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Form 990

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

2013

Open to Public
InspectionDepartment of the Treasury
Internal Revenue Service

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

► Do not enter Social Security numbers on this form as it may be made public.

► Information about Form 990 and its instructions is at www.irs.gov/form990.

A For the 2013 calendar year, or tax year beginning		MAY 01	, 2013, and ending		APRIL 30	, 2014
B Check if applicable:		C Name of organization HARRISON MEDICAL CENTER			D Employer identification number	
<input type="checkbox"/> Address change		Doing Business As			91-0565546	
<input type="checkbox"/> Name change		Number and street (or P.O. box if mail is not delivered to street address)			E Telephone number	
<input type="checkbox"/> Initial return		2520 CHERRY AVE			(360)744-6507	
<input type="checkbox"/> Terminated		City or town, state or province, country, and ZIP or foreign postal code				
<input type="checkbox"/> Amended return		BREMERTON, WA 98310-4270			G Gross receipts \$ 730,868,509	
<input type="checkbox"/> Application pending		F Name and address of principal officer: SCOTT BOSCH SAME AS C ABOVE			H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ► (Insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527					H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No	
J Website: ► WWW.HARRISONMEDICAL.ORG					H(c) If "No," attach a list. (see instructions)	
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►					L Year of formation: 1918	M State of legal domicile WA

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: HARRISON MAKES A POSITIVE DIFFERENCE IN PEOPLE'S LIVES THROUGH EXCEPTIONAL HEALTH CARE.		
	2 Check this box ► <input type="checkbox"/> If the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	18
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	17
	5 Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	2,939
	6 Total number of volunteers (estimate if necessary)	6	345
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	919,050
b Net unrelated business taxable income from Form 990-T, line 34	7b	686,856	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	953,555	11,384,258
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	355,196,445	397,944,962
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	7,208,789	15,662,984
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	3,334,724	305,876,305
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	366,693,513	730,868,509
	14 Benefits paid to or for members (Part IX, column (A), line 4)	534,246	555,131
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0	0
	16a Professional fundraising fees (Part IX, column (A), line 11e)	178,757,303	200,364,440
	b Total fundraising expenses (Part IX, column (D), line 25) ►	0	0
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	169,036,973	211,129,885
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	348,328,522	412,049,456
Net Assets or Fund Balances	19 Revenue less expenses. Subtract line 18 from line 12	18,364,991	318,819,053
	20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21 Total liabilities (Part X, line 26)	440,826,933	519,065,060
	22 Net assets or fund balances. Subtract line 21 from line 20	210,860,225	192,315,185
	229,966,708	326,749,875	

Part II Signature Block

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

Sign Here	<i>MIKE FITZGERALD, CEO</i>	Date <i>3/16/15</i>
	Type or print name and title	

Paid Preparer Use Only	Print/Type preparer's name <i>PAMELA KROHN</i>	Preparer's signature <i>PAMELA KROHN</i>	Date <i>3/16/15</i>	Check <input type="checkbox"/> if self-employed	PTIN <i>P01210500</i>
	Firm's name ► CATHOLIC HEALTH INITIATIVES		Firm's EIN ► 47-0617373		
	Firm's address ► 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112		Phone no. (303)298-9100		

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

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11282Y

Form 990 (2013)

G16 10

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission:

HARRISON MEDICAL CENTER PROVIDES ACUTE MEDICAL AND SURGICAL SERVICES, EMERGENCY SERVICES AND A RANGE OF GENERAL AND SPECIALIZED SERVICES TO RESIDENTS OF THE KITSAP PENINSULA AND ADJACENT AREAS

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 \$ 325,228,806 including grants of \$ 555,131) (Revenue \$ 397,630,340)

DURING THE FISCAL YEAR ENDED APRIL 30, 2014, THE MEDICAL CENTER EXPERIENCED 13,585 HOSPITAL INPATIENT ADMISSIONS REPRESENTING 56,323 DAYS OF CARE TO ADULTS AND PEDIATRIC PATIENTS. SERVICES PROVIDED INCLUDED 72,846 EMERGENCY ROOM VISITS, 10,773 SURGERY PATIENTS INCLUDING 307 OPEN HEART CASES, 1,905 BIRTHS INCLUDING 3,683 DAYS OF CARE, 17,830 HOME HEALTH VISITS, 37,506 URGENT CARE VISITS, AND 48,351 PRIMARY CARE VISITS. HARRISON PROVIDES NEEDED MEDICAL CARE TO INDIGENT PATIENTS REGARDLESS OF THEIR ABILITY TO PAY. THE MEDICAL CENTER HAS ESTABLISHED CRITERIA FOR DETERMINING WHETHER A PATIENT IS ELIGIBLE FOR CHARITY CARE. THE AMOUNT OF PATIENT REVENUES FOREGONE FOR CHARITY CARE PROVIDED BY HARRISON FOR THE FISCAL YEAR ENDED APRIL 30, 2014 AMOUNTED TO \$35,311,961

4b (Code: _____) (Expenses \$ _____ including grants of \$ _____) (Revenue \$ _____)

4c (Code: _____) (Expenses \$ _____ including grants of \$ _____) (Revenue \$ _____)

4d Other program services (Describe in Schedule O.)

(Expenses \$ 0 including grants of \$ 0) (Revenue \$ 0)

4e Total program service expenses ► 325,228,806

Part IV Checklist of Required Schedules

	Yes	No
1	✓	
2	✓	
3		✓
4	✓	
5		✓
6		✓
7		✓
8		✓
9		✓
10		✓
11a	✓	
11b	✓	
11c	✓	
11d	✓	
11e	✓	
11f	✓	
12a	✓	
12b	✓	
13	✓	
14a	✓	
14b	✓	
15	✓	
16	✓	
17	✓	
18	✓	
19	✓	
20a	✓	
20b	✓	

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A

2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?

3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I

4 **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II

5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III

6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I

7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III

9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV

10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V

11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.

a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI

b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII

c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII

d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX

e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X

f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X

12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII

b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional

13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E

14a Did the organization maintain an office, employees, or agents outside of the United States?

b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV

15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV

16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV

17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)

18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II

19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III

20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H

b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?

Part IV Checklist of Required Schedules (continued)

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

Part V Statements Regarding Other IRS Filings and Tax ComplianceCheck if Schedule O contains a response or note to any line in this Part V

1a Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable **1a** 218

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** ✓

2a Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return **2a** 2,939

b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **2b** ✓

Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)

3a Did the organization have unrelated business gross income of \$1,000 or more during the year? **3a** ✓

b If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O **3b** ✓

4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? **4a** ✓

b If "Yes," enter the name of the foreign country: ► See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.

5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? **5a** ✓

b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? **5b** ✓

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** ✓

b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? **6b**

7 Organizations that may receive deductible contributions under section 170(c).

a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor? **7a** ✓

b If "Yes," did the organization notify the donor of the value of the goods or services provided? **7b**

c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? **7c** ✓

d If "Yes," indicate the number of Forms 8282 filed during the year **7d**

e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? **7e** ✓

f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **7f** ✓

g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? **7g**

h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? **7h**

8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? **8**

9 Sponsoring organizations maintaining donor advised funds.

a Did the organization make any taxable distributions under section 4966? **9a**

b Did the organization make a distribution to a donor, donor advisor, or related person? **9b**

10 Section 501(c)(7) organizations. Enter:

a Initiation fees and capital contributions included on Part VIII, line 12 **10a**

b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities **10b**

11 Section 501(c)(12) organizations. Enter:

a Gross income from members or shareholders **11a**

b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.) **11b**

12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041? **12a**

b If "Yes," enter the amount of tax-exempt interest received or accrued during the year **12b**

13 Section 501(c)(29) qualified nonprofit health insurance issuers.

a Is the organization licensed to issue qualified health plans in more than one state? **13a**

Note. See the instructions for additional information the organization must report on Schedule O.

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** ✓

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 line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response or note to any line in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year.	1a	18
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
1b	Enter the number of voting members included in line 1a, above, who are independent	1b	17
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	✓
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	✓
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	✓
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	✓
6	Did the organization have members or stockholders?	6	✓
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	✓
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	✓
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:	8a	✓
a	The governing body?	8b	✓
b	Each committee with authority to act on behalf of the governing body?		
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	✓

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	✓
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?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	10b	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.	11a	✓
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	✓
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	✓
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	✓
13	Did the organization have a written whistleblower policy?	13	✓
14	Did the organization have a written document retention and destruction policy?	14	✓
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?	15a	✓
a	The organization's CEO, Executive Director, or top management official	15b	✓
b	Other officers or key employees of the organization		
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).	16a	✓
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?	16b	✓
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?		

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed ► **NONE**
- 18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.

Own website Another's website Upon request Other (explain in Schedule O)
- 19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ► **FORREST G EHLINGER, 2520 CHERRY AVENUE, BREMERTON, WA 98310-4270, (360)744-6507**

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, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.

• List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual director	Individual trustee	Institutional trustee	Officer	Key employee	Highest compensated			
(1) GLEN CARLSON, MD	2									
CHIEF OF STAFF	0	✓		✓				0	0	0
(2) JAMES L CIVILLA	2									
CHAIR	2	✓		✓				0	0	0
(3) KELLY R. NELSON, CPA	2									
VICE CHAIR	2	✓		✓				0	0	0
(4) JAMES L SMALLEY	2									
SECRETARY/TREASURER	2	✓		✓				0	0	0
(5) ROY BROOKS	2									
TRUSTEE, FHS BOARD MEMBER	2	✓						0	0	0
(6) MIKE FITZGERALD	12									
FRANCISCAN HEALTH SYSTEM CFO	48	✓						0	688,063	100,606
(7) MIKE HOFFMAN	2									
TRUSTEE - FHS BOARD MEMBER	4	✓						0	0	0
(8) FRED BARRETT	2									
TRUSTEE	0	✓						0	0	0
(9) CARL CRAMER	2									
TRUSTEE	0	✓						0	0	0
(10) MARY GARGUILE	2									
TRUSTEE	0	✓						0	0	0
(11) RUTH HANSTEN, RN, PHD, FACHE	2									
TRUSTEE	0	✓						0	5,949	0
(12) GREGORY S. HENDERSON, MD, PHD	2									
TRUSTEE	0	✓						0	0	0
(13) RONALD MUHLEMAN	2									
TRUSTEE	0	✓						0	0	0
(14) JOAN SORIANO	2									
TRUSTEE	0	✓						0	0	0

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Director	Individual trustee	Institutional trustee	Officer	Key employee			
(15) LINDA STREISSGUTH, AICP	2								
TRUSTEE	0	✓					0	0	0
(16) RICK TIFT	2								
TRUSTEE	2	✓					0	0	0
(17) DAVID A VETERANE	2								
IMMEDIATE PAST CHAIR	0	✓					0	0	0
(18) JOHN WALLEN	2								
TRUSTEE	2	✓					0	0	0
(19) EDWARD DOLLE	2								
TRUSTEE	0	✓					0	0	0
(20) ANITA MCINTYRE	2								
TRUSTEE	0	✓					0	0	0
(21) SCOTT W BOSCH	50								
PRESIDENT & CEO	0		✓				852,804	0	75,109
(22) PATRICIA COCHRELL	50								
FORMER VP & CNO	0		✓				630,668	0	21,251
(23) GORDON CROMWELL	50								
INTERIM CHIEF MEDICAL OFFICER	0		✓				256,426	0	8,724
(24) FORREST G EHLINGER	50								
SENIOR VP & CFO	0		✓				372,643	0	55,546
(25) ADAR PALIS	50								
EXECUTIVE VP & COO	0		✓				436,151	0	68,835
1b Sub-total							2,548,692	694,012	330,071
c Total from continuation sheets to Part VII, Section A							4,001,000	0	275,900
d Total (add lines 1b and 1c)							6,549,692	694,012	605,971

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 ► 159

3 Did the organization list any **former** officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual

4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual

5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person

Yes	No
3 ✓	
4 ✓	
5 ✓	

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
SOUND PHYSICIANS, 1123 PACIFIC AVE, TACOMA, WA 98402	EMERGENCY PHYSICIAN CALL COVERAGE	2,346,021
ADVANCED MEDICAL IMAGING LLC, PO BOX 2629, PORT ORCHARD, WA 98366	IMAGING SERVICES	2,044,881
S&S SECURITY SERVICES, PO BOX 459, BELFAIR, WA 98528	FACILITY SECURITY SERVICES	1,709,794
CLARO GROUP, LLC, 70 W MADISON ST SUITE 4800, CHICAGO, IL 60602	CONSULTING	1,455,833
KITSAP PULMONARY & SLEEP MEDICINE, 19917 SEVENTH AVE NE SUITE 210, POULSBO, WA 98370	PULMONARY AND SLEEP THERAPY SERVICES	1,381,221
2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ►	38	

Form 990 (2013)

Part VIII Statement of RevenueCheck if Schedule O contains a response or note to any line in this Part VIII

		(A) Total revenue		(B) Related or exempt function revenue		(C) Unrelated business revenue		(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts									
		1a	1a	1b	1c	1d	1e	1f	1g	1h
a	Federated campaigns								
b	Membership dues								
c	Fundraising events								
d	Related organizations		9,670,151						
e	Government grants (contributions)		128,861						
f	All other contributions, gifts, grants, and similar amounts not included above		1,585,246						
g	Noncash contributions included in lines 1a-1f	\$ 9,354,335							
h	Total. Add lines 1a-1f			11,384,258					
Program Service Revenue		Business Code							
		2a	PATIENT SERVICES	900099	397,461,069	397,146,447	314,622		
b	MEDICARE/MEDICAID	900099	483,893	483,893					
c			0						
d			0						
e			0						
f	All other program service revenue		0	0	0				0
g	Total. Add lines 2a-2f			397,944,962					
Other Revenue									
		3	Investment income (including dividends, interest, and other similar amounts)		3,458,953		604,428		2,854,525
4	Income from investment of tax-exempt bond proceeds		0						
5	Royalties		0						
6a	Gross rents	(i) Real	132,086						
b	Less: rental expenses								
c	Rental income or (loss)	(i) Real	132,086	0					
d	Net rental income or (loss)			132,086					132,086
7a	Gross amount from sales of assets other than inventory	(i) Securities	12,177,128	26,903					
b	Less: cost or other basis and sales expenses								
c	Gain or (loss)	(i) Securities	12,177,128	26,903					
d	Net gain or (loss)			12,204,031					12,204,031
8a	Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18								
b	Less: direct expenses								
c	Net income or (loss) from fundraising events			0					
9a	Gross income from gaming activities. See Part IV, line 19								
b	Less: direct expenses								
c	Net income or (loss) from gaming activities			0					
10a	Gross sales of inventory, less returns and allowances								
b	Less: cost of goods sold								
c	Net income or (loss) from sales of inventory			0					
Miscellaneous Revenue		Business Code							
11a	CAFETERIA	722100	2,319,708						2,319,708
b	GAIN FROM AFFILIATION	900099	301,245,432						301,245,432
c	MISCELLANEOUS REVENUE	900099	2,031,967						2,031,967
d	All other revenue		147,112	0	0				147,112
e	Total. Add lines 11a-11d		305,744,219						
12	Total revenue. See instructions.		730,868,509	397,630,340	919,050				320,934,861

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	555,131	555,131		
2 Grants and other assistance to individuals in the United States. See Part IV, line 22	0			
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	2,546,142		2,546,142	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	151,962,041	131,724,324	20,237,717	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	7,177,320	6,314,389	862,931	
9 Other employee benefits	25,618,255	22,215,391	3,402,864	
10 Payroll taxes	13,060,682	11,174,511	1,886,171	
11 Fees for services (non-employees):				
a Management	0			
b Legal	1,102,369		1,102,369	
c Accounting	99,990		99,990	
d Lobbying	0			
e Professional fundraising services. See Part IV, line 17	0			
f Investment management fees	0			
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	35,424,316	22,795,577	12,628,739	0
12 Advertising and promotion	806,318	24,602	781,716	
13 Office expenses	10,281,528	8,089,403	2,192,125	
14 Information technology	6,169,989	746,364	5,423,625	
15 Royalties	0			
16 Occupancy	7,359,450	5,979,066	1,380,384	
17 Travel	330,207	193,634	136,573	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	0			
20 Interest	5,230,748	5,230,748		
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	23,503,577	12,313,599	11,189,978	
23 Insurance	0			
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 INCOME/SALES/PROPERTY TAXES	11,457,497		11,457,497	
b REPAIRS AND MAINTENANCE	7,281,543	1,136,289	6,145,254	
c MEDICAL SUPPLIES	72,724,730	72,724,730		
d UNRELATED BUSINESS INCOME TAXES	303,000		303,000	
e All other expenses	29,054,623	24,011,048	5,043,575	0
25 Total functional expenses. Add lines 1 through 24e	412,049,456	325,228,806	86,820,650	0
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ► <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)	0			

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

		(A) Beginning of year	(B) End of year
Assets	1 Cash—non-interest-bearing	17,072,202	1 11,625
	2 Savings and temporary cash investments	2,663,188	2 27,265,872
	3 Pledges and grants receivable, net	3	
	4 Accounts receivable, net	52,821,834	4 65,678,476
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	5	0
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L	6	0
	7 Notes and loans receivable, net	3,002,844	7 274,349
	8 Inventories for sale or use	3,552,752	8 3,815,171
	9 Prepaid expenses and deferred charges	3,743,829	9 3,044,981
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 229,785,045	
	b Less: accumulated depreciation	10b 18,375,666	10c 144,764,291 211,409,379
	11 Investments—publicly traded securities	180,133,166	11
	12 Investments—other securities. See Part IV, line 11	22,689,222	12 179,274,579
	13 Investments—program-related. See Part IV, line 11	13	0
	14 Intangible assets	14	21,150,039
	15 Other assets. See Part IV, line 11	10,383,605	15 7,140,589
	16 Total assets. Add lines 1 through 15 (must equal line 34)	440,826,933	16 519,065,060
Liabilities	17 Accounts payable and accrued expenses	51,170,229	17 65,488,990
	18 Grants payable	18	
	19 Deferred revenue	19	
	20 Tax-exempt bond liabilities	116,302,448	20
	21 Escrow or custodial account liability. Complete Part IV of Schedule D	21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L	22	0
	23 Secured mortgages and notes payable to unrelated third parties	23	527,572
	24 Unsecured notes and loans payable to unrelated third parties	24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	43,387,548	126,298,623
	26 Total liabilities. Add lines 17 through 25	210,860,225	26 192,315,185
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	224,624,070	27 320,231,221
	28 Temporarily restricted net assets	3,340,770	28 4,515,786
	29 Permanently restricted net assets	2,001,868	29 2,002,868
	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	229,966,708	33 326,749,875
	34 Total liabilities and net assets/fund balances	440,826,933	34 519,065,060

Part XI Reconciliation of Net AssetsCheck 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	730,868,509
2 Total expenses (must equal Part IX, column (A), line 25)	2	412,049,456
3 Revenue less expenses. Subtract line 2 from line 1	3	318,819,053
4 Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	229,966,708
5 Net unrealized gains (losses) on investments	5	2,352,806
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	-224,388,692
10 Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	326,749,875

Part XII Financial Statements and ReportingCheck if Schedule O contains a response or note to any line in this Part XII

1 Accounting method used to prepare the Form 990: Cash Accrual Other
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.

2a Were the organization's financial statements compiled or reviewed by an independent accountant? . . .
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:
 Separate basis Consolidated basis Both consolidated and separate basis

2b Were the organization's financial statements audited by an independent accountant? . . .
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:
 Separate basis Consolidated basis Both consolidated and separate basis

2c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.

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?

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.

	Yes	No
2a	✓	
2b	✓	
2c	✓	
3a		✓
3b		

Form 990 (2013)

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2013

Department of the Treasury
Internal Revenue Service

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.
► Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

**Open to Public
Inspection**

Name of the organization

HARRISON MEDICAL CENTER

Employer identification number

91-0565546

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

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

- 1 A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
- 2 A school described in section 170(b)(1)(A)(ii). (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
- 4 A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state:
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 8 A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See section 509(a)(4).
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h.
 - a Type I b Type II c Type III—Functionally integrated d Type III—Non-functionally integrated
 - e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
 - f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
 - g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 - (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	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									0

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

Cat. No. 11285F

Schedule A (Form 990 or 990-EZ) 2013

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

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

Section B. Total Support

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

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 from 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 ► <input type="checkbox"/>		
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 ► <input type="checkbox"/>		
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 ► <input type="checkbox"/>		
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 ► <input type="checkbox"/>		
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 ► <input type="checkbox"/>		

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II.)

(If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

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

Section B. Total Support

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

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 ► <input type="checkbox"/>		
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 ► <input type="checkbox"/>		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ► <input type="checkbox"/>		

SCHEDULE C
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Political Campaign and Lobbying Activities**

OMB No 1545-0047

2013Open to Public
Inspection**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.

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 organization	Employer identification number
HARRISON MEDICAL CENTER	91-0565546

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-
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

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Cat No 50084S

Schedule C (Form 990 or 990-EZ) 2013

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

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

B Check ► if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals
1a	Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b	Total lobbying expenditures to influence a legislative body (direct lobbying)		
c	Total lobbying expenditures (add lines 1a and 1b)		
d	Other exempt purpose expenditures		
e	Total exempt purpose expenditures (add lines 1c and 1d)		
f	Lobbying nontaxable amount. Enter the amount from the following table in both columns.		
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 (150% of line 2a, column (e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

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

	(a)		(b)
	Yes	No	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?		✓	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		✓	
c Media advertisements?		✓	
d Mailings to members, legislators, or the public?		✓	
e Publications, or published or broadcast statements?		✓	
f Grants to other organizations for lobbying purposes?		✓	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		✓	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		✓	
i Other activities?	✓		37,822
j Total. Add lines 1c through 1i			37,822
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		✓	
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?	
5 Taxable amount of lobbying and political expenditures (see instructions)	4 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-B, line 2; and Part II-B, line 1. Also, complete this part for any additional information.

SEE NEXT PAGE

SCHEDULE D
(Form 990)Department of the Treasury
Internal Revenue Service**Supplemental Financial Statements**► Complete if the organization answered "Yes," to Form 990,
Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.

► Attach to Form 990.

► Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013Open to Public
Inspection

Name of the organization

HARRISON MEDICAL CENTER

Employer identification number

91-0565546

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

Part II Conservation Easements.

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

1 Purpose(s) of conservation easements held by the organization (check all that apply).	
<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> 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.	
a Total number of conservation easements	Held at the End of the Tax Year
b Total acreage restricted by conservation easements	2a
c Number of conservation easements on a certified historic structure included in (a)	2b
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2c
3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ►	2d
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?	<input type="checkbox"/> Yes <input type="checkbox"/> 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)?	<input type="checkbox"/> Yes <input type="checkbox"/> 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 ► \$

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26

Schedule D (Form 990) 2013
2013 Return Tacoma - Harrison Medical Center
(91-0565546) - 910565546

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 d Loan or exchange programs
 b Scholarly research e Other _____
 c Preservation for future generations

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements.

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

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21? Yes No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII.

Part V Endowment Funds.

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

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

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

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

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

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

Yes	No
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		10,199,000		10,199,000
b Buildings	99,708,485		2,603,066	97,105,419
c Leasehold improvements	13,720,864		2,361,048	11,359,816
d Equipment	76,790,844		12,917,334	63,873,510
e Other	29,365,852		494,218	28,871,634

Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c.)) ► 211,409,379

Part VII Investments—Other Securities.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) CHI OIP	179,274,579	END OF YEAR MARKET VALUE
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12) ►	179,274,579	

Part VIII Investments—Program Related.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13) ►		

Part IX Other Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ►	

Part X Other Liabilities.

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

(a) Description of liability	(b) Book value
(1) Federal income taxes	218,438
(2) INTERCOMPANY PAYABLES	108,869,212
(3) ACCRUED PENSION LIABILITY	16,598,008
(4) DEFERRED RENT	118,152
(5) UNREDEEMED GIFT CERTIFICATES	59,093
(6) UNCLAIMED PROPERTY	53,869
(7) OTHER LIABILITIES	381,851
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ►	126,298,623

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

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

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

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

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

Part XIII Supplemental Information.

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

SEE NEXT PAGE

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

OMB No 1545-0047

2013

Open to Public
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► 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.

Name of the organization

HARRISON MEDICAL CENTER

Employer identification number

91 0565546

Part I Financial Assistance and Certain Other Community Benefits at Cost

1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a
 1a ✓

b If "Yes," was it a written policy?
 1b ✓

2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year.
 Applied uniformly to all hospital facilities Applied uniformly to most hospital facilities
 Generally tailored to individual hospital facilities

3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.
a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care:
 100% 150% 200% Other _____ %
b Did the organization use FPG as a factor in determining eligibility for providing discounted care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care:
 200% 250% 300% 350% 400% Other _____ %
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 ✓

5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?
c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?
 5a ✓
 5b ✓

6a Did the organization prepare a community benefit report during the tax year?
b If "Yes," did the organization make it available to the public?
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)			8,354,569	0	8,354,569	2 03
b Medicaid (from Worksheet 3, column a)			56,765,512	35,680,227	21,085,285	5 12
c Costs of other means-tested government programs (from Worksheet 3, column b)				0	0	0 00
d Total Financial Assistance and Means-Tested Government Programs	0	0	65,120,081	35,680,227	29,439,854	7 15
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			233,000	18,605	214,395	0 05
f Health professions education (from Worksheet 5)			125,264	0	125,264	0 03
g Subsidized health services (from Worksheet 6)			0	0	0	0 00
h Research (from Worksheet 7)			0	0	0	0 00
i Cash and in-kind contributions for community benefit (from Worksheet 8)			78,098	250	77,848	0 02
j Total. Other Benefits	0	0	436,362	18,855	417,507	0 10
k Total. Add lines 7d and 7j	0	0	65,556,443	35,699,082	29,857,361	7 25

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Cat No 50192T

Schedule H (Form 990) 2013

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing			11,250		11,250	0 00
2 Economic development			83,851		83,851	0 02
3 Community support					0	0 00
4 Environmental improvements					0	0 00
5 Leadership development and training for community members			2,790		2,790	0 00
6 Coalition building			11,100		11,100	0 00
7 Community health improvement advocacy			10,920		10,920	0 00
8 Workforce development			1,078,456	739,931	338,525	0 08
9 Other					0	0 00
10 Total	0	0	1,198,367	739,931	458,436	0 11

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

- Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? **1** Yes No
- Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount **2**
- Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit. **3**
- Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

- Enter total revenue received from Medicare (including DSH and IME) **5**
- Enter Medicare allowable costs of care relating to payments on line 5 **6**
- Subtract line 6 from line 5. This is the surplus (or shortfall) **7**
- Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used:

Cost accounting system Cost to charge ratio Other

Section C. Collection Practices

- Did the organization have a written debt collection policy during the tax year? **9a** Yes No
- If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI **9b**

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1				
2				
3				
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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

1 HARRISON MEDICAL CENTER
 2520 CHERRY AVENUE
 BREMERTON, WA 98310
 HTTP://WWW.HARRISONMEDICAL.ORG/

Number	Name, address, primary website address, and state license number	Licensed hospital	Facility reporting group					
			ER-other	ER-24 hours	Research facility	Critical access hospital	Teaching hospital	Children's hospital
1	1 HARRISON MEDICAL CENTER 2520 CHERRY AVENUE BREMERTON, WA 98310 HTTP://WWW.HARRISONMEDICAL.ORG/							
2			✓	✓				
3								
4								
5								
6								
7								
8								
9								
10								

Part V Facility Information (continued)**Section B. Facility Policies and Practices**

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

Name of hospital facility or facility reporting group HARRISON MEDICAL CENTERIf reporting on Part V, Section B for a single hospital facility only: line number of 1
hospital facility (from Schedule H, Part V, Section A)**Community Health Needs Assessment** (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)

1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9.

If "Yes," indicate what the CHNA report describes (check all that apply):

- a A definition of the community served by the hospital facility
- b Demographics of the community
- c Existing health care facilities and resources within the community that are available to respond to the health needs of the community
- d How data was obtained
- e The health needs of the community
- f Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups
- g The process for identifying and prioritizing community health needs and services to meet the community health needs
- h The process for consulting with persons representing the community's interests
- i Information gaps that limit the hospital facility's ability to assess the community's health needs
- j Other (describe in Section C)

2 Indicate the tax year the hospital facility last conducted a CHNA: 20 1 3

3 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted.

4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C

5 Did the hospital facility make its CHNA report widely available to the public?

If "Yes," indicate how the CHNA report was made widely available (check all that apply):

- a Hospital facility's website (list url): HTTP //WWW.HARRISONMEDICAL.ORG/
- b Other website (list url): _____
- c Available upon request from the hospital facility
- d Other (describe in Section C)

6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year):

- a Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA
- b Execution of the implementation strategy
- c Participation in the development of a community-wide plan
- d Participation in the execution of a community-wide plan
- e Inclusion of a community benefit section in operational plans
- f Adoption of a budget for provision of services that address the needs identified in the CHNA
- g Prioritization of health needs in its community
- h Prioritization of services that the hospital facility will undertake to meet health needs in its community
- i Other (describe in Section C)

7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Section C which needs it has not addressed and the reasons why it has not addressed such needs

8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?

b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?

c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$

	Yes	No
1	✓	
3		✓
4		✓
5	✓	
7		✓
8a		✓
8b		

Part V Facility Information (continued)**Financial Assistance Policy**

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
9 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9 ✓	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care?	10 ✓	
If "Yes," indicate the FPG family income limit for eligibility for free care: <u>1</u> <u>0</u> <u>0</u> % If "No," explain in Section C the criteria the hospital facility used.		
11 Used FPG to determine eligibility for providing <i>discounted</i> care?	11 ✓	
If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>3</u> <u>0</u> <u>0</u> % If "No," explain in Section C the criteria the hospital facility used.		
12 Explained the basis for calculating amounts charged to patients?	12 ✓	
If "Yes," indicate the factors used in determining such amounts (check all that apply):		
a <input checked="" type="checkbox"/> Income level		
b <input type="checkbox"/> Asset level		
c <input type="checkbox"/> Medical indigency		
d <input checked="" type="checkbox"/> Insurance status		
e <input type="checkbox"/> Uninsured discount		
f <input type="checkbox"/> Medicaid/Medicare		
g <input type="checkbox"/> State regulation		
h <input type="checkbox"/> Residency		
i <input type="checkbox"/> Other (describe in Section C)		
13 Explained the method for applying for financial assistance?	13 ✓	
14 Included measures to publicize the policy within the community served by the hospital facility?	14 ✓	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b <input type="checkbox"/> The policy was attached to billing invoices		
c <input 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 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 on request		
g <input type="checkbox"/> Other (describe in Section C)		

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 ✓	
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?	17 ✓	
If "Yes," check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Section C)		

Part V Facility Information (continued)

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

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

Policy Relating to Emergency Medical Care

	Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	19	✓

If "No," indicate why:

- a The hospital facility did not provide care for any emergency medical conditions
- b The hospital facility's policy was not in writing
- c The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)
- d Other (describe in Section C)

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

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d Other (describe in Section C)

21 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care?

If "Yes," explain in Section C.

22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?

If "Yes," explain in Section C.

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, 5a, 5b 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.

Return Reference	Identifier	Explanation
SCHEDULE H, PART V SEC B, LINE 3	COMMUNITY SERVED BY NEEDS ASSESSMENT	<p>(1) HARRISON MEDICAL CENTER EXPLANATION</p> <p>HARRISON IS ONE OF FOUR SPONSORS, ALONG WITH THE KITSAP COUNTY PUBLIC HEALTH DISTRICT, THE UNITED WAY OF KITSAP COUNTY, AND THE KITSAP COMMUNITY FOUNDATION, OF THE KITSAP COUNTY HEALTH PRIORITIES (KCHP) PROJECT WHICH ASSESSES THE OVERALL HEALTH NEEDS FOR THE COMMUNITY AND IDENTIFIES THOSE AREAS IN WHICH WE CAN MAKE THE MOST SIGNIFICANT DIFFERENCE WITH LIMITED RESOURCES THIS PROJECT IS SUPPORTED BY AT LEAST 37 DIFFERENCE AGENCIES PROVIDING CARE IN THE COUNTY</p> <p>IN THIS PROJECT, WE SOLICITED INPUT FROM HEALTHCARE AND COMMUNITY LEADERS DIRECTLY, AND INVITED MEMBERS OF THE COMMUNITY VIA PUBLIC ANNOUNCEMENTS IN THE LOCAL NEWSPAPERS WE USED AN OUTSIDE FACILITATOR TO SUPPORT MULTIPLE INPUT SESSIONS WITH THIS GROUP OVER THE NEXT SEVERAL MONTHS THROUGH THIS PROCESS, WE ULTIMATELY IDENTIFIED OUR TOP HEALTH PRIORITIES FOR THE COUNTY</p> <p>PARTICIPANTS IN THIS PROCESS INCLUDED THE MAYOR OF BREMERTON, A KITSAP COUNTY COMMISSIONER, PENINSULA COMMUNITY HEALTH SERVICES, KITSAP MENTALHEALTH, THE KITSAP COUNTY PUBLIC HEALTH DISTRICT, THE UNITED WAY, THE YMCA, THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES, KITSAP REGIONAL COORDINATING COUNCIL, HOUSING KITSAP, KITSAP COMMUNITY RESOURCES, OLYMPIC EDUCATIONAL SERVICE, THE NAVAL HOSPITAL, HARRISON MEDICAL CENTER, COMMUNITY LEADERS, AND INDIVIDUALS INTERESTED IN PUBLIC HEALTH</p>
SCHEDULE H, PART V SEC B, LINE 5D	AVAILABILITY OF NEEDS ASSESSMENT	<p>(1) HARRISON MEDICAL CENTER EXPLANATION</p> <p>THIS ASSESSMENT IS AVAILABLE TO THE PUBLIC VIA A WEBSITE THAT HAS BEEN ADVERTISED IN THE LOCAL NEWSPAPER. THERE IS ALSO A LINK ON THE HARRISON WEBSITE, WWW.HARRISONMEDICAL.ORG/HOME/KITSAP-HEALTH-PRIORITIES IT HAS BEEN COMMUNICATED TO ALL STAFF AT HARRISON, THE UNITED WAY AND THEIR AGENCIES, AND THE KITSAP HEALTH DISTRICT</p> <p>THIS SITE HAS INFORMATION AVAILABLE WHICH OUTLINES THE PRIORITY SETTING PROCESS, AND LISTS THE SPECIFIC PRIORITIES AND TEAM ACTION PLANS DESIGNED TO ADDRESS THEM IT ALSO MAKES AVAILABLE TO THE PUBLIC ALL OF THE WORKING DATA AND REPORTS WHICH WERE USED TO HELP IDENTIFY THE COMMUNITY NEED</p>
SCHEDULE H, PART V SEC B, LINE 6I	NEEDS ADDRESSED IN NEEDS ASSESSMENT	<p>(1) HARRISON MEDICAL CENTER EXPLANATION</p> <p>AS A RESULT OF THE ASSESSMENT PROCESS, THERE WERE FIVE TOP PRIORITIES IDENTIFIED FOUR OF THOSE PRIORITIES ARE BEING ADDRESSED BY COMMUNITY TEAMS CREATED SPECIFICALLY TO DEFINE AND IMPLEMENT STRATEGIES FOR IMPROVEMENT. THE FIFTH PRIORITY IS BEING ADDRESSED BY A COMMUNITY NON-PROFIT ALREADY ENGAGED IN THAT WORK HARRISON IS A PARTICIPANT IN EACH OF THESE TEAMS AND IS THE LARGEST CONTRIBUTOR TO ALL OF THEM THE TEAMS MEET INDIVIDUALLY ON AN AD-HOC BASIS AND THEN COLLECTIVELY THEY MEET QUARTERLY TO DISCUSS THEIR PROGRESS THE RESULTS OF THEIR EFFORTS ARE THEN SHARED WITH THE KITSAP COMMUNITY ON AN ANNUAL BASIS.</p>
SCHEDULE H, PART V SEC B, LINE 7	NEEDS NOT ADDRESSED IN NEEDS ASSESSMENT	<p>(1) HARRISON MEDICAL CENTER EXPLANATION</p> <p>THE HOSPITAL DID NOT DIRECTLY ADDRESS THE HEALTH PRIORITY ASSOCIATED WITH THE EXPANSION OF LIVING WAGE JOBS IN THE COMMUNITY WE DID PARTICIPATE AT THE BOARD LEVEL WITH THE KITSAP ECONOMIC DEVELOPMENT ALLIANCE</p>
SCHEDULE H, PART V SEC B, LINE 20D	HOW AMOUNTS CHARGED TO FAP- ELIGIBLE PATIENTS WERE DETERMINED	<p>(1) HARRISON MEDICAL CENTER EXPLANATION</p> <p>THE HARRISON MEDICAL CENTER FINANCIAL ASSISTANCE POLICY PROVIDED FOR FREE CARE OR CARE AT REDUCED RATES TO PATIENTS WHO QUALIFIED UNDER THE POLICY A PATIENT QUALIFIED UNDER THE POLICY FOR A SLIDING FEE DISCOUNT IF THE PATIENT'S INCOME WAS BETWEEN 100% AND 300% OF THE FEDERAL POVERTY GUIDELINES ADJUSTED FOR HOUSEHOLD SIZE</p> <p>THE DISCOUNT WAS CALCULATED AS FOLLOWS FEDERAL POVERTY LEVEL 100% = DISCOUNT 100% FEDERAL POVERTY LEVEL 200% = DISCOUNT 52% FEDERAL POVERTY LEVEL 300% = DISCOUNT 38%</p>

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)
1 OLYMPIC PROFESSIONAL BUILDING 2600 CHERRY AVENUE, SUITE 203 BREMERTON, WA 98310	IV OPTIMUM CLINIC
2 HARRISON HEALTH PARTNERS 1225 CAMPBELL WAY, SUITE 101 BREMERTON, WA 98310	THORACIC AND VASCULAR CENTER
3 HARRISON HEALTH PARTNERS 19500 10TH AVE, SUITE 100 POULSBO, WA 98370	HEMATOLOGY AND ONCOLOGY
4 HARRISON HOME HEALTH 4205 WHEATON WAY, SUITE A BREMERTON, WA 98310	HOME HEALTH SERVICES
5 HARRISON BELFAIR URGENT & PRIMARY CAR 21 NE ROMANCE HILL ROAD BELFAIR, WA 98528	PRIMARY & URGENT CARE
6 HARRISON PORT ORCHARD URGENT/PRIMARY 450 S. KITSAP BLVD PORT ORCHARD, WA 98366	PRIMARY & URGENT CARE
7 HARRISON HEALTH PARTNERS 2771 HEMLOCK, SUITE 100 BREMERTON, WA 98310	CARDIAC ANESTHESIOLOGY AND CARDIOTHORACIC SURGERY
8 HARRISON HEALTH PARTNERS 2601 CHERRY AVE SUITE 315 BREMERTON, WA 98310	FAMILY MEDICINE, ENDOCRINOLOGY, INTERNAL MEDICINE, INFECTIOUS DISEASE
9 HARRISON HEALTH PARTNERS 2500 CHERRY AVE, SUITE 302 BREMERTON, WA 98310	UROLOGY & GENERAL SURGERY
10 HARRISON HEALTH PARTNERS 2600 CHERRY AVE, SUITE 201 BREMERTON, WA 98301	PLASTIC & RECONSTRUCTIVE SURGERY

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)
1 HARRISON HEALTH PARTNERS 461 G STREET SW FORKS, WA 98331	FAMILY MEDICINE
2 HARRISON HEALTH AND WELLNESS 3909 NW RANDALL WAY, SUITE 201 SILVERDALE, WA 98383	CARDIOPULMONARY REHAB, OUTPATIENT REHAB, NUTRITION COUNSELING, MASSAGE
3 HARRISON HEALTH PARTNERS 1225 CAMPBELL WAY, SUITE 201 BREMERTON, WA 98310	PULMONARY & SLEEP MEDICINE
4 HARRISON HEALTH PARTNERS 2720 CLARE AVE, SUITE A BREMERTON, WA 98310	HEMATOLOGY AND ONCOLOGY
5 HARRISON HEALTH PARTNERS 2600 CHERRY AVENUE, SUITE 202 BREMERTON, WA 98310	ORTHOPEDIC SURGERY
6 HARRISON HEALTH PARTNERS 199717 SEVENTH AVE NE, SUITE 210 POULSBO, WA 98370	PULMONARY & SLEEP MEDICINE
7 HARRISON HEALTH PARTNERS 360 KNECHTEL WAY NE, SUITE 403 BAINBRIDGE ISLAND, WA 98110	INTERNAL MEDICINE & ADULT PRIMARY CARE
8 HARRISON HEALTH PARTNERS 2709 HEMLOCK ST BREMERTON, WA 98310	CARDIOVASCULAR CONSULTANTS
9 HARRISON HEALTH PARTNERS 834 SHERIDAN ST PORT TOWNSEND, WA 98368	CARDIOVASCULAR CONSULTANTS & CARDIAC ULTRASOUND
10 HARRISON HEALTH PARTNERS 1274 7TH ST PORT TOWNSEND, WA 98368	CARDIOVASCULAR CONSULTANTS CLINIC

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)
1 HARRISON HEALTH PARTNERS 565 EUREKA WAY SEQUIM, WA 98382	DERMATOLOGY
2 HARRISON HEALTH PARTNERS 9633 LEVIN ROAD, SUITE 103 SILVERDALE, WA 98383	MENTAL HEALTH
3 HARRISON HEALTH PARTNERS 9927 MICKELBERRY RD, SUITE 131 SILVERDALE, WA 98383	FAMILY MEDICINE & DERMATOLOGY
4 HARRISON WOUND CARE 742 LEBO BLVD , SUITE A BREMERTON, WA 98310	WOUND CARE, HYPERBARIC MEDICINE & INFUSION CENTER
5 HARLOW MEDICAL BUILDING 1780 NW MYHRE RD SILVERDALE, WA 98383	HOSPITAL PHARM, PED REHAB CLINIC, HOSPITAL LAB, BREAST CARE, GEN SURGERY
6 HARRISON HEALTH PARTNERS 22180 OLYMPIC COLLEGE, #102-104, 201 POULSBO, WA 98370	INTERNAL MED, ADULT CARE, CARDIOVASCULAR CONSULT, RHEUMATOLOGY & UROLOGY
7	
8	
9	
10	

SCHEDULE I
(Form 990)

Department of the Treasury
Internal Revenue Service
Name of the organization

HARRISON MEDICAL CENTER

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

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

► Attach to Form 990.

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

OMB No 1545-0047

2013

Open to Public
Inspection

Employer identification number

91-0565546

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 can be duplicated if additional space is needed.

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) IFC 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) AMERICAN HEART ASSOCIATION 7272 GREENVILLE AVE, DALLAS, TX 75231	13-5613797	501(C)(3)	15,000	0	N/A	N/A	HEART WALK
(2) KITSAP COUNTY MEDICAL SOCIETY PO BOX 490, SILVERDALE, WA 98383	23-7087265	501(C)(3)	7,500	0	N/A	N/A	FIRE AND ICE
(3) KITSAP CANCER SERVICES PO BOX 974, POULSBO, WA 98370	71-0900525	501(C)(3)	7,000	0	N/A	N/A	GOLF TOURNAMENT AND SWEETHEART DINNER
(4) BAINBRIDGE ISLAND DOWNTOWN ASSOCIATION 120 MADRONA LANE N SUITE 203, BAINBRIDGE ISLAND, WA 98110	91-1390519	501(C)(3)	5,000	0	N/A	N/A	EVENT SPONSORSHIPS
(5) INTERFAITH VOLUNTEER CAREGIVERS PO BOX 11253, BAINBRIDGE ISLAND, WA 98110	91-1843539	501(C)(3)	5,000	0	N/A	N/A	ANNUAL FUNDRAISING
(6) KITSAP COUNTY PARKS DEPARTMENT 614 DIVISION STREET MS 1, PORT ORCHARD, WA 98366	91-6001348	KITSAP COUNTY	5,000	0	N/A	N/A	FARMERS MARKET
(7) BREMERTON SCHOOLS FOUNDATION 134 MARION AVE N, BREMERTON, WA 98312	68-0560974	501(C)(3)	5,000	0	N/A	N/A	PIZZA PEDAL AND RUN COMMUNITY EVENT
(8) HARRISON MEDICAL CENTER FOUNDATION 2520 CHERRY AVENUE, BREMERTON, WA 98310	91-1390519	501(C)(3)	352,769	0	N/A	N/A	FOUNDATION SALARIES AND BENEFITS
(9) KIDS DISCOVERY MUSEUM 301 RAVINE LANE, BAINBRIDGE ISLAND, WA 98110	30-0167480	501(C)(3)	10,000	0	N/A	N/A	MUSEUM SPONSORSHIP
(10).....	.....	.....	.....	.....	.....	.....	.....
(11).....	.....	.....	.....	.....	.....	.....	.....
(12).....	.....	.....	.....	.....	.....	.....	.....

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

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

Cat. No 50055P

Schedule I (Form 990) (2013)

9
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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					
2					
3					
4					
5					
6					
7					

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

SEE NEXT PAGE

Compensation Information

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

OMB No 1545-0047

2013

Open to Public
InspectionDepartment of the Treasury
Internal Revenue Service

► Complete if the organization answered "Yes" on 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.

Name of the organization

HARRISON MEDICAL CENTER

Employer identification number

91-0565546

Part I Questions Regarding Compensation

1a 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.

<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use
<input checked="" type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence
<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)

b If any of the boxes on 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.

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

<input checked="" type="checkbox"/> Compensation committee	<input checked="" type="checkbox"/> Written employment contract
<input checked="" type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study
<input type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> Approval by the board or compensation committee

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

a Receive a severance payment or change-of-control payment?
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?
c Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.

5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

a The organization?

b Any related organization?

If "Yes" to line 5a or 5b, describe in Part III.

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

a The organization?

b Any related organization?

If "Yes" to line 6a or 6b, describe in Part III.

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

8 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

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1a	✓	
1b		
2	✓	
3		
4a	✓	
4b	✓	
4c	✓	
5a	✓	
5b	✓	
6a	✓	
6b	✓	
7	✓	
8		✓
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	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation	(B) Breakdown of W-2 and/or 1099-MISC compensation		(E) Total of columns (B)(i)–(D)	(F) Compensation reported as deferred in prior Form 990
				(C) Retirement and other deferred compensation	(D) Nontaxable benefits		
MIRE FITZGERALD, FRANCISCAN HEALTH SYSTEM CFO	(i) 0	(ii) 0	(iii) 0	0	0	0	0
1 SANDON K. STAFFIER, FORMER VP, CMO	(i) 517,191	(ii) 109,089	(iii) 61,783	77,904	22,702	788,669	37,371
2 SCOTT W. BOSCH, PRESIDENT & CEO	(i) 0	(ii) 0	(iii) 0	0	4,528	131,440	0
3 PATRICIA COCHRELL, FORMER VP & CNO	(i) 120,469	(ii) 44,485	(iii) 465,714	14,956	6,295	651,919	0
4 GORDON CROWELL, INTERIM CHIEF MEDICAL OFFICER	(i) 254,978	(ii) 0	(iii) 0	0	8,724	265,150	0
5 FORREST G. EHLINGER, SENIOR VP & CFO	(i) 285,385	(ii) 39,463	(iii) 47,795	46,425	9,121	428,189	0
6 ADAR PALIS, EXECUTIVE VP & COO	(i) 335,146	(ii) 69,465	(iii) 31,520	49,130	19,705	504,986	0
7 MICHAEL ANDERSON, CHIEF MEDICAL OFFICER	(i) 114,494	(ii) 0	(iii) 0	0	0	0	0
8 PAMELA ANN MARSHALL, EXECUTIVE DIRECTOR & CNO	(i) 156,263	(ii) 9,378	(iii) 777	11,012	8,518	185,948	0
9 MARIET KAGAN, VP & CHIEF LEGAL OFFICER	(i) 248,457	(ii) 42,000	(iii) 208,856	41,888	9,391	550,592	0
10 JAMES T. CLEMENT, PHYSICIAN	(i) 692,906	(ii) 0	(iii) 0	0	0	0	0
11 RAPIN CHATKANTHANON, PHYSICIAN	(i) 470,681	(ii) 0	(iii) 1,379	12,750	19,705	726,740	0
12 ROBERT C. KING, PHYSICIAN	(i) 466,821	(ii) 94,662	(iii) 22,147	17,850	15,529	617,009	0
13 MALCOLM W. WINTER, PHYSICIAN	(i) 407,171	(ii) 0	(iii) 0	0	0	0	0
14 GEORGE ALBERT BERNI, PHYSICIAN	(i) 481,759	(ii) 75,655	(iii) 1,379	17,850	15,529	592,172	0
15	(i) 0	(ii) 0	(iii) 0	0	0	0	0
16	(i) 0	(ii) 0	(iii) 0	0	0	0	0

Schedule J (Form 990) 2013

SCHEDULE L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions With Interested Persons

OMB No 1545-0047

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

2013
Open To Public
Inspection

Name of the organization

HARRISON MEDICAL CENTER

Employer identification number

91-0565546

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		
(1)						
(2)						
(3)						
(4)						
(5)						
(6)						
2	Enter the amount of tax incurred by the 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?	
						Yes	No	Yes	No	Yes	No
(1)											
(2)											
(3)											
(4)											
(5)											
(6)											
(7)											
(8)											
(9)											
(10)											
Total						► \$	0				

Part III Grants or Assistance Benefiting 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
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

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

Cat No 50056A

Schedule L (Form 990 or 990-EZ) 2013

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) SEE STATEMENT					
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

Part V Supplemental Information

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

SCHEDULE M
(Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

OMB No 1545-0047

2013

Open To Public
Inspection

Name of the organization

HARRISON MEDICAL CENTER

Employer identification number

91-0565546

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation 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 ► (ELECTRONIC HEALTH RECORD DEVELOPMENT AND INSTALLATION)	✓	1	9,308,533	MARKET VALUE
26 Other ► (VENDOR PAYMENTS)	✓	28	38,197	MARKET VALUE
27 Other ► (EQUIPMENT)	✓	39	7,605	MARKET VALUE
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				

29 0

30a During the year, did the organization receive by contribution any property reported in Part I, lines 1 - 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?

Yes No

30a ✓

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

31 ✓

32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?

32a ✓

b If "Yes," describe the arrangement 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.

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
 Form 990 or 990-EZ or to provide any additional information

OMB No 1545-0047

2013

Open to Public
 Inspection

Name of the Organization
HARRISON MEDICAL CENTER

Employer Identification Number
91-0565546

Return Reference	Identifier	Explanation
FORM 990, PART VI, SEC A, LINE 4	SIGNIFICANT CHANGES TO ORGANIZATIONAL DOCUMENTS	EFFECTIVE AUGUST 7, 2013, HARRISON MEDICAL CENTER HAS AFFILIATED WITH FRANCISCAN HEALTH SYSTEM AND HAS A SINGLE CORPORATE MEMBER, SJM GROUP, A MISSOURI NONPROFIT CORPORATION
FORM 990, PART VI, SEC A, LINE 6	CLASSES OF MEMBERS OR STOCKHOLDERS	THE SOLE CORPORATE MEMBER OF HARRISON MEDICAL CENTER IS SJM GROUP
FORM 990, PART VI, SEC A, LINE 7A	MEMBERS OR STOCKHOLDERS ELECTING MEMBERS OF GOVERNING BODY	PER SEC 5 5 OF THE BY-LAWS, THE CORPORATE MEMBER HAS THE POWER TO APPOINT TWO PERSONS TO SERVE ON THE BOARD OF DIRECTORS OF THE CORPORATION
FORM 990, PART VI, SEC A, LINE 7B	DECISIONS REQUIRING APPROVAL BY MEMBERS OR STOCKHOLDERS	<p>PER SECTION 4 4 3 OF THE BY-LAWS, THE CORPORATION WILL NOT TAKE ANY OF THE FOLLOWING ACTIONS WITHOUT THE APPROVAL OF THE CORPORATE MEMBER</p> <p>(A) INCURRENCE OF DEBT, INCLUDING, WITHOUT LIMITATION, BORROWINGS, GUARANTEES, LOANS, ENCUMBRANCES, OPERATING LEASES, AND CAPITAL LEASES, IN EXCESS OF THRESHOLDS AND WITHIN THE LIMITS ESTABLISHED BY THE CORPORATE MEMBER,</p> <p>(B) MERGER OF THE CORPORATION,</p> <p>(C) SALE OR DISPOSITION OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF THE CORPORATION,</p> <p>(D) DISSOLUTION, LIQUIDATION OR TERMINATION OF THE CORPORATION,</p> <p>(E) CREATION OR TRANSFER OF A MEMBERSHIP INTEREST IN THE CORPORATION,</p> <p>(F) ADOPTION OF CAPITAL OR OPERATING BUDGETS OF THE CORPORATION,</p> <p>ANSWER SHOULD NOW BE YES NARRATIVE FOR SCHEDULE O</p> <p>PER SECTION 4 4 3 OF THE BY-LAWS, THE CORPORATION WILL NOT TAKE ANY OF THE FOLLOWING ACTIONS WITHOUT THE APPROVAL OF THE CORPORATE MEMBER</p> <p>(A) INCURRENCE OF DEBT, INCLUDING, WITHOUT LIMITATION, BORROWINGS, GUARANTEES, LOANS, ENCUMBRANCES, OPERATING LEASES, AND CAPITAL LEASES, IN EXCESS OF THRESHOLDS AND WITHIN THE LIMITS ESTABLISHED BY THE CORPORATE MEMBER,</p> <p>(B) MERGER OF THE CORPORATION,</p> <p>(C) SALE OR DISPOSITION OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF THE CORPORATION,</p> <p>(D) DISSOLUTION, LIQUIDATION OR TERMINATION OF THE CORPORATION,</p> <p>(E) CREATION OR TRANSFER OF A MEMBERSHIP INTEREST IN THE CORPORATION,</p> <p>(F) ADOPTION OF CAPITAL OR OPERATING BUDGETS OF THE CORPORATION,</p> <p>(G) CHANGE OF MISSION OR PHILOSOPHICAL DIRECTION OF THE CORPORATION,</p> <p>(H) AMEND ARTICLES OF INCORPORATION OR BYLAWS OF THE CORPORATION,</p> <p>(I) APPROVE MEMBERS OF GOVERNING BOARD OF THE CORPORATION,</p> <p>(J) APPROVE REMOVAL OF MEMBERS OF GOVERNING BOARD OF THE CORPORATION,</p> <p>(K) APPROVE JOINT VENTURES OR PARTNERSHIPS INVOLVING HMC OR SUBSIDIARIES OR JOINT VENTURES OR PARTNERSHIPS OF THE CORPORATION,</p> <p>(L) APPROVE CREATION OF SUBSIDIARIES OR THE CORPORATION,</p> <p>(M) ADOPT LONG-RANGE AND STRATEGIC PLANS FOR THE CORPORATION,</p> <p>(N) APPROVE VARIATIONS FROM CAPITAL AND OPERATING BUDGETS OF THE CORPORATION</p>
FORM 990, PART VI, SEC B, LINE 11B	REVIEW OF FORM 990 BY GOVERNING BODY	THE FORM 990 IS REVIEWED BY THE DIRECTOR OF FINANCE AND THE CHIEF FINANCIAL OFFICER TO ENSURE ACCURACY AND COMPLETENESS OF DATA. ONCE THEIR REVIEW IS COMPLETE, THE FORM 990 IS SHARED WITH THE BOARD OF DIRECTORS. THE BOARD OF DIRECTORS RECEIVES AN ELECTRONIC COPY OF THE FORM PRIOR TO FILING
FORM 990, PART VI, SEC B, LINE 12C	CONFLICT OF INTEREST POLICY	BOARD MEMBERS ARE ANNUALLY REQUIRED TO ACKNOWLEDGE RECEIPT OF THE MEDICAL CENTER'S CURRENT CONFLICT OF INTEREST POLICY AND COMPLETE AND SUBMIT PROVIDED QUESTIONNAIRES. MEDICAL CENTER COUNSEL REVIEWS THE SUBMITTED QUESTIONNAIRES AND PROVIDES A FORMAL REPORT BACK TO THE BOARD. IN THE EVENT OF A CONFLICT OF INTEREST, THE INDIVIDUAL MEETS WITH THE EXECUTIVE COMMITTEE TO DISCUSS THE MATTER AND DETERMINE THE APPROPRIATE RESPONSE
FORM 990, PART VI, SEC B, LINE 15A	PROCESS TO ESTABLISH COMPENSATION OF TOP MANAGEMENT OFFICIAL	CONSULTANTS ARE RETAINED BY THE CHAIRMAN OF THE BOARD FOR THE EXPRESS PURPOSE OF SETTING EXECUTIVE COMPENSATION AND OPINING AS TO ITS COMPARABILITY AND REASONABleness. CONSULTANTS MAY USE A VARIETY OF RESOURCES TO MAKE THIS DETERMINATION INCLUDING SURVEYS, INFORMATION FROM OTHER ORGANIZATIONS' FORM 990, AND VARIOUS COMPARATIVE DATA. THIS REVIEW PROCESS IS TYPICALLY DONE ANNUALLY FOR THE EXECUTIVE STAFF AND KEY EMPLOYEES. IN FISCAL YEAR 2014, THE BOARD DID NOT ENGAGE AN OUTSIDE INDEPENDENT CONSULTANT TO REVIEW EXECUTIVE AND KEY EMPLOYEE COMPENSATION LEVELS. EXECUTIVE AND KEY EMPLOYEE COMPENSATION WAS REVIEWED BY THE BOARD'S EXECUTIVE COMMITTEE. THE LAST INDEPENDENT CONSULTANT SALARY REVIEW WAS ON 4/10/2012
FORM 990, PART VI, SEC B, LINE 15B	PROCESS TO ESTABLISH COMPENSATION OF OTHER EMPLOYEES	CONSULTANTS ARE RETAINED BY THE CHAIRMAN OF THE BOARD FOR THE EXPRESS PURPOSE OF SETTING EXECUTIVE COMPENSATION AND OPINING AS TO ITS COMPARABILITY AND REASONABleness. CONSULTANTS MAY USE A VARIETY OF RESOURCES TO MAKE THIS DETERMINATION INCLUDING SURVEYS, INFORMATION FROM OTHER ORGANIZATIONS' FORM 990, AND VARIOUS COMPARATIVE DATA. THIS REVIEW PROCESS IS TYPICALLY DONE ANNUALLY FOR THE EXECUTIVE STAFF AND KEY EMPLOYEES. IN FISCAL YEAR 2014, THE BOARD DID NOT ENGAGE AN OUTSIDE INDEPENDENT CONSULTANT TO REVIEW EXECUTIVE

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service
Name of the organization

HARRISON MEDICAL CENTER

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2013

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Inspection

Employer identification number

91-0565546

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?
Yes	No					
(1) ALLEGENT CREIGHTON CLINIC (47-0765154) 12809 W DODGE RD, OMAHA, NE 68154	HEALTHCARE NE		501(C)(3)		3 ACH	✓
(2) ALLEGENT CREIGHTON HEALTH (47-0757164) 12809 W DODGE RD, OMAHA, NE 68154	HEALTHCARE NE		501(C)(3)		3 CHI NEBRASKA	✓
(3) ALLEGENT CREIGHTON HEALTH FOUNDATION (47-0648586) 12809 W DODGE RD, OMAHA, NE 68154	FUNDRAISING NE		501(C)(3)		7 ACH	✓
(4) ALLEGENT HEALTH - BERGAN MERCY HEALTH SYSTEM (47-0484764) 7500 MERCY RD, OMAHA, NE 68124	HEALTHCARE NE		501(C)(3)		3 CHI NEBRASKA	✓
(5) ALLEGENT HEALTH - COMMUNITY MEMORIAL HOSPITAL OF MISSOURI VALLEY IA (44-0776666) 631 N 8TH ST, MISSOURI VALLEY, IA 51555	HEALTHCARE IA		501(C)(3)		3 CHI NEBRASKA	✓
(6) ALLEGENT HEALTH - IMMANUEL MEDICAL CENTER (47-0376615) 6901 N 72ND ST, OMAHA, NE 68122	HEALTHCARE NE		501(C)(3)		3 CHI NEBRASKA	✓
(7) ALLEGENT HEALTH - MEMORIAL HOSPITAL SCHUYLER (47-0399853) 104 W 17TH ST, SCHUYLER, NE 68661	HEALTHCARE NE		501(C)(3)		3 CHI NEBRASKA	✓

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

Cat No. 50135Y

Schedule R (Form 990) 2013

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?	(k) Percentage ownership partner?
									Yes	No
(1) See Statement										
(2)										
(3)										
(4)										
(5)										
(6)										
(7)										

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	(j) Yes	(k) No
(1) ALLEGENT HEALTHCARE ST. JOSEPH MANAGED CARE SERVICES INC (47-0802396) 12809 WEST DODGE RD, OMAHA, NE 68154	MANAGED CARE	NE	CHI NEBRASKA	C CORPORATION	5,312,313	4,520,865	100	✓		
(2) ALL SAINTS INSURANCE COMPANY SPC, LTD PO BOX 10073, APO GEORGETOWN, GRAND CAYMAN, KY1-1001.	INSURANCE	CJ	CHI	C CORPORATION	0	43,866,961	100	✓		
(3) ALTERNATIVE INSURANCE MANAGEMENT SERVICE (84-1112049) 3900 OLYMPIC BLVD, STE 400, ERLANGER, KY 41018	MANAGEMENT SERVICES CO	CHI	CHI	C CORPORATION	0	6,272,746	100	✓		
(4) AMERICAN NURSING CARE, INC (31-1085414) 1700 EDISON DR, MILFORD, OH 45150	HOME HEALTH	OH	CHS	C CORPORATION	5,118,606	51,920,207	100	✓		
(5) AMERIMED, INC. (31-115699)			ANC	C CORPORATION	2,134,392	14,669,219	100	✓		
(6) BC HOLDING COMPANY, INC (31-1542851) 1850 BLUEGRASS AVE, LOUISVILLE, KY 40215	FITNESS CLUB	KY	JHSMH	C CORPORATION	0	0	100	✓		
(7) CADUCEUS MEDICAL ASSOCIATES, INC (62-1570736) 2525 DE SALES AVE, CHATTANOOGA, TN 37404	HEALTHCARE	TN	MHCS	C CORPORATION	0	1,008	100	✓		

Schedule R (Form 990) 2013

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)

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)			
(2)			
(3)			
(4)			
(5)			
(6)			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?	(i) Code V-UBL amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?	(k) Percentage ownership partner?	
										Yes	No
(1)											
(2)											
(3)											
(4)											
(5)											
(6)											
(7)											
(8)											
(9)											
(10)											
(11)											
(12)											
(13)											
(14)											
(15)											
(16)											

Schedule R (Form 990) 2013

Part II Identification of Related Tax-Exempt Organizations (continued)

(a) Name, address and EIN of related organization	(b) Primary Activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status of section 501(c)(3)	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?
Yes	No					
(8) ALEGENT HEALTH - MERCY HOSPITAL, CORNING, IOWA (42-0782518) PO BOX 368, CORNING, IA 50841	HEALTHCARE	IA	501(C)(3)	3	CHI NEBRASKA	✓
(9) ALVERNA APARTMENTS (41-1351177) 300 SE 8TH AVE, LITTLE FALLS, MN 56345	LTERM CARE	MN	501(C)(3)	9	CHI	✓
(10) APPLETREE COURT (41-1850500) 601 OAK ST, BRECKENRIDGE, MN 56520	SENIOR LIVING	MN	501(C)(3)	9	SFH	✓
(11) BISHOP DRUMM RETIREMENT CENTER (42-0725196) 1111 6TH AVE, DES MOINES, IA 50314	LTERM CARE	IA	501(C)(3)	9	CHI-A CORP	✓
(12) BORNEMANN HEALTHCARE CORPORATION (23-2187242) 2500 BERNVILLE RD, PO BOX 316, READING, PA 19603	HEALTHCARE	PA	501(C)(3)	11 - TYPE I	CHI	✓
(13) CARRINGTON HEALTH CENTER (45-0227311) 800 N 4TH ST, CARRINGTON, ND 58421	HEALTHCARE	ND	501(C)(3)	3	CHI	✓
(14) CATHOLIC HEALTH INITIATIVES (47-0617373) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HEALTHCARE	CO	501(C)(3)	9	N/A	✓
(15) CATHOLIC HEALTH INITIATIVES - COLORADO (84-0405257) 188 INVERNESS DRIVE WEST, STE 500, ENGLEWOOD, CO 80112	HEALTHCARE	CO	501(C)(3)	3	CHI	✓
(16) CATHOLIC HEALTH INITIATIVES - IOWA CORP (42-0680448) 1111 6TH AVE, DES MOINES, IA 50314	HEALTHCARE	IA	501(C)(3)	3	CHI	✓
(17) CATHOLIC HEALTH INITIATIVES COLORADO FOUNDATION (84-0902211) 6385 CORPORATE DR, COLORADO SPRINGS, CO 80919	FUNDRAISING	CO	501(C)(3)	7	CHIC	✓
(18) CATHOLIC HEALTH INITIATIVES NATIONAL FOUNDATION (27-0930004) 6385 CORPORATE DR, COLORADO SPRINGS, CO 80919	FUNDRAISING	CO	501(C)(3)	11 - TYPE I	CHI	✓
(19) CATHOLIC HEALTH INITIATIVES VIRTUAL HEALTH SERVICES (46-0992796) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HEALTHCARE	CO	501(C)(3)	11 - TYPE I	CHINS	✓
(20) CENTENNIAL MEDICAL GROUP, INC (26-3946191) 2700 STEWART PKWY, ROSEBURG, OR 97471	PHYSICIANS	OR	501(C)(3)	9	MMC	✓
(21) CENTRAL KANSAS MEDICAL CENTER (48-0543724) 3515 BROADWAY, GREAT BEND, KS 67530	SURGERY CENTER	KS	501(C)(3)	3	CHI	✓
(22) CHI HEALTH CONNECT AT HOME - FARGO (27-1966847) 4816 AMBER VALLEY PKWY S, FARGO, ND 58104	HEALTHCARE	MN	501(C)(3)	9	CHI	✓
(23) CHI INSTITUTE FOR RESEARCH AND INNOVATION (27-1050565) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HEALTHCARE	CO	501(C)(3)	11 - TYPE I	CHI	✓
(24) CHI KENTUCKY, INC (20-2741651) 3900 OLYMPIC BLVD, STE 400, ERLANGER, KY 41018	HEALTHCARE	KY	501(C)(3)	11 - TYPE I	CHI	✓
(25) CHI NATIONAL HOME CARE (45-1261716) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HEALTHCARE	CO	501(C)(3)	9	CHINS	✓
(26) CHI NATIONAL SERVICES (45-2532084) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HEALTHCARE	NE	501(C)(3)	11 - TYPE III - FI	CHI	✓
(27) CHI ST. LUKES HEALTH BAYLOR COLLEGE OF MEDICINE MEDICAL CENTER (74-1161938) 6940 O ST, STE 200, LINCOLN, NE 68510	HEALTHCARE	TX	501(C)(3)	3	SLHS	✓
(28) CHI ST. VINCENT HOSPITAL HOT SPRINGS (71-0236913) 300 WERNER ST, HOT SPRINGS, AR 71913	HEALTHCARE	AR	501(C)(3)	3	CHSVHS	✓

(a) Name, address and EIN of related organization	(b) Primary Activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?
Yes	No					
(30) CHI ST VINCENT HOT SPRINGS (26-1125064) 300 WERNER ST, HOT SPRINGS, AR 71913	HOLDING CO	AR	501(C)(3)	11 - TYPE II	SVIMC	✓
(31) CHI ST VINCENT MEDICAL GROUP HOT SPRINGS (26-1125131) 1 MERCY LANE, STE 201, HOT SPRINGS, AR 71913	HEALTHCARE	AR	501(C)(3)	3	CHISVHS	✓
(32) COMMUNITY LIMITED CARE DIALYSIS CENTER (23-7419853) 619 OAK ST, ACCOUNTING-3 W, CINCINNATI, OH 45206	HOLDING CO	OH	501(C)(2)		GSH	✓
(33) COMMUNITY MEMORIAL HOSPITAL MEDICAL SERVICE FOUNDATION 631 N 8TH ST, MISSOURI VALLEY, IA 51555	FUNDRAISING	IA	501(C)(3)	11 - TYPE I	AH-CMHMV	✓
(34) CONTINUING CARE HOSPITAL (61-1400619) 150 NORTH EAGLE CREEK DR, LEXINGTON, KY 40509	LT ACH	KY	501(C)(3)	3	SJHS	✓
(35) COVENANT HOME CARE (23-2028429) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HOME HEALTH	PA	501(C)(3)	11 - TYPE II	CHI NHIC	✓
(36) ENUMCLAW REGIONAL HOSPITAL ASSOCIATION (91-0715805) 1450 BATTERSBY AVE, ENUMCLAW, WA 98022	HEALTHCARE	WA	501(C)(3)	3	FHS	✓
(37) FLAGET HEALTHCARE, INC (61-1345363) 4305 NEW SHEPHERDSVILLE RD, BARDSTOWN, KY 40004	HEALTHCARE	KY	501(C)(3)	3	KOH	✓
(38) FLAGET MEMORIAL HOSPITAL FOUNDATION, INC (56-2351341) 4305 NEW SHEPHERDSVILLE RD, BARDSTOWN, KY 40004	FUNDRAISING	KY	501(C)(3)	11 - TYPE I	FH	✓
(39) FRANCISCAN FOUNDATION (91-1145592) 1717 SOUTH J ST, TACOMA, WA 98405	FUNDRAISING	WA	501(C)(3)	9	FHS	✓
(40) FRANCISCAN HEALTH SYSTEM (91-0564491) 1717 SOUTH J ST, TACOMA, WA 98405	HEALTHCARE	WA	501(C)(3)	3	CHI	✓
(41) FRANCISCAN HEALTH VENTURES FKA SUM GROUP (43-1882377) TACOMA FNC CTR BLDG, 1145 BROADWAY, TACOMA, WA 98402	PHYSICIANS	MO	501(C)(3)	9	CHI	✓
(42) FRANCISCAN MEDICAL GROUP (91-1939739) 1313 BROADWAY, STE 200, TACOMA, WA 98402	HEALTHCARE	WA	501(C)(3)	9	FHS	✓
(43) FRANCISCAN VILLA OF SOUTH MILWAUKEE, INC (39-1093829) 3601 S CHICAGO AVE, SOUTH MILWAUKEE, WI 53172	HEALTHCARE	WI	501(C)(3)	9	CHI	✓
(44) GLOBAL HEALTH INITIATIVES (20-1536108) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	MINISTRIES	CO	501(C)(3)	11 - TYPE I	CHI	✓
(45) GOOD SAMARITAN COLLEGE OF NURSING & HEALTH SCIENCE (31-1778403) 619 OAK ST, ACCOUNTING-3 W, CINCINNATI, OH 45206	EDUCATION	OH	501(C)(3)	2	GSH	✓
(46) GOOD SAMARITAN FOUNDATION OF CINCINNATI, INC (31-1206047) 619 OAK ST, ACCOUNTING-3 W, CINCINNATI, OH 45206	FUNDRAISING	OH	501(C)(3)	11 - TYPE I	GSH	✓
(47) GOOD SAMARITAN HOSPITAL (47-0379755) PO BOX 1980, KEARNEY, NE 68848	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	✓
(48) GOOD SAMARITAN HOSPITAL FOUNDATION (47-0659443) 111 W 31ST ST, KEARNEY, NE 68847	FUNDRAISING	NE	501(C)(3)	7	GSH	✓
(49) GOOD SAMARITAN HOSPITAL FOUNDATION - DAYTON (23-7296923) 110 N MAIN ST, STE 500, DAYTON, OH 45402	FUNDRAISING	OH	501(C)(3)	7	SHP	✓
(50) HARRISON MEDICAL CENTER (91-0565546) 2520 CHERRY AVE, BREMERTON, WA 98310	HEALTHCARE	WA	501(C)(3)	3	FHS	✓
(51) HARRISON MEDICAL CENTER FOUNDATION (91-1197626) 2520 CHERRY AVE, BREMERTON, WA 98310	FUNDRAISING	WA	501(C)(3)	7	HMC	✓
(52) HEALTH S E T (84-1102943) 2420 W 26TH AVE, STE 4600, DENVER, CO 80211	LOW INC CARE	CO	501(C)(3)	7	CHIC	✓
(53) HEALTHCARE AND WELLNESS FOUNDATION (76-0761782) 2400 ST. FRANCIS DR, BRECKENRIDGE, MN 56520	FUNDRAISING	MN	501(C)(3)	11 - TYPE I	SFMC	✓

(a) Name, address and EIN of related organization	(b) Primary Activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?
Yes	No					
(54) HIGHLINE MEDICAL CENTER (91-072166) 16251 SYLVESTER RD SW, BURIEN, WA 98166	HEALTHCARE	WA	501(C)(3)	3 .	FHS	✓
(55) HOUSE OF MERCY (42-1323808) 1111 6TH AVE, DES MOINES, IA 50314	SHELTER	IA	501(C)(3)	7	CHI-IA CORP	✓
(56) JEWISH HOSPITAL AND ST. MARY'S HEALTHCARE, INC (61-1029768) 539 S 4TH ST, LOUISVILLE, KY 40202	HEALTHCARE	KY	501(C)(3)	3	KOH	✓
(57) KENTUCKYONE HEALTH MEDICAL GROUP, INC (61-1352729) 539 S 4TH ST, LOUISVILLE, KY 40202	HEALTHCARE	KY	501(C)(3)	9	JHSMH	✓
(58) KENTUCKYONE HEALTH, INC (61-1029769) 200 ABRAHAM FLEXNER WAY, LOUISVILLE, KY 40202	HEALTHCARE	KY	501(C)(3)	9	CHI	✓
(59) LAKEWOOD HEALTH CENTER (41-058434) 600 MAIN AVE S, BAUDETTE, MN 56623	HEALTHCARE	MN	501(C)(3)	3	CHI	✓
(60) LINUS OAKES, INC (93-0821381) 2700 STEWART PKWY, ROSEBURG, OR 97471	SENIOR LIVING	OR	501(C)(3)	9	MMC	✓
(61) LISBON AREA HEALTH SERVICES (82-0558836) 905 MAIN ST, LISBON, ND 58054	HEALTHCARE	ND	501(C)(3)	3	CHI	✓
(62) LUFKIN VISION ACQUISITIONS (82-0563768) PO BOX 1447, LUFKIN, TX 75901	PROPERTY MGMT	TX	501(C)(3)	11 - TYPE III - FI	MHSET	✓
(63) MEMORIAL HEALTH CARE SYSTEM FOUNDATION, INC (62-1839548) 2525 DE SALES AVE, CHATTANOOGA, TN 37404	FUNDRAISING	TN	501(C)(3)	7	MHCS	✓
(64) MEMORIAL HEALTH CARE SYSTEM, INC (62-0532345) 2525 DE SALES AVE, CHATTANOOGA, TN 37404	HEALTHCARE	TN	501(C)(3)	3	CHI	✓
(65) MEMORIAL HEALTH PARTNERS FOUNDATION, INC (03-0417049) 5600 BRAINERD RD, STE 500, CHATTANOOGA, TN 37411	HEALTHCARE	TN	501(C)(3)	9	MHCS	✓
(66) MEMORIAL HEALTH SYSTEM OF EAST TEXAS (75-0755367) PO BOX 1447, LUFKIN, TX 75902	HEALTHCARE	TX	501(C)(3)	3	CHI	✓
(67) MEMORIAL MEDICAL CENTER - LIVINGSTON (76-0436439) PO BOX 1447, LUFKIN, TX 75902	HEALTHCARE	TX	501(C)(3)	3	MHSET	✓
(68) MEMORIAL MEDICAL CENTER - SAN AUGUSTINE (75-2663904) PO BOX 1447, LUFKIN, TX 75902	PHYSICIANS	TX	501(C)(3)	3	MHSET	✓
(69) MEMORIAL MULTISPECIALTY ASSOCIATES (75-2721155) 1201 FRANK AVE, LUFKIN, TX 75904	HEALTHCARE	TX	501(C)(3)	3	MHSET	✓
(70) MEMORIAL SPECIALTY HOSPITAL (75-2492741) PO BOX 1447, LUFKIN, TX 75902	AUXILIARY	IA	501(C)(3)	11 - TYPE I	MF-DM IA	✓
(71) MERCY AUXILIARY OF CENTRAL IOWA (42-6076069) 1111 6TH AVE, DES MOINES, IA 50314	PHYSICIANS	IA	501(C)(3)	9	CHI-IA CORP	✓
(72) MERCY CLINICS, INC (42-1193699) 1111 6TH AVE, DES MOINES, IA 50314	EDUCATION	IA	501(C)(3)	2	CHI-IA CORP	✓
(73) MERCY COLLEGE OF HEALTH SCIENCES (42-1511682) 1111 6TH AVE, DES MOINES, IA 50314	FUNDRAISING	IA	501(C)(3)	7	CHI-IA CORP	✓
(74) MERCY FOUNDATION OF DES MOINES, IA (23-7358794) 1111 6TH AVE, DES MOINES, IA 50314	FUNDRAISING	IA	501(C)(3)	7	MMC	✓
(75) MERCY FOUNDATION, INC (93-6088946) 2700 STEWART PKWY, ROSEBURG, OR 97471	FUNDRAISING	OR	501(C)(3)	7	AHMH-CORNING	✓
(76) MERCY HEALTH CARE FOUNDATION (42-1461064) PO BOX 368, CORNING, IA 50841	FUNDRAISING	ND	501(C)(3)	11 - TYPE I	MHVC	✓
(77) MERCY HEALTH CARE FOUNDATION (45-0435338) 570 CHAUTAUQUA BLVD, VALLEY CITY, ND 58072	FUNDRAISING	IA	501(C)(3)	11 - TYPE III - FI	AHBMHS	✓
(78) MERCY HOSPITAL FOUNDATION, COUNCIL BLUFFS (42-1178204) 800 MERCY DR, COUNCIL BLUFFS, IA 51503	FUNDRAISING	IA	501(C)(3)	11 - TYPE I	AHBMHS	✓

(a) Name, address and EIN of related organization	(b) Primary Activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?
Yes	No					
(79) MERCY HOSPITAL OF DEVILS LAKE (45-02227012) 1031 7TH ST NE, DEVILS LAKE, ND 58301	HEALTHCARE	ND	501(C)(3)	3	CHI	✓
(80) MERCY HOSPITAL OF DEVILS LAKE FOUNDATION (35-2367360) 1031 7TH ST NE, DEVILS LAKE, ND 58301	FUNDRAISING	ND	501(C)(3)	7	MHDL	✓
(81) MERCY HOSPITAL OF VALLEY CITY (45-0226553) 570 CHAUTAUQUA BLVD, VALLEY CITