------------|----------------------------------|------------------------|--|
| (1) OZARK CENTER                    | A/J                              | 118,478                | FMV  |
| (2) OZARK CENTER                    | B                                | 643,529                | FMV  |
| (3) FREEMAN NEOSHO HOSPITAL         | D                                | 311,936                | FMV  |
| (4) OZARK CENTER                    | D                                | 354,660                | FMV  |
| (5) OZARK CENTER                    | M                                | 583,059                | FMV  |
| (6) OZARK CENTER                    | Q                                | 450,612                | FMV  |

Schedule R (Form 990) 2013

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

[illegible]

Part VII

Supplemental Information

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

| Return Reference | Explanation |
|------------------|-------------|
|------------------|-------------|

Additional Data

Software ID:  
Software Version:  
EIN: 43-1704371  
Name: FREEMAN HEALTH SYSTEM

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

| (a)<br>Name of other organization | (b)<br>Transaction<br>type(a-s) | (c)<br>Amount Involved | (d)<br>Method of determining<br>amount involved |
|-----------------------------------|---------------------------------|------------------------|---|
| O ZARK CENTER                     | A/J                             | 118,478                | FMV   |
| O ZARK CENTER                     | B                               | 643,529                | FMV   |
| FREEMAN NEOSHO HOSPITAL           | D                               | 311,936                | FMV   |
| O ZARK CENTER                     | D                               | 354,660                | FMV   |
| O ZARK CENTER                     | M                               | 583,059                | FMV   |
| O ZARK CENTER                     | Q                               | 450,612                | FMV   |

# **Freeman Health System**

## **Independent Auditor's Report and Consolidated Financial Statements**

**March 31, 2014 and 2013**

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# Freeman Health System

March 31, 2014 and 2013

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## Independent Auditor's Report

Audit Committee  
Freeman Health System  
Joplin, Missouri

We have audited the accompanying consolidated financial statements of Freeman Health System, which comprise the consolidated balance sheets as of March 31, 2014 and 2013, 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 accounting principles generally accepted in the United States of America. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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 Freeman Health System as of March 31, 2014 and 2013, and the results of its operations, the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*BKD, LLP*

Springfield, Missouri  
June 17, 2014

**Freeman Health System**  
**Consolidated Balance Sheets**  
**March 31, 2014 and 2013**

**Assets**

|  | <b>2014</b>                  | <b>2013</b>                  |
|--|------------------------------|------------------------------|
| <b>Current Assets</b>  |                              |                              |
| Cash and cash equivalents  | \$ 23,078,128                | \$ 14,712,161                |
| Assets limited as to use - current   | 10,587,076                   | 1,892,027                    |
| Patients accounts receivable, net of allowance<br>2014 - \$51,684,000, 2013 - \$49,111,000 | 71,875,537                   | 72,212,534                   |
| Other receivables  | 3,452,627                    | 3,898,440                    |
| Estimated amounts due from third-party payers  | 1,798,000                    | 1,702,510                    |
| Contributions receivable - current   | 30,589                       | 626,734                      |
| Supplies   | 9,355,362                    | 8,328,329                    |
| Prepaid expenses   | 3,244,563                    | 2,342,947                    |
| Total current assets   | <u>123,421,882</u>           | <u>105,715,682</u>           |
| <b>Assets Limited As To Use</b>  |                              |                              |
| Internally designated  | 110,615,578                  | 96,874,902                   |
| Externally restricted  | 3,434,626                    | 3,053,140                    |
| Held by trustees   |                              |                              |
| Under bond indenture agreements  | 16,200,952                   | 21,324,983                   |
| Under deferred compensation agreements   | 10,733,583                   | 9,970,631                    |
|  | <u>140,984,739</u>           | <u>131,223,656</u>           |
| Less amount required to meet current obligations   | 10,587,076                   | 1,892,027                    |
|  | <u>130,397,663</u>           | <u>129,331,629</u>           |
| Contributions receivable   | 6,201,029                    | 5,798,147                    |
|  | <u>136,598,692</u>           | <u>135,129,776</u>           |
| <b>Long-Term Investments</b>   | <u>66,395,699</u>            | <u>53,853,560</u>            |
| <b>Property and Equipment</b>  |                              |                              |
| Land and land improvements   | 18,510,706                   | 18,500,231                   |
| Buildings and leasehold improvements   | 229,140,094                  | 225,832,666                  |
| Equipment  | 130,165,952                  | 125,137,463                  |
| Construction in progress   | 1,606,640                    | 6,063,366                    |
|  | <u>379,423,392</u>           | <u>375,533,726</u>           |
| Less accumulated depreciation  | 223,712,551                  | 211,202,710                  |
|  | <u>155,710,841</u>           | <u>164,331,016</u>           |
| <b>Other Assets</b>  | <u>4,001,864</u>             | <u>4,527,704</u>             |
| Total assets   | <u><u>\$ 486,128,978</u></u> | <u><u>\$ 463,557,738</u></u> |

## Liabilities and Net Assets

|   | 2014           | 2013           |
|---|----------------|----------------|
| <b>Current Liabilities</b>                                      |                |                |
| Note payable to bank  | \$ -           | \$ 5,000,000   |
| Current maturities of long-term debt                            | 19,028,797     | 9,440,897      |
| Accounts payable  | 13,171,744     | 15,406,772     |
| Accrued salaries and wages                                      | 16,678,212     | 14,930,505     |
| Accrued interest payable  | 639,456        | 670,182        |
| Accrued payroll taxes and other accrued liabilities             | 5,421,906      | 5,738,843      |
| Estimated amounts due to third-party payers                     | 3,562,382      | 1,715,000      |
| Estimated professional liability insurance costs - current      | 3,000,000      | 3,000,000      |
| Total current liabilities                                       | 61,502,497     | 55,902,199     |
| <b>Deferred Compensation</b>                                    | 11,750,081     | 10,537,095     |
| <b>Estimated Professional Liability Insurance Costs</b>         | 12,817,493     | 13,281,050     |
| <b>Estimated Regulatory and Compliance Matters</b>              | 12,027,701     | -              |
| <b>Long-Term Debt</b>   | 112,859,860    | 132,676,431    |
| Total liabilities   | 210,957,632    | 212,396,775    |
| <b>Net Assets</b>   |                |                |
| Unrestricted net assets attributable to the Health System       | 264,449,534    | 240,640,277    |
| Unrestricted net assets attributable to noncontrolling interest | 1,643,850      | 822,615        |
| Total unrestricted net assets                                   | 266,093,384    | 241,462,892    |
| Temporarily restricted  | 9,077,962      | 9,698,071      |
| Total net assets  | 275,171,346    | 251,160,963    |
| Total liabilities and net assets                                | \$ 486,128,978 | \$ 463,557,738 |

# Freeman Health System

## Consolidated Statements of Operations and Changes in Net Assets

### Years Ended March 31, 2014 and 2013

|   | <u>2014</u>         | <u>2013</u>         |
|---|---------------------|---------------------|
| <b>Unrestricted Revenues, Gains and Other Support</b>                 |                     |                     |
| Net patient service revenue (net of contractual allowances)           | \$ 524,999,641      | \$ 537,210,126      |
| Provision for uncollectible accounts                                  | <u>(53,685,066)</u> | <u>(62,339,599)</u> |
| Net patient service revenue less provision for uncollectible accounts | 471,314,575         | 474,870,527         |
| Other   | 24,095,097          | 23,407,203          |
| Net assets released from restrictions used for operations             | <u>2,207,321</u>    | <u>1,850,680</u>    |
| Total unrestricted revenues, gains and other support                  | <u>497,616,993</u>  | <u>500,128,410</u>  |
| <b>Expenses and Losses</b>  |                     |                     |
| Salaries and wages  | 233,942,724         | 234,703,907         |
| Employee benefits   | 43,177,909          | 41,265,828          |
| Medical supplies and drugs  | 83,133,670          | 79,062,743          |
| Physician fees  | 6,562,765           | 7,645,369           |
| Other fees  | 46,043,263          | 54,020,241          |
| Utilities and telephone   | 5,444,575           | 5,718,451           |
| Insurance   | 7,863,439           | 9,055,412           |
| Depreciation  | 19,429,602          | 19,193,290          |
| Interest  | 5,827,751           | 7,374,130           |
| Other   | <u>32,266,457</u>   | <u>31,586,491</u>   |
| Total expenses and losses   | <u>483,692,155</u>  | <u>489,625,862</u>  |
| <b>Operating Income</b>   | <u>13,924,838</u>   | <u>10,502,548</u>   |
| <b>Other Income (Expense)</b>   |                     |                     |
| Contributions received  | 350,096             | 599,809             |
| Investment return   | 7,171,415           | 4,152,574           |
| Change in unrealized gains and losses on trading securities           | 13,719,114          | 8,595,210           |
| Loss on estimated regulatory and compliance matters                   | (10,000,000)        | (2,916,139)         |
| Loss on extinguishment of debt  | <u>-</u>            | <u>(1,483,109)</u>  |
| Total other income (expense)  | <u>11,240,625</u>   | <u>8,948,345</u>    |
| <b>Excess of Revenues Over Expenses</b>                               | <u>25,165,463</u>   | <u>19,450,893</u>   |

# Freeman Health System

## Consolidated Statements of Operations and Changes in Net Assets

### Years Ended March 31, 2014 and 2013

|   | <u>2014</u>                  | <u>2013</u>                  |
|---|------------------------------|------------------------------|
| <b>Unrestricted Net Assets</b>  |                              |                              |
| <b>Attributable to the Health System</b>                                    |                              |                              |
| Excess of revenues over expenses  | \$ 23,500.956                | \$ 18,272.926                |
| Net assets released from restriction for purchase of property and equipment | 90.722                       | -                            |
| Contributions and grants for the acquisition of property and equipment      | <u>217.579</u>               | <u>201.397</u>               |
| Increase in net assets attributable to the Health System                    | <u>23,809.257</u>            | <u>18,474.323</u>            |
| <b>Attributable to Noncontrolling Interest</b>                              |                              |                              |
| Excess of revenues over expenses  | 1,664.507                    | 1,177.967                    |
| Contributions from noncontrolling interest                                  | 332.733                      | 95.820                       |
| Distributions to noncontrolling interest                                    | <u>(1,176.005)</u>           | <u>(1,615.319)</u>           |
| Increase (decrease) in net assets attributable to noncontrolling interest   | <u>821.235</u>               | <u>(341.532)</u>             |
| Increase in unrestricted net assets   | <u>24,630.492</u>            | <u>18,132.791</u>            |
| <b>Temporarily Restricted Net Assets</b>                                    |                              |                              |
| Contributions received  | 1,677.934                    | 3,336.178                    |
| Net assets released from restriction  | <u>(2,298.043)</u>           | <u>(1,850.680)</u>           |
| Increase (decrease) in temporarily restricted net assets                    | <u>(620.109)</u>             | <u>1,485.498</u>             |
| <b>Change in Net Assets</b>   | 24,010.383                   | 19,618.289                   |
| <b>Net Assets, Beginning of Year</b>  | <u>251,160.963</u>           | <u>231,542.674</u>           |
| <b>Net Assets, End of Year</b>  | <u><u>\$ 275,171.346</u></u> | <u><u>\$ 251,160.963</u></u> |

**Freeman Health System**  
**Consolidated Statements of Cash Flows**  
**Years Ended March 31, 2014 and 2013**

|  | <b>2014</b>         | <b>2013</b>         |
|--|---------------------|---------------------|
| <b>Operating Activities</b>  |                     |                     |
| Change in net assets   | \$ 24,010,383       | \$ 19,618,289       |
| Items not requiring (providing) operating cash flow                              |                     |                     |
| Depreciation and amortization  | 18,992,548          | 19,382,072          |
| Gain on investment in equity investee  | (202,167)           | (105,553)           |
| Net gain on investments  | (16,335,617)        | (9,775,614)         |
| Restricted contributions and investment income received                          | (1,677,934)         | (3,336,178)         |
| Contributions and grants restricted for acquisition of property and equipment    | (217,579)           | (201,397)           |
| Provision for uncollectible accounts   | 53,685,066          | 62,339,599          |
| (Gain) loss on sale of property and equipment                                    | (251,312)           | 88,217              |
| Loss from extinguishment of debt   | -                   | 1,483,109           |
| Loss on estimated regulatory and compliance matters                              | 10,000,000          | 2,916,139           |
| Purchases of noncontrolling interest   | (332,733)           | (95,820)            |
| Distributions to noncontrolling interest   | 1,176,005           | 1,615,319           |
| Changes in   |                     |                     |
| Patient accounts receivable, net   | (53,348,069)        | (68,597,027)        |
| Estimated amounts due from and to third-party payers                             | 1,751,892           | (1,770,751)         |
| Supplies   | (1,027,033)         | 207,653             |
| Accounts payable and accrued expenses  | (10,653)            | (139,221)           |
| Other assets and liabilities   | 1,856,903           | (9,449,585)         |
| Net cash provided by operating activities  | <u>38,069,700</u>   | <u>14,179,251</u>   |
| <b>Investing Activities</b>  |                     |                     |
| Purchase of investments  | (17,685,983)        | (4,834,027)         |
| Proceeds from disposition of investments   | 12,931,364          | 21,005,441          |
| Purchase of property and equipment   | (12,806,696)        | (24,833,112)        |
| Proceeds from sale of property and equipment                                     | <u>1,424,250</u>    | <u>274,281</u>      |
| Net cash used in investing activities  | <u>(16,137,065)</u> | <u>(8,387,417)</u>  |
| <b>Financing Activities</b>  |                     |                     |
| Net borrowings (repayments) under line-of-credit agreement                       | (5,000,000)         | 5,000,000           |
| Proceeds from restricted contributions   | 1,677,934           | 3,336,178           |
| Proceeds from contributions and grants for acquisition of property and equipment | 217,579             | 201,397             |
| Purchases/sales of noncontrolling interest                                       | 332,733             | 95,820              |
| Distributions to noncontrolling interest   | (1,176,005)         | (1,615,319)         |
| Proceeds from issuance of long-term debt   | -                   | 39,845,477          |
| Principal payments on long-term debt   | <u>(9,618,909)</u>  | <u>(55,167,954)</u> |
| Net cash used in financing activities  | <u>(13,566,668)</u> | <u>(8,304,401)</u>  |



**Freeman Health System**  
**Consolidated Statements of Cash Flows**  
**Years Ended March 31, 2014 and 2013**

|   | <u><b>2014</b></u>          | <u><b>2013</b></u>          |
|---|-----------------------------|-----------------------------|
| <b>Increase (Decrease) in Cash and Cash Equivalents</b> | \$ 8,365,967                | \$ (2,512,567)              |
| <b>Cash and Cash Equivalents, Beginning of Year</b>     | <u>14,712,161</u>           | <u>17,224,728</u>           |
| <b>Cash and Cash Equivalents, End of Year</b>           | <u><u>\$ 23,078,128</u></u> | <u><u>\$ 14,712,161</u></u> |
| <b>Supplemental Cash Flows Information</b>              |                             |                             |
| Capital lease and other financial obligations           | \$ -                        | \$ 1,114,533                |
| Interest paid   | \$ 6,322,714                | \$ 6,397,374                |
| Purchase of property and equipment in accounts payable  | \$ 206,900                  | \$ 1,031,231                |

**Freeman Health System**  
**Notes to Consolidated Financial Statements**  
**March 31, 2014 and 2013**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations***

Freeman Health System operates as an integrated delivery system providing hospital, physician, mental health and substance abuse services. The Health System primarily earns revenues by providing inpatient, outpatient, emergency care and physician services to patients in the Joplin, Neosho, and surrounding southwest Missouri area.

***Principles of Consolidation***

The consolidated financial statements include the accounts of the following entities, which are affiliated through common ownership or control:

Freeman Health System, d/b/a Freeman Hospital, is a 450-bed acute care hospital which provides services from its facilities located in Joplin, Missouri.

Freeman Neosho Hospital is an acute care hospital which provides services from its facility in Neosho, Missouri. Freeman Neosho Hospital is designated as a Critical Access Hospital by the Centers for Medicare and Medicaid Services (CMS).

Ozark Center, a regional community mental health center, primarily earns revenue by providing a comprehensive range of mental health care and substance abuse services in Joplin and surrounding areas of southwest Missouri.

Cedar Hill Housing Corporation, Magnolia Heights Housing Corporation and Poplar Place Housing, provide housing for low-income, chronically mentally ill adults. Financing for the housing units is provided primarily from the U.S. Department of Housing and Urban Development (HUD). The Board of Directors of Cedar Hill Housing, Magnolia Heights Housing and Poplar Place Housing are made up of members of the Board of Directors of Ozark Center or are appointed by Ozark Center directors. Cedar Hill Housing, Magnolia Heights Housing and Poplar Place Housing by laws indicate that these organizations were established specifically for the purpose of providing housing that is financed primarily through HUD.

FHS Holdings, LLC was formed in January 2006 and shall continue perpetually. FHS Holdings, LLC has a 13% ownership interest in a long-term acute care hospital (LTACH) that commenced operations in May 2007 and a 25% ownership interest in Heartland Kidney and Dialysis Center, LLC commencing in 2013.

Freeman Surgical Center, LLC is a limited liability company formed in May 2008 for the purpose of operating an ambulatory surgery center. The surgical center commenced operations in fiscal year 2011. Freeman Health System owns a 51% interest in Freeman Surgical Center, LLC at March 31, 2014 and 2013.

Freeman Health System is the sole member of Freeman Neosho Hospital, Ozark Center and FHS Holdings, LLC and has a controlling interest in Freeman Surgical Center, LLC. Freeman Health System and its subsidiaries are collectively referred to as the Health System.

# **Freeman Health System**

## **Notes to Consolidated Financial Statements**

### **March 31, 2014 and 2013**

The accompanying consolidated statements include the accounts of Freeman Health System and subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

#### ***Use of Estimates***

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

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

The Health System considers all liquid investments with original maturities of three months or less to be cash equivalents. At March 31, 2014 and 2013, cash equivalents consisted primarily of money market accounts with brokers and repurchase agreements.

At March 31, 2014, the Health System's cash accounts exceeded federally insured limits by approximately \$20,848,000.

#### ***Investments and Investment Return***

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investments in equity investees are reported on the equity method of accounting. Other investments, including land held for investment, are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the consolidated statements of operations and changes in net assets as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

#### ***Assets Limited As To Use***

Assets limited as to use include (1) assets held by trustees under bond indenture and deferred compensation agreements, (2) assets restricted by donors and (3) assets set aside by the Board of Directors for future capital improvements and debt repayment over which the Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of the Health System are included in current assets.

# **Freeman Health System**

## **Notes to Consolidated Financial Statements**

### **March 31, 2014 and 2013**

#### ***Patient Accounts Receivable***

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Health System analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for uncollectible accounts. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

For receivables associated with services provided to patients who have third-party coverage, the Health System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers 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 Health System records a significant provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Health System's allowance for doubtful accounts for self-pay patients increased from 79% of self-pay accounts receivable at March 31, 2013, to 81% of self-pay accounts receivable at March 31, 2014. In addition, the Health System's write-offs decreased approximately \$1,000,000 from approximately \$52,100,000 for the year ended March 31, 2013, to approximately \$51,100,000 for the year ended March 31, 2014. The increase in allowance for doubtful accounts for self-pay patients is the result of negative trends experienced in the collection of amounts from self-pay patients.

#### ***Supplies***

The Health System states supply inventories at the lower of cost, determined using the first-in, first-out method, or market.

#### ***Property and Equipment***

Property and equipment acquisitions are recorded at cost and are depreciated using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

# **Freeman Health System**

## **Notes to Consolidated Financial Statements**

### **March 31, 2014 and 2013**

Certain property and equipment associated with Cedar Hill Housing, Magnolia Heights Housing and Poplar Place Housing has been purchased with HUD funds. Such items may be reclaimed by the federal government if not used to further the grant objectives.

Donations of property and equipment are reported at fair value as an increase in unrestricted net assets unless use of the assets is restricted by the donor. Monetary gifts that must be used to acquire property and equipment are reported as restricted support. The expiration of such restrictions is reported as an increase in unrestricted net assets when the donated asset is placed in service.

#### ***Long-Lived Asset Impairment***

The Health System evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimate future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended March 31, 2014 and 2013.

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

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt. Such costs are being amortized over the term of the respective debt using the effective interest method and are included in other assets on the consolidated balance sheets.

#### ***Guarantees***

The Health System has pledged \$435,000 of investments as collateral to guarantee the debt of an unconsolidated affiliated organization, excluded from the obligated group. The Health System has reported these investments as externally restricted assets of FHS Holdings, LLC under the agreement. The Health System's obligation under this agreement is limited to the amount pledged. Should the Health System be required to perform under the pledge agreement, the Health System may seek reimbursement from the related organization of amounts expended under the guarantee.

The Health System has also guaranteed certain debt of Freeman Surgical Center, LLC, a consolidated affiliate, excluded from the obligated group. The Health System's obligation under the guarantee is limited to its ownership percentage. At March 31, 2014 and 2013, the total amount guaranteed on the outstanding loan was approximately \$490,000 and \$910,000, respectively.

#### ***Temporarily Restricted Net Assets***

Temporarily restricted net assets are those whose use by the Health System has been limited by donors to a specific time period or purpose.

# **Freeman Health System**

## **Notes to Consolidated Financial Statements**

### **March 31, 2014 and 2013**

#### ***Net Patient Service Revenue***

The Health System has agreements with third-party payers that provide for payments to the Health System at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

#### ***Financial Assistance***

The Health System provides financial assistance to patients who are unable to pay for services. The amount of financial assistance is included in net patient service revenue and is not separately classified from the provision for uncollectible accounts.

#### ***Contributions***

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Gifts received with donor stipulations are reported as either temporarily or permanently restricted support. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions. Conditional contributions are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor.

#### ***Professional Liability Claims***

The Health System recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any. Professional liability claims are described more fully in *Note 6*.

#### ***Noncontrolling Interest***

Noncontrolling interest represents the third-party member's initial equity contribution and their proportionate share of income or loss. Income passes through to its members and any associated income taxes are paid by its members under their respective income tax status.

# **Freeman Health System**

## **Notes to Consolidated Financial Statements**

### **March 31, 2014 and 2013**

#### ***Income Taxes***

The Health System has been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Health System is subject to federal income tax on any unrelated business taxable income.

Earnings from FHS Holdings, LLC and Freeman Surgical Center, LLC are reported to their owners for inclusion in their respective tax returns.

The Health System files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Health System is no longer subject to U.S. federal examinations by tax authorities for years before 2010.

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

The consolidated statements of operations and changes in net assets include excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include permanent transfers to and from affiliates for other than goods and services, contributions from (distributions to) noncontrolling interests and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

#### ***Self-Insurance***

The Health System has elected to self-insure certain costs related to employee health, dental and workers' compensation programs. Costs resulting from noninsured losses are charged to income when incurred.

#### ***Goodwill***

The Health System acquired Freeman Neosho Hospital in 1993 for a price in excess of the fair value of identifiable assets, thereby generating goodwill. Effective April 1, 2010, the Health System adopted the provisions of ASC Topic 958-805, *Not-for-Profit Entities: Mergers and Acquisitions*, which requires goodwill to be evaluated annually for impairment rather than amortized. If the implied fair value of goodwill is lower than its carrying amount, a goodwill impairment is indicated and goodwill is written down to its implied fair value. Subsequent increases in goodwill value are not recognized in the financial statements. No goodwill impairment was recognized in 2014 or 2013. Goodwill, which is included in other noncurrent assets on the accompanying consolidated balance sheets, is approximately \$665,000 as of March 31, 2014 and 2013.

#### ***Transfers Between Fair Value Hierarchy Levels***

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the actual transfer date.

# **Freeman Health System**

## **Notes to Consolidated Financial Statements**

### **March 31, 2014 and 2013**

#### ***Electronic Health Records Incentive Program***

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR). Payments under the Medicare program are generally made for up to four years based on a statutory formula. Payments under the Medicaid program are made for up to three years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services. Payment under both programs are contingent on the Health System continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

The Health System recognizes revenue ratably over the reporting period starting at the point when management is reasonably assured it will meet all of the meaningful use objectives and any other specific grant requirements applicable for the reporting period.

The Health System has recorded revenue of approximately \$5,529,000 and \$3,295,000 for 2014 and 2013, respectively, which is included in other revenue within operating revenues in the statement of operations.

#### ***Reclassifications***

Certain reclassifications have been made to the 2013 financial statements to conform to the 2014 financial statement presentation.

#### ***Subsequent Events***

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the financial statements were issued.

#### **Note 2: Net Patient Service Revenue**

The Health System recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Health System recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the Health System's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Health System records a significant provision for uncollectible accounts related to uninsured patients in the period the services are provided. This provision for uncollectible accounts is presented on the statement of operations as a component of net patient service revenue.



# **Freeman Health System**

## **Notes to Consolidated Financial Statements**

### **March 31, 2014 and 2013**

The Health System has agreements with third-party payers that provide for payments to the Health System at amounts different from its established rates. These payment arrangements include

*Medicare* Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries by Freeman Hospital 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 skilled nursing services are paid at prospectively determined per diem rates that are based on the patients' acuity. Freeman Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor.

Freeman Neosho Hospital is designated as a Critical Access Hospital by CMS. This designation provides for inpatient and outpatient services at this hospital to be reimbursed on a cost basis methodology. Freeman Neosho Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor.

*Medicaid* Inpatient services rendered to Medicaid program beneficiaries are reimbursed based on a prospectively determined per diem rate. Medicaid outpatient reimbursement is based on a prospective percentage of charges determined from prior cost reports regressed forward.

*Other Agreements* The Health 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 Health System under these agreements include prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

A significant portion of Ozark Center's services are provided to patients under purchase of service (POS) agreements with certain governmental agencies. Payment for these services is based on prospectively determined prices per type of service subject to contractual limitations on the volume of such services delivered. The difference between the payment based on allowable prices and services provided at standard billing rates results in contractual allowances which are recorded as a deduction from client service revenue.

Ozark Center is certified as a Community Mental Health Center (CMHC) for Medicare reimbursement purposes. Outpatient services rendered to Medicare program beneficiaries are generally paid at prospectively determined rates. Covered services rendered to Medicaid program beneficiaries are paid based on established fee schedules.

# Freeman Health System

## Notes to Consolidated Financial Statements

### March 31, 2014 and 2013

Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), recognized in the years ended March 31, 2014 and 2013, respectively, was approximately

|                    | 2014                  | 2013                  |
|--------------------|-----------------------|-----------------------|
| Medicare           | \$ 159,962,645        | \$ 165,756,413        |
| Medicaid           | 40,526,560            | 54,496,375            |
| Third-party payers | 194,910,951           | 199,185,091           |
| Patients           | 129,599,485           | 117,772,247           |
| Total              | <u>\$ 524,999,641</u> | <u>\$ 537,210,126</u> |

The Health System participates in the Missouri state provider tax program which provides additional reimbursement from the Medicaid program in relation to the percentage of Medicaid and indigent population the Health System serves. The Health System paid assessments of \$19,067,000 and \$20,741,000 in state provider tax during 2014 and 2013, respectively, which is presented in the operating expenses within the accompanying consolidated financial statements.

Funding received in excess of costs to provide services to the Medicaid and indigent population may be refunded to the state for reallocation to other healthcare systems. The Health System received approximately \$13,404,000 and \$20,359,000 in 2014 and 2013, respectively, which is recorded in net patient service revenue and \$5,057,000 and \$3,417,000 in 2014 and 2013, respectively, of state pooling funds which are recorded as a component of operating expenses in the accompanying consolidated financial statements. Currently, the Health System has reserved \$2,675,000 to repay certain portions of funding for 2011, however, at this time the Health System does not expect to repay the state for subsequent years. It is reasonably possible that circumstances could change materially in the near term.

Over the past year, consistent with many healthcare providers, the Health System has undergone Medicare claim reviews by Recovery Audit Contractors. Due to these claim reviews, Medicare has denied certain claims and requested repayment. Although the Health System believes it will prevail through the appeals process, they have deposited \$5,000,000 with Medicare to avoid significant interest penalties. In addition, an estimated loss of \$1,200,000 has been recorded for certain claims for which the Health System believes will ultimately be repaid to the Medicare program due to these claim reviews. Many of the Health System claims are in the early stages of the appeals process, therefore, events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

On March 1, 2013, certain provisions of the Federal Government's *Budget Control Act of 2011* went into effect. Among these were mandatory payment reductions under the Medicare Fee-for-Service program, known as sequestration. Under these provisions, Medicare reimbursement was reduced by two percent on all claims with dates-of-service or dates-of-discharge on or after April 1, 2013. The continuation of these payment cuts for an extended period of time will have an adverse effect on operating results to the Health System.

**Freeman Health System**  
**Notes to Consolidated Financial Statements**  
**March 31, 2014 and 2013**

**Note 3: Concentration of Credit Risk**

The Health System grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements. The mix of net receivables from patients and third-party payers at March 31, 2014 and 2013, is

|                          | <b>2014</b> | <b>2013</b> |
|--------------------------|-------------|-------------|
| Medicare                 | 29%         | 30%         |
| Medicaid                 | 14%         | 10%         |
| Other third-party payers | 34%         | 39%         |
| Patients                 | 23%         | 21%         |
|                          | <u>100%</u> | <u>100%</u> |

**Note 4: Investments and Investment Return**

***Assets Limited As To Use***

Assets limited as to use include

|  | <b>2014</b>          | <b>2013</b>          |
|--|----------------------|----------------------|
| Internally designated for capital improvements |                      |                      |
| Cash and cash equivalents                      | \$ 615,380           | \$ 2,798,673         |
| Mutual funds - equity securities               | 71,182,387           | 60,758,531           |
| Mutual funds - fixed income securities         | -                    | 7,263                |
| Corporate obligations                          | 20,857,962           | 15,406,868           |
| Mortgage-backed obligations                    | 9,720,211            | 11,721,830           |
| Government obligations                         | 7,817,995            | 5,818,784            |
| Interest receivable                            | 421,643              | 362,953              |
|  | <u>\$110,615,578</u> | <u>\$ 96,874,902</u> |
| Externally restricted                          |                      |                      |
| Cash and cash equivalents                      | \$ 1,920,041         | \$ 1,509,927         |
| Mutual funds - equity securities               | 1,029,475            | 1,011,681            |
| Mutual funds - fixed income securities         | 485,110              | 531,532              |
|  | <u>\$ 3,434,626</u>  | <u>\$ 3,053,140</u>  |

**Freeman Health System**  
**Notes to Consolidated Financial Statements**  
**March 31, 2014 and 2013**

|  | <b>2014</b>          | <b>2013</b>          |
|--|----------------------|----------------------|
| Held by trustee                        |                      |                      |
| Under bond indenture                   |                      |                      |
| Cash and cash equivalents              | \$ 11,285,300        | \$ 15,413,269        |
| Fixed income securities                | 2,965,652            | 3,961,714            |
| Guaranteed investment contract         | 1,950,000            | 1,950,000            |
|  | <u>16,200,952</u>    | <u>21,324,983</u>    |
| Under deferred compensation agreements |                      |                      |
| Cash                                   | 60,190               | 41,320               |
| Mutual funds - equity securities       | 10,673,393           | 9,929,311            |
|  | <u>10,733,583</u>    | <u>9,970,631</u>     |
|  | <u>\$ 26,934,535</u> | <u>\$ 31,295,614</u> |

***Other Investments***

Long-term investments include

|  | <b>2014</b>          | <b>2013</b>          |
|--|----------------------|----------------------|
| Cash and cash equivalents              | \$ 617,147           | \$ 2,315,823         |
| Fixed income securities                | 8,490,517            | 10,553,668           |
| Equity securities                      | 659,359              | 788,627              |
| Land held for investment               | 3,859,359            | 3,859,359            |
| Mutual funds - equity securities       | 40,991,598           | 24,167,564           |
| Mutual funds - fixed income securities | 179,344              | 242,714              |
| Corporate obligations                  | 6,282,321            | 5,681,903            |
| Mortgage-backed obligations            | 3,332,776            | 4,091,048            |
| Government obligations                 | 1,863,450            | 2,027,199            |
| Interest receivable                    | 119,828              | 125,655              |
|  | <u>\$ 66,395,699</u> | <u>\$ 53,853,560</u> |

**Freeman Health System**  
**Notes to Consolidated Financial Statements**  
**March 31, 2014 and 2013**

Total investment return is comprised of the following

|  | <b>2014</b>          | <b>2013</b>          |
|--|----------------------|----------------------|
| Interest and dividend income           | \$ 4,534,908         | \$ 3,153,012         |
| Realized gains on securities           | 2,616,503            | 1,180,404            |
| Unrealized gains on trading securities | 13,719,114           | 8,595,210            |
| Gain on investment in equity investee  | 202,167              | 105,553              |
|  | <u>\$ 21,072,692</u> | <u>\$ 13,034,179</u> |

Total investment return is reflected in the statements of operations and changes in net assets as follows

|  | <b>2014</b>          | <b>2013</b>          |
|--|----------------------|----------------------|
| Unrestricted net assets  |                      |                      |
| Other operating revenue  | \$ 182,163           | \$ 286,395           |
| Investment return  | 7,171,415            | 4,152,574            |
| Change in unrealized gains and losses<br>on trading securities | <u>13,719,114</u>    | <u>8,595,210</u>     |
|  | <u>\$ 21,072,692</u> | <u>\$ 13,034,179</u> |

Investment income on funds held by trustee under bond indenture agreements has been included in unrestricted revenue as other operating revenue

**Note 5: Contributions Receivable**

Contributions receivable consisted of the following

|                             | <b>2014</b>         | <b>2013</b>         |
|-----------------------------|---------------------|---------------------|
| Due within one year         | \$ 30,589           | \$ 626,734          |
| Due in one to five years    | 4,132,643           | 3,544,802           |
| Due in more than five years | <u>3,560,620</u>    | <u>3,811,116</u>    |
|                             | 7,723,852           | 7,982,652           |
| Less unamortized discount   | <u>1,492,234</u>    | <u>1,557,771</u>    |
|                             | <u>\$ 6,231,618</u> | <u>\$ 6,424,881</u> |

The discount rate was 4% for 2014 and 2013. Once the Health System meets the donor restriction, the funds are available for use at the Health System's discretion.

**Freeman Health System**  
**Notes to Consolidated Financial Statements**  
**March 31, 2014 and 2013**

**Note 6: Professional Liability Claims**

The Health System is self-insured for the first \$1,000,000 per occurrence and \$2,000,000 in aggregate of medical malpractice risks. The Health System purchases commercial insurance coverage above the self-insurance limits under a claims-made policy on a retrospective premium basis.

Reserves for professional liability claims were \$15,817,493 and \$16,281,050 at March 31, 2014 and 2013, respectively. The current portion of the reserves, \$3,000,000 at March 31, 2014 and 2013, is included in estimated professional liability insurance costs - current in the accompanying consolidated balance sheets. The provision for losses related to professional liability risks for 2014 and 2013 are presented net of expected insurance recoveries in the consolidated statements of operations and was \$3,004,000 and \$4,372,000 for 2014 and 2013. Professional liability reserve estimates represent the estimated ultimate cost of all reported and unreported losses incurred through the respective consolidated balance sheet dates. The reserve for unpaid losses and loss expenses are estimated using individual case-basis valuations and actuarial analyses. Those estimates are subject to the effects of trends in loss severity and frequency. The estimates are continually reviewed and adjustments are recorded as experience develops or new information becomes known. The time period required to resolve these claims can vary depending upon whether the claim is settled or litigated. The estimation of the timing of payments beyond a year can vary significantly. Although considerable variability is inherent in professional liability reserve estimates, we believe the reserves for losses and loss expenses are adequate based on information currently known. It is reasonably possible that this estimate could change materially in the near term.

**Note 7: Self-Insurance**

The Health System maintains statutory workers' compensation coverage. They are self-insured beginning January 1, 2003, and claims are managed by a Third-Party Administrator (TPA). The Health System is responsible for claims cost and administrative fees associated with being self-insured. The Health System has accrued for claims costs based on incurred amounts set by the TPA based on standard actuarial reserving practices. Incurred amounts are reviewed quarterly. Freeman Hospital and Freeman Neosho Hospital also have a fully insured policy to cover a portion of the Missouri risk and entities outside Missouri.

Freeman Hospital and Freeman Neosho Hospital are self-insured for health and dental coverage. The Health System has accrued an estimate of the ultimate costs for both reported claims and claims incurred but not reported.

These self-insurance liabilities are reported as current other accrued liabilities on the Health System's financial statements.

**Freeman Health System**  
**Notes to Consolidated Financial Statements**  
**March 31, 2014 and 2013**

**Note 8: Note Payable to Bank**

On October 1, 2013, the Health System entered into a \$5,000,000 line of credit with local financial institution expiring September 15, 2014. At March 31, 2014 and 2013, there was \$0 borrowed against this line and \$5,000,000 borrowed against a prior line of credit which expired September 30, 2013, respectively. The line is collateralized by certain investments held by the local financial institution. Interest varies with LIBOR, which was 1.354% and 1.360% on March 31, 2014 and 2013, respectively and is payable monthly. The Health System repaid the line of credit in full during 2014.

**Note 9: Long-Term Debt**

|   | <b>2014</b>                | <b>2013</b>               |
|---|----------------------------|---------------------------|
| Freeman Hospital Health Facilities Revenue Bonds<br>Series 1999B (A)  | \$ 4,745,000               | \$ 5,335,000              |
| Freeman Hospital Health Facilities Revenue Bonds<br>Series 1999C (B)  | 5,805,000                  | 6,075,000                 |
| Freeman Hospital Health Facilities Revenue Bonds<br>Series 2004B (C)  | 40,795,000                 | 41,815,000                |
| Freeman Hospital Health Facilities Revenue Bonds<br>Series 2009 (D)   | 16,109,989                 | 16,778,418                |
| Freeman Hospital Health Facilities Financing Lease<br>Series 2010 (E) | 3,103,027                  | 5,291,379                 |
| Freeman Hospital Health Facilities Revenue Bonds<br>Series 2011 (F)   | 23,155,000                 | 24,090,000                |
| Freeman Hospital Health Facilities Revenue Bonds<br>Series 2012 (G)   | 31,400,000                 | 33,480,000                |
| Freeman Health System, note payable (H)                               | 750,000                    | 1,000,000                 |
| Capital lease obligations (I)   | 1,194,604                  | 1,990,589                 |
| Freeman Surgical Center, note payable to bank (J)                     | 963,537                    | 1,784,679                 |
|   | <hr/> 128,021,157          | <hr/> 137,640,065         |
| Plus bond premium   | 4,591,055                  | 5,284,953                 |
| Less bond discount  | 723,555                    | 807,690                   |
| Less current maturities   | <hr/> 19,028,797           | <hr/> 9,440,897           |
|   | <hr/> <hr/> \$ 112,859,860 | <hr/> <hr/> \$132,676,431 |

**Freeman Health System**  
**Notes to Consolidated Financial Statements**  
**March 31, 2014 and 2013**

- (A) Tax-exempt Health Facilities Variable Rate Demand Bonds, Series 1999B, payable in the original amount of \$11,000,000, bearing interest at a variable rate ( 06% and 12% as of March 31, 2014 and 2013, respectively ) The bonds are due in graduated annual installments beginning August 1, 2001, through August 1, 2020, and are secured by an irrevocable bank letter of credit, which in turn is secured by a pledge of substantially all gross receipts of the Health System

The Health System maintains a letter of credit facility that permits the remarketing agent to draw down an amount up to the principal amount outstanding should the bonds not be remarketed and become due The letter of credit, which expires on October 3, 2014, can be used to pay principal or interest on the Series 1999B bonds The letter of credit is renewable, subject to approval by the financial institution, through the terms of the Series 1999B bonds Drawings under the letter-of-credit agreement are due to be paid 367 days after the drawdown, bearing interest at the prime rate and gradually increasing to prime plus 2%

- (B) Tax-exempt Health Facilities Variable Rate Demand Bonds, Series 1999C, payable in the original amount of \$8,500,000, bearing interest at a variable rate ( 06% and 12% as of March 31, 2014 and 2013, respectively ) The bonds are due in graduated annual installments beginning August 1, 2002, through August 1, 2029, and are secured by an irrevocable bank letter of credit which in turn is secured by a pledge of substantially all gross receipts of the Health System

The Health System maintains a letter-of-credit facility that permits the remarketing agent to draw down an amount up to the principal amount outstanding should the bonds not be remarketed and become due The letter of credit, which expires on October 3, 2014, can be used to pay principal or interest on the Series 1999C bonds The letter of credit is renewable, subject to approval by the financial institution, through the terms of the Series 1999C bonds Drawings under the letter-of-credit agreement are due to be paid 367 days after the drawdown, bearing interest at the prime rate and gradually increasing to prime plus 2%

- (C) Tax-exempt Health Facilities Revenue Bonds, Series 2004B, payable in the original amount of \$47,765,000, bearing interest at rates of 4 125% to 5 750% The bonds are due in graduated annual installments beginning March 15, 2007, through March 15, 2035, and are secured by a pledge of substantially all gross receipts of the Health System

- (D) Tax-exempt Health Facilities Revenue Bonds, Series 2009, payable in the original amount of \$18,950,000 bearing interest at 5 16% through July 23, 2014 The bonds are due in graduated annual installments beginning August 23, 2009, through July 23, 2029, and are secured by a pledge of substantially all gross receipts of the Health System Should the bonds not be refinanced July 24, 2014, the Health System would be required to purchase certificates of deposit issued by the lender in an amount equal to the outstanding principal as collateral and the bond interest rate would be reset to the certificate of deposit rate plus 2 0% Subsequent to year end, the Health System has agreed to terms to refinance the bonds with the original financial institution effective July 2014 at a fixed rate of 3 22% for ten years No additional collateral will be required



# Freeman Health System

## Notes to Consolidated Financial Statements

### March 31, 2014 and 2013

- (E) Tax-exempt Health Facilities Financing Lease, Series 2010, payable in the original amount of \$10,393,515 bearing interest at 2.07% through December 20, 2015. The lease is due in graduated annual installments beginning January 20, 2011, through December 20, 2015, and is secured by equipment under financing agreement and investment funds maintained related to the financing not yet expended.
- (F) Tax-exempt Health Facilities Revenue Bonds, Series 2011, payable in the original amount of \$25,000,000, bearing interest at rates of 2.50% to 5.5%. The bonds are due in graduated annual installments beginning February 15, 2013, through February 15, 2031, and are secured by a pledge of substantially all gross receipts of the Health System.
- (G) Tax-exempt Health Facilities Revenue Bonds, Series 2012, payable in the original amount of \$35,565,000, bearing interest at 5.0% through February 15, 2024. The bonds are due in graduated annual installments beginning February 15, 2013, through February 15, 2024, and are secured by a pledge of substantially all gross receipts of the Health System.
- (H) Secured note payable in the original amount of \$5,000,000, due July 1, 2016, payable in annual installments including interest at prime less 2%, provided the interest rate shall not be less than 4% at any time. The interest rate in effect as of March 31, 2014 and 2013, was 4%.
- (I) Capital lease obligation, payable in monthly installments, including interest from 3.25% to 4.33% secured by equipment.
- (J) Note payable of \$3,655,000 due July 15, 2015, with interest on the unpaid balance from January 15, 2011, until paid in full at a rate of 5.75%, secured by equipment.

Aggregate annual maturities of long-term debt at March 31, 2014, are

|            |                              |
|------------|------------------------------|
| 2015       | \$ 19,028,797                |
| 2016       | 7,584,143                    |
| 2017       | 6,428,994                    |
| 2018       | 6,033,527                    |
| 2019       | 6,337,660                    |
| Thereafter | <u>82,608,036</u>            |
|            | <u><u>\$ 128,021,157</u></u> |

#### ***Obligated Group***

The Freeman Health System Obligated Group (the "Obligated Group") under the bond indenture is comprised of Freeman Hospital, Freeman Neosho Hospital and Ozark Center. In conformity with accounting principles generally accepted in the United States of America, management has determined that Cedar Hill Housing Corporation, Magnolia Heights Housing Corporation, Poplar Place Housing Corporation, FHS Holdings, LLC and Freeman Surgical Center, LLC are controlled or majority-owned subsidiaries of entities included in the Obligated Group, which are included in the consolidated financial statements.

**Freeman Health System**  
**Notes to Consolidated Financial Statements**  
**March 31, 2014 and 2013**

The Obligated Group has pledged all gross receipts (receipts, revenue and income) excluding only grants, bequests, contributions and other donations to the extent specifically restricted by the donor or grantor, to secure the principal and interest on the Series 2012, 2011, 2009, Series 2004B, Series 1999B and C. While no property of the Obligated Group (other than gross receipts) is mortgaged, assigned or pledged under the master indenture, the Obligated Group covenants not to create or permit any lien on property other than encumbrances specifically permitted under the terms of the master indenture and not to incur any indebtedness except as specifically permitted under the terms of the master indenture. The master indenture includes various covenants by the Obligated Group relating to corporate existence, maintenance of properties, continued tax-exempt status and certain restrictive covenants. In addition, the master indenture provides for establishment of certain trust funds to which the bond proceeds and revenue will be credited in specified amounts for the purpose of providing for the payment of principal, sinking fund installments and interest on the bonds.

**Note 10: Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purpose or periods

|                                       | <b>2014</b>         | <b>2013</b>         |
|---------------------------------------|---------------------|---------------------|
| Children's health programs            | \$ 1,333,820        | \$ 1,184,902        |
| Community health benefits             | 657,012             | 615,948             |
| Mental health care services           | 478,485             | 1,046,552           |
| Education programs and scholarships   | 11,944              | 28,844              |
| Time restricted contributions         | 5,934,343           | 6,083,512           |
| Acquisition of property and equipment | 662,358             | 738,313             |
|                                       | <u>\$ 9,077,962</u> | <u>\$ 9,698,071</u> |

During 2014 and 2013, net assets were released from donor restrictions by incurring expenses, satisfying the restricted operating purposes in the amount of \$2,207,321 and \$1,850,680, respectively. During 2014 and 2013, net assets of \$90,722 and \$0, respectively, were released from donor restrictions for the purchase of property and equipment.

# Freeman Health System

## Notes to Consolidated Financial Statements

### March 31, 2014 and 2013

#### Note 11: Financial Assistance

The costs of financial assistance provided under the Health System's financial assistance policy were approximately \$12,340,000 and \$7,831,000 for 2014 and 2013, respectively. The cost of financial assistance is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

#### Note 12: Functional Expenses

The Health System provides health care services primarily to residents within its geographic area. Expenses related to providing these services are as follows:

|                            | 2014                  | 2013                  |
|----------------------------|-----------------------|-----------------------|
| Health care services       | \$ 406,730,547        | \$ 409,739,012        |
| General and administrative | 75,378,907            | 77,734,323            |
| Fundraising                | 1,582,701             | 2,152,527             |
|                            | <u>\$ 483,692,155</u> | <u>\$ 489,625,862</u> |

#### Note 13: Pension Plan

The Health System has a defined contribution pension plan covering substantially all employees. The Board of Directors annually determines the amount, if any, of the Health System's contributions to the plan. Pension expense was \$3,600,000 and \$3,550,000 for 2014 and 2013, respectively.

#### Note 14: Deferred Compensation

The Health System has implemented nonqualified deferred compensation plans for employees. The plans are administered under Section 457(b) and (f) of the Internal Revenue Code. As of March 31, 2014 and 2013, plan assets are stated at fair value and classified as held by trustee in the assets limited as to use section of the consolidated balance sheets.

Also, Freeman Hospital has deferred compensation agreements with key employees that provide benefits upon disability or retirement. As of March 31, 2014 and 2013, related assets are stated at fair value and classified as held by trustee in the assets limited as to use section of the consolidated balance sheets.

**Freeman Health System**  
**Notes to Consolidated Financial Statements**  
**March 31, 2014 and 2013**

**Note 15: Related Party Transaction**

During 2014 and 2013, the Health System purchased certain supplies from a related party in the amount of \$788,817 and \$4,129,190, respectively

**Note 16: Disclosures About Fair Value of Assets and Liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation technique during the year ended March 31, 2014.

***Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Health System has no Level 3 securities at March 31, 2014 and 2013.

**Freeman Health System**  
**Notes to Consolidated Financial Statements**  
**March 31, 2014 and 2013**

***Recurring Measurements***

The following table presents the fair value measurements of assets recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at March 31, 2014 and 2013

|   |                   | <b>Fair Value Measurements Using</b>  |  |  |
|---|-------------------|---|--|--|
|   |                   | <b>Quoted<br/>Prices<br/>in Active<br/>Markets for<br/>Identical<br/>Assets<br/>(Level 1)</b> | <b>Significant<br/>Other<br/>Observable<br/>Inputs<br/>(Level 2)</b> | <b>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</b> |
| <b>March 31, 2014</b>                     | <b>Fair Value</b> |   |  |  |
| Money market funds                        | \$ 12,519,245     | \$ 12,519,245   | \$ -   | \$ -   |
| Equity securities                         | 659,359           | 659,359   | -  | -  |
| Mutual funds - domestic                   |                   |   |  |  |
| Cambiar Small Cap Fund                    | 14,373,672        | 14,373,672  | -  | -  |
| Vanguard Total Stock Market<br>Index Fund | 35,480,546        | 35,480,546  | -  | -  |
| Vanguard Institutional Index<br>Fund      | 17,783,534        | 17,783,534  | -  | -  |
| Other domestic                            | 35,348,245        | 35,348,245  | -  | -  |
| Mutual funds - international              |                   |   |  |  |
| Dodge & Cox International<br>Stock Fund   | 16,479,095        | 16,479,095  | -  | -  |
| Other international                       | 4,411,761         | 4,411,761   | -  | -  |
| Mutual funds - fixed income               | 664,454           | 664,454   | -  | -  |
| Fixed income securities                   | 11,456,169        | -   | 11,456,169   | -  |
| Corporate obligations                     | 27,140,283        | -   | 27,140,283   | -  |
| Mortgage-backed obligations               | 13,052,987        | -   | 13,052,987   | -  |
| Government obligations                    | 9,681,445         | 3,477,150   | 6,204,295  | -  |

**Freeman Health System**  
**Notes to Consolidated Financial Statements**  
**March 31, 2014 and 2013**

|   |               | Fair Value Measurements Using  |   |  |
|---|---------------|--|---|--|
|   |               | Quoted<br>Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| March 31, 2013                            | Fair Value    |  |   |  |
| Money market funds                        | \$ 21,816,352 | \$ 21,816,352  | \$ -  | \$ -   |
| Equity securities                         | 788,627       | 788,627  | -   | -  |
| Mutual funds - domestic                   |               |  |   |  |
| Cambiar Small Cap Fund                    | 11,217,694    | 11,217,694   | -   | -  |
| Vanguard Total Stock Market<br>Index Fund | 32,730,694    | 32,730,694   | -   | -  |
| Vanguard Institutional Index<br>Fund      | 11,576,945    | 11,576,945   | -   | -  |
| Other domestic                            | 25,427,119    | 25,427,119   | -   | -  |
| Mutual funds - international              |               |  |   |  |
| Dodge & Cox International<br>Stock Fund   | 11,758,181    | 11,758,181   | -   | -  |
| Other international                       | 3,156,454     | 3,156,454  | -   | -  |
| Mutual funds - fixed income               | 781,509       | 781,509  | -   | -  |
| Fixed income securities                   | 14,515,382    | -  | 14,515,382  | -  |
| Corporate obligations                     | 21,088,771    | -  | 21,088,771  | -  |
| Mortgage-backed obligations               | 15,812,878    | -  | 15,812,878  | -  |
| Government obligations                    | 7,845,983     | 2,287,025  | 5,558,958   | -  |

***Fair Value of Financial Instruments***

The following methods are used to estimate the fair value of all other financial instruments recognized in the accompanying balance sheets at amounts other than fair value

***Cash and Cash Equivalents***

The carrying amount approximates fair value

***Contributions Receivable***

Fair value is estimated at the present value of the future payments expected to be received

**Freeman Health System**  
**Notes to Consolidated Financial Statements**  
**March 31, 2014 and 2013**

***Notes Payable and Long-Term Debt***

Fair value is estimated based on the borrowing rates currently available to the Health System for bank loans with similar terms and maturities. Fair value of bonds payable is determined based on quoted market prices.

The following table presents estimated fair values of the Health System's financial instruments at March 31, 2014 and 2013.

|                                       | 2014               |               | 2013               |               |
|---------------------------------------|--------------------|---------------|--------------------|---------------|
|                                       | Carrying<br>Amount | Fair Value    | Carrying<br>Amount | Fair Value    |
| <b>Financial Assets (Liabilities)</b> |                    |               |                    |               |
| Cash and cash equivalents             | \$ 23,078,128      | \$ 23,078,128 | \$ 14,712,161      | \$ 14,712,161 |
| Contributions receivable              | 6,231,618          | 6,231,618     | 6,424,881          | 6,424,881     |
| Note payable to bank                  | -                  | -             | (5,000,000)        | (5,000,000)   |
| Long-term debt                        | (131,888,657)      | (137,121,968) | (142,117,328)      | (142,999,819) |

**Note 17: Significant Estimates and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

***Allowance for Net Patient Service Revenue Adjustments***

Estimates of allowances for adjustments included in net patient service revenue are described in *Notes 1* and *2*.

***Professional Liability Claims***

Estimates related to the accrual for professional liabilities claims are described in *Notes 1* and *6*.

***Estimated Liability for Employee Health Care and Workers' Compensation***

Estimates related to the accrual for employee health care and workers' compensation are described in *Notes 1* and *7*.

# **Freeman Health System**

## **Notes to Consolidated Financial Statements**

### **March 31, 2014 and 2013**

#### ***Litigation***

In the normal course of business, the Health System is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Health System's self-insurance program (discussed elsewhere in these notes) or by commercial insurance, for example, allegations regarding employment practices or performance of contracts. The Health System evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

#### ***Investigation***

The Health System is the subject of an investigation regarding specific third-party payer program billing issues. Management believes the Health System's medical records fully support the codes used and billings submitted and intends to vigorously defend the Health System should any assertions to the contrary be made. No provision has been made in the consolidated financial statements for any adverse outcome that might ultimately result from this matter, as the amount of any such loss is not reasonably estimable. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

#### ***Investments***

The Health System invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying balance sheets.

#### ***Regulatory Matters***

As a result of an internal investigation, the Health System voluntarily disclosed a potential Stark Law violation in relation to physician compensation arrangements to the Office of Inspector General (OIG). In October 2012, the Health System reached an agreement to settle the regulatory matter with the OIG in the amount of approximately \$9,300,000. The Health System recorded the provisions, approximately \$0, \$2,900,000 and \$6,400,000 in the statement of operations and changes in net assets for the years ended March 31, 2014, 2013 and prior years, respectively. In consideration of the voluntary disclosure and payment of agreed-upon settlement amount, no further penalties are expected by the OIG.



**Freeman Health System**  
**Notes to Consolidated Financial Statements**  
**March 31, 2014 and 2013**

**Note 18: 340B Outpatient Drug Discount Program**

The Health System participates in the 340B outpatient drug discount program administered by the Office of Pharmacy Affairs of the Health Resources and Services Administration (HRSA). Under this program, the Health System receives significant discounts on purchases of outpatient pharmaceuticals. Oversight of the program has increased in recent years, including audits by HRSA.

As a result of an audit of the Health System's 340B outpatient drug discount program, certain compliance issues were identified in relation to the program. As a result, the Health System has issued a corrective action plan which includes repayment of certain discounts to drug manufacturers. The Health System has estimated the repayment amount to be approximately \$12,000,000, and has accrued a liability for this estimate at March 31, 2014. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

**Note 19: Patient Protection and Affordable Care Act**

The *Patient Protection and Affordable Care Act* (PPACA) will substantially reform the United States health care system. The legislation impacts multiple aspects of the health care system, including many provisions that change payments from Medicare, Medicaid and insurance companies. Starting in 2014, the legislation requires the establishment of health insurance exchanges, which will provide individuals without employer provided health care coverage the opportunity to purchase insurance. It is anticipated that some employers currently offering insurance to employees will opt to have employees seek insurance coverage through the insurance exchanges. It is possible that the reimbursement rates paid by insurers participating in the insurance exchanges may be substantially different than rates paid under current health insurance products. Another significant component of the PPACA is the expansion of the Medicaid program to a wide range of newly eligible individuals. In anticipation of this expansion, payments under certain existing programs will be substantially decreased. Each state's participation in an expanded Medicaid program is optional.

The State of Missouri has indicated it will not expand initially the Medicaid program. The impact of that decision on the overall reimbursement to the Health System cannot be quantified at this time.

# Freeman Health System

## Consolidating Schedule – Balance Sheet Information

### March 31, 2014

#### Assets

|   | Freeman<br>Hospital | Freeman<br>Neosho<br>Hospital | Ozark<br>Center | Obligated<br>Group<br>Eliminations | Obligated<br>Group<br>Total | FHS<br>Holdings, LLC | Freeman<br>Surgical<br>Center, LLC | Cedar Hill,<br>Magnolia Heights<br>Housing and<br>Poplar Place | Eliminations   | Total          |
|---|---------------------|-------------------------------|-----------------|------------------------------------|-----------------------------|----------------------|------------------------------------|--|----------------|----------------|
| <b>Current Assets</b>                               |                     |                               |                 |                                    |                             |                      |                                    |  |                |                |
| Cash and cash equivalents                           | \$ 15,742,780       | \$ 535,868                    | \$ 5,349,809    | \$ -                               | \$ 21,628,457               | \$ -                 | \$ 1,431,645                       | \$ 18,026  | \$ -           | \$ 23,078,128  |
| Assets limited as to use - current                  | 10,587,076          | -                             | -               | -                                  | 10,587,076                  | -                    | -                                  | -  | -              | 10,587,076     |
| Patient accounts receivable - net                   | 62,579,519          | 4,709,422                     | 4,129,944       | (323,614)                          | 71,095,271                  | -                    | 780,266                            | -  | -              | 71,875,537     |
| Other receivables                                   | 2,568,314           | 450,000                       | 788,627         | (353,693)                          | 3,453,248                   | 291,200              | -                                  | 724  | (292,545)      | 3,452,627      |
| Estimated amounts due from<br>third-party payers    | 1,798,000           | -                             | -               | -                                  | 1,798,000                   | -                    | -                                  | -  | -              | 1,798,000      |
| Contributions receivable - current                  | 30,589              | -                             | -               | -                                  | 30,589                      | -                    | -                                  | -  | -              | 30,589         |
| Supplies  | 8,472,791           | 486,958                       | 160,076         | -                                  | 9,119,825                   | -                    | 235,537                            | -  | -              | 9,355,362      |
| Prepaid expenses                                    | 2,619,346           | 58,852                        | 446,841         | -                                  | 3,125,039                   | -                    | 96,533                             | 22,991   | -              | 3,244,563      |
| Total current assets                                | 104,398,415         | 6,241,100                     | 10,875,297      | (677,307)                          | 120,837,505                 | 291,200              | 2,543,981                          | 41,741   | (292,545)      | 123,421,882    |
|   |                     |                               |                 |                                    |                             | -                    |                                    |  |                |                |
| <b>Assets Limited As To Use</b>                     |                     |                               |                 |                                    |                             |                      |                                    |  |                |                |
| Internally designated                               | 88,351,184          | 22,264,394                    | -               | -                                  | 110,615,578                 | -                    | -                                  | -  | -              | 110,615,578    |
| Externally restricted                               | 2,360,996           | -                             | -               | -                                  | 2,360,996                   | 919,310              | -                                  | 154,320  | -              | 3,434,626      |
| Held by trustee                                     |                     |                               |                 |                                    |                             |                      |                                    |  |                |                |
| Under bond indenture agreements                     | 16,080,501          | 120,451                       | -               | -                                  | 16,200,952                  | -                    | -                                  | -  | -              | 16,200,952     |
| Under deferred compensation<br>agreements           | 10,733,583          | -                             | -               | -                                  | 10,733,583                  | -                    | -                                  | -  | -              | 10,733,583     |
|   | 117,526,264         | 22,384,845                    | -               | -                                  | 139,911,109                 | 919,310              | -                                  | 154,320  | -              | 140,984,739    |
| Less amount required to meet current<br>obligations | 10,587,076          | -                             | -               | -                                  | 10,587,076                  | -                    | -                                  | -  | -              | 10,587,076     |
|   | 106,939,188         | 22,384,845                    | -               | -                                  | 129,324,033                 | 919,310              | -                                  | 154,320  | -              | 130,397,663    |
| Contributions receivable                            | 6,201,029           | -                             | -               | -                                  | 6,201,029                   | -                    | -                                  | -  | -              | 6,201,029      |
|   | 113,140,217         | 22,384,845                    | -               | -                                  | 135,525,062                 | 919,310              | -                                  | 154,320  | -              | 136,598,692    |
|   |                     |                               |                 |                                    |                             |                      |                                    |  |                |                |
| <b>Long-Term Investments</b>                        | 29,755,603          | -                             | 36,640,096      | -                                  | 66,395,699                  | -                    | -                                  | -  | -              | 66,395,699     |
|   |                     |                               |                 |                                    |                             |                      |                                    |  |                |                |
| <b>Property and Equipment</b>                       |                     |                               |                 |                                    |                             |                      |                                    |  |                |                |
| Land and land improvements                          | 16,577,260          | 1,058,485                     | 632,058         | 29,531                             | 18,297,334                  | -                    | -                                  | 223,626  | (10,254)       | 18,510,706     |
| Buildings and leasehold improvements                | 209,139,917         | 7,260,103                     | 7,394,778       | -                                  | 223,794,798                 | -                    | -                                  | 5,345,296  | -              | 229,140,094    |
| Equipment   | 113,641,210         | 8,652,250                     | 4,116,512       | -                                  | 126,409,972                 | -                    | 3,748,445                          | 7,535  | -              | 130,165,952    |
| Construction in progress                            | 1,443,337           | 67,565                        | 95,738          | -                                  | 1,606,640                   | -                    | -                                  | -  | -              | 1,606,640      |
|   | 340,801,724         | 17,038,403                    | 12,239,086      | 29,531                             | 370,108,744                 | -                    | 3,748,445                          | 5,576,457  | (10,254)       | 379,423,392    |
| Less accumulated depreciation                       | 204,075,154         | 13,047,670                    | 4,055,666       | -                                  | 221,178,490                 | -                    | 1,786,785                          | 747,276  | -              | 223,712,551    |
|   | 136,726,570         | 3,990,733                     | 8,183,420       | 29,531                             | 148,930,254                 | -                    | 1,961,660                          | 4,829,181  | (10,254)       | 155,710,841    |
|   |                     |                               |                 |                                    |                             |                      |                                    |  |                |                |
| <b>Other Assets</b>                                 | 6,459,816           | 1,548,226                     | 4,996,654       | (1,238,183)                        | 11,766,513                  | -                    | 3,448                              | -  | (7,768,097)    | 4,001,864      |
|   |                     |                               |                 |                                    |                             |                      |                                    |  |                |                |
| Total assets  | \$ 390,480,621      | \$ 34,164,904                 | \$ 60,695,467   | \$ (1,885,959)                     | \$ 483,455,033              | \$ 1,210,510         | \$ 4,509,089                       | \$ 5,025,242   | \$ (8,070,896) | \$ 486,128,978 |

# Freeman Health System

## Consolidating Schedule – Balance Sheet Information

### March 31, 2014

#### Liabilities and Net Assets

|  | Freeman<br>Hospital | Freeman<br>Neosho<br>Hospital | Ozark<br>Center | Obligated<br>Group<br>Eliminations | Obligated<br>Group<br>Total | FHS<br>Holdings, LLC | Freeman<br>Surgical<br>Center, LLC | Cedar Hill,<br>Magnolia Heights<br>Housing and<br>Poplar Place | Eliminations   | Total          |
|--|---------------------|-------------------------------|-----------------|------------------------------------|-----------------------------|----------------------|------------------------------------|--|----------------|----------------|
| <b>Current Liabilities</b>   |                     |                               |                 |                                    |                             |                      |                                    |  |                |                |
| Current maturities of long-term debt                               | \$ 17,915,971       | \$ 75,000                     | \$ 226,296      | \$ (41,563)                        | \$ 18,175,704               | \$ -                 | \$ 853,093                         | \$ -   | \$ -           | \$ 19,028,797  |
| Accounts payable   | 12,508,874          | 179,648                       | 428,158         | (59,617)                           | 13,057,063                  | -                    | 113,848                            | 2,178  | (1,345)        | 13,171,744     |
| Accrued salaries and wages   | 15,059,132          | 90,000                        | 1,452,159       | -                                  | 16,601,291                  | -                    | 76,921                             | -  | -              | 16,678,212     |
| Accrued interest payable   | 633,612             | 5,844                         | -               | -                                  | 639,456                     | -                    | -                                  | -  | -              | 639,456        |
| Accrued payroll taxes and other<br>accrued liabilities             | 5,296,880           | 10,000                        | 109,085         | -                                  | 5,415,965                   | -                    | -                                  | 5,941  | -              | 5,421,906      |
| Due to related parties   | 141,200             | 311,936                       | 243,648         | (576,053)                          | 120,731                     | 150,000              | -                                  | 20,469   | (291,200)      | -              |
| Estimated amounts due to<br>third-party payers                     | 1,763,382           | 1,799,000                     | -               | -                                  | 3,562,382                   | -                    | -                                  | -  | -              | 3,562,382      |
| Estimated professional liability<br>insurance costs - current      | 3,000,000           | -                             | -               | -                                  | 3,000,000                   | -                    | -                                  | -  | -              | 3,000,000      |
| Total current liabilities  | 56,319,051          | 2,471,428                     | 2,459,346       | (677,233)                          | 60,572,592                  | 150,000              | 1,043,862                          | 28,588   | (292,545)      | 61,502,497     |
| <b>Deferred Compensation</b>                                       | 11,750,081          | -                             | -               | -                                  | 11,750,081                  | -                    | -                                  | -  | -              | 11,750,081     |
| <b>Estimated Professional Liability<br/>Insurance Costs</b>        | 12,717,493          | 100,000                       | -               | -                                  | 12,817,493                  | -                    | -                                  | -  | -              | 12,817,493     |
| <b>Estimated Regulatory and<br/>Compliance Matters</b>             | 12,027,701          | -                             | -               | -                                  | 12,027,701                  | -                    | -                                  | -  | -              | 12,027,701     |
| <b>Long-Term Debt</b>  | 111,314,492         | 960,851                       | 828,807         | (354,734)                          | 112,749,416                 | -                    | 110,444                            | -  | -              | 112,859,860    |
| Total liabilities  | 204,128,818         | 3,532,279                     | 3,288,153       | (1,031,967)                        | 209,917,283                 | 150,000              | 1,154,306                          | 28,588   | (292,545)      | 210,957,632    |
| <b>Net Assets</b>  |                     |                               |                 |                                    |                             |                      |                                    |  |                |                |
| Unrestricted net assets attributable<br>to the Health System       | 177,752,326         | 29,887,353                    | 56,928,829      | (108,720)                          | 264,459,788                 | 1,060,510            | 1,710,933                          | 4,978,087  | (7,759,784)    | 264,449,534    |
| Unrestricted net assets attributable<br>to noncontrolling interest | -                   | -                             | -               | -                                  | -                           | -                    | 1,643,850                          | -  | -              | 1,643,850      |
| Total unrestricted net assets                                      | 177,752,326         | 29,887,353                    | 56,928,829      | (108,720)                          | 264,459,788                 | 1,060,510            | 3,354,783                          | 4,978,087  | (7,759,784)    | 266,093,384    |
| Temporarily restricted   | 8,599,477           | 745,272                       | 478,485         | (745,272)                          | 9,077,962                   | -                    | -                                  | 18,567   | (18,567)       | 9,077,962      |
| Total net assets   | 186,351,803         | 30,632,625                    | 57,407,314      | (853,992)                          | 273,537,750                 | 1,060,510            | 3,354,783                          | 4,996,654  | (7,778,351)    | 275,171,346    |
| Total liabilities and net<br>assets                                | \$ 390,480,621      | \$ 34,164,904                 | \$ 60,695,467   | \$ (1,885,959)                     | \$ 483,455,033              | \$ 1,210,510         | \$ 4,509,089                       | \$ 5,025,242   | \$ (8,070,896) | \$ 486,128,978 |

# Freeman Health System

## Consolidating Schedule – Statement of Operations Information

### Year Ended March 31, 2014

|   | Freeman<br>Hospital | Freeman<br>Neosho<br>Hospital | Ozark<br>Center | Obligated<br>Group<br>Eliminations | Obligated<br>Group<br>Total | FHS<br>Holdings, LLC | Freeman<br>Surgical<br>Center, LLC | Cedar Hill,<br>Magnolia Heights<br>Housing and<br>Poplar Place | Eliminations   | Total          |
|---|---------------------|-------------------------------|-----------------|------------------------------------|-----------------------------|----------------------|------------------------------------|--|----------------|----------------|
| <b>Unrestricted Revenues, Gains and Other Support</b>                 |                     |                               |                 |                                    |                             |                      |                                    |  |                |                |
| Net patient service revenue   | \$ 456,928,663      | \$ 29,171,348                 | \$ 28,470,218   | \$ -                               | \$ 514,570,229              | \$ -                 | \$ 10,429,412                      | \$ -   | \$ -           | \$ 524,999,641 |
| Provision for uncollectible accounts                                  | (45,991,001)        | (6,889,671)                   | (640,586)       | -                                  | (53,521,258)                | -                    | (163,808)                          | -  | -              | (53,685,066)   |
| Net patient service revenue less provision for uncollectible accounts | 410,937,662         | 22,281,677                    | 27,829,632      | -                                  | 461,048,971                 | -                    | 10,265,604                         | -  | -              | 471,314,575    |
| Other   | 27,669,964          | 921,957                       | 3,778,002       | (8,531,179)                        | 23,838,744                  | -                    | -                                  | 282,565  | (26,212)       | 24,095,097     |
| Net assets released from restrictions used for operations             | 1,025,438           | -                             | 1,181,883       | -                                  | 2,207,321                   | -                    | -                                  | -  | -              | 2,207,321      |
| Total unrestricted revenues, gains and other support                  | 439,633,064         | 23,203,634                    | 32,789,517      | (8,531,179)                        | 487,095,036                 | -                    | 10,265,604                         | 282,565  | (26,212)       | 497,616,993    |
| <b>Expenses and Losses</b>  |                     |                               |                 |                                    |                             |                      |                                    |  |                |                |
| Salaries and wages  | 204,682,652         | 9,186,949                     | 18,503,140      | -                                  | 232,372,741                 | -                    | 1,569,983                          | -  | -              | 233,942,724    |
| Employee benefits   | 36,964,639          | 2,002,928                     | 3,717,132       | -                                  | 42,684,699                  | -                    | 493,210                            | -  | -              | 43,177,909     |
| Medical supplies and drugs  | 77,284,581          | 1,171,293                     | 2,813,631       | -                                  | 81,269,505                  | -                    | 1,858,922                          | 5,243  | -              | 83,133,670     |
| Physician fees  | 6,744,658           | 1,008,100                     | -               | (1,189,993)                        | 6,562,765                   | -                    | -                                  | -  | -              | 6,562,765      |
| Other fees  | 43,105,660          | 1,959,630                     | 71,002          | (92,587)                           | 45,043,705                  | -                    | 973,441                            | 26,117   | -              | 46,043,263     |
| Utilities and telephone   | 5,140,972           | 309,276                       | 435,372         | (686,099)                          | 5,199,521                   | -                    | 178,242                            | 66,812   | -              | 5,444,575      |
| Insurance   | 7,338,487           | 147,467                       | 306,943         | -                                  | 7,792,897                   | -                    | 34,915                             | 35,627   | -              | 7,863,439      |
| Depreciation  | 17,038,878          | 869,074                       | 887,144         | -                                  | 18,795,096                  | -                    | 485,173                            | 149,333  | -              | 19,429,602     |
| Interest  | 5,683,936           | 32,971                        | 28,885          | (632)                              | 5,745,160                   | -                    | 82,591                             | -  | -              | 5,827,751      |
| Other   | 29,689,915          | 4,860,736                     | 3,516,361       | (7,206,029)                        | 30,860,983                  | -                    | 1,260,452                          | 133,604  | 11,418         | 32,266,457     |
| Total expenses and losses   | 433,674,378         | 21,548,424                    | 30,279,610      | (9,175,340)                        | 476,327,072                 | -                    | 6,936,929                          | 416,736  | 11,418         | 483,692,155    |
| <b>Operating Income (Loss)</b>  | 5,958,686           | 1,655,210                     | 2,509,907       | 644,161                            | 10,767,964                  | -                    | 3,328,675                          | (134,171)  | (37,630)       | 13,924,838     |
| <b>Other Income (Expense)</b>   |                     |                               |                 |                                    |                             |                      |                                    |  |                |                |
| Contributions received  | 307,384             | -                             | 684,611         | (643,529)                          | 348,466                     | -                    | -                                  | 1,630  | -              | 350,096        |
| Investment return   | 6,693,243           | 688,896                       | 1,337,389       | (632)                              | 8,718,896                   | 140,904              | 68,265                             | 93   | (1,756,743)    | 7,171,415      |
| Change in unrealized gains and losses on trading securities           | 8,945,022           | 1,989,887                     | 2,800,799       | -                                  | 13,735,708                  | (16,594)             | -                                  | -  | -              | 13,719,114     |
| Loss on estimated regulatory and compliance matters                   | (10,000,000)        | -                             | -               | -                                  | (10,000,000)                | -                    | -                                  | -  | -              | (10,000,000)   |
| Total other income (expense)  | 5,945,649           | 2,678,783                     | 4,822,799       | (644,161)                          | 12,803,070                  | 124,310              | 68,265                             | 1,723  | (1,756,743)    | 11,240,625     |
| <b>Excess of Revenues Over Expenses</b>                               | \$ 11,904,335       | \$ 4,333,993                  | \$ 7,332,706    | \$ -                               | \$ 23,571,034               | \$ 124,310           | \$ 3,396,940                       | \$ (132,448)   | \$ (1,794,373) | \$ 25,165,463  |

# Freeman Health System

## Consolidating Schedule – Statement of Operations Information

### Non-GAAP Presentation of Controlling Interest in Subsidiary

#### Year Ended March 31, 2014

|   | Freeman<br>Hospital | Freeman<br>Neosho<br>Hospital | Ozark<br>Center | Obligated<br>Group<br>Eliminations | Obligated<br>Group<br>Total | Freeman<br>Surgical<br>Center, LLC | Eliminations   | Total          |
|---|---------------------|-------------------------------|-----------------|------------------------------------|-----------------------------|------------------------------------|----------------|----------------|
| <b>Unrestricted Revenues, Gains and Other Support</b>                 |                     |                               |                 |                                    |                             |                                    |                |                |
| Net patient service revenue   | \$ 456,928,663      | \$ 29,171,348                 | \$ 28,470,218   | \$ -                               | \$ 514,570,229              | \$ 5,318,982                       | \$ -           | \$ 519,889,211 |
| Provision for uncollectible accounts                                  | (45,991,001)        | (6,889,671)                   | (640,586)       | -                                  | (53,521,258)                | (83,542)                           | -              | (53,604,800)   |
| Net patient service revenue less provision for uncollectible accounts | 410,937,662         | 22,281,677                    | 27,829,632      | -                                  | 461,048,971                 | 5,235,440                          | -              | 466,284,411    |
| Other   | 27,669,964          | 921,957                       | 3,778,002       | (8,531,179)                        | 23,838,744                  | -                                  | (26,212)       | 23,812,532     |
| Net assets released from restrictions used for operations             | 1,025,438           | -                             | 1,181,883       | -                                  | 2,207,321                   | -                                  | -              | 2,207,321      |
| Total unrestricted revenues, gains and other support                  | 439,633,064         | 23,203,634                    | 32,789,517      | (8,531,179)                        | 487,095,036                 | 5,235,440                          | (26,212)       | 492,304,264    |
| <b>Expenses and Losses</b>  |                     |                               |                 |                                    |                             |                                    |                |                |
| Salaries and wages  | 204,682,652         | 9,186,949                     | 18,503,140      | -                                  | 232,372,741                 | 800,689                            | -              | 233,173,430    |
| Employee benefits   | 36,964,639          | 2,002,928                     | 3,717,132       | -                                  | 42,684,699                  | 251,536                            | -              | 42,936,235     |
| Medical supplies and drugs  | 77,284,581          | 1,171,293                     | 2,813,631       | -                                  | 81,269,505                  | 948,047                            | -              | 82,217,552     |
| Physician fees  | 6,744,658           | 1,008,100                     | -               | (1,189,993)                        | 6,562,765                   | -                                  | -              | 6,562,765      |
| Other fees  | 43,105,660          | 1,959,630                     | 71,002          | (92,587)                           | 45,043,705                  | 496,453                            | -              | 45,540,158     |
| Utilities and telephone   | 5,140,972           | 309,276                       | 435,372         | (686,099)                          | 5,199,521                   | 90,903                             | -              | 5,290,424      |
| Insurance   | 7,338,487           | 147,467                       | 306,943         | -                                  | 7,792,897                   | 17,807                             | -              | 7,810,704      |
| Depreciation  | 17,038,878          | 869,074                       | 887,144         | -                                  | 18,795,096                  | 247,437                            | -              | 19,042,533     |
| Interest  | 5,683,936           | 32,971                        | 28,885          | (632)                              | 5,745,160                   | 42,121                             | -              | 5,787,281      |
| Other   | 29,689,915          | 4,860,736                     | 3,516,361       | (7,206,029)                        | 30,860,983                  | 642,829                            | 11,418         | 31,515,230     |
| Total expenses and losses   | 433,674,378         | 21,548,424                    | 30,279,610      | (9,175,340)                        | 476,327,072                 | 3,537,822                          | 11,418         | 479,876,312    |
| <b>Operating Income</b>   | 5,958,686           | 1,655,210                     | 2,509,907       | 644,161                            | 10,767,964                  | 1,697,618                          | (37,630)       | 12,427,952     |
| <b>Other Income (Expense)</b>   |                     |                               |                 |                                    |                             |                                    |                |                |
| Contributions received  | 307,384             | -                             | 684,611         | (643,529)                          | 348,466                     | -                                  | -              | 348,466        |
| Investment return   | 6,693,243           | 688,896                       | 1,337,389       | (632)                              | 8,718,896                   | 34,815                             | (1,732,433)    | 7,021,278      |
| Change in unrealized gains and losses on trading securities           | 8,945,022           | 1,989,887                     | 2,800,799       | -                                  | 13,735,708                  | -                                  | -              | 13,735,708     |
| Loss on estimated regulatory and compliance matters                   | (10,000,000)        | -                             | -               | -                                  | (10,000,000)                | -                                  | -              | (10,000,000)   |
| Total other income (expense)  | 5,945,649           | 2,678,783                     | 4,822,799       | (644,161)                          | 12,803,070                  | 34,815                             | (1,732,433)    | 11,105,452     |
| <b>Excess of Revenues Over Expenses</b>                               | \$ 11,904,335       | \$ 4,333,993                  | \$ 7,332,706    | \$ -                               | \$ 23,571,034               | \$ 1,732,433                       | \$ (1,770,063) | \$ 23,533,404  |

*Note* The Health System has elected to present a statement of operations consolidating only its proportionate share of Freeman Surgical, LLC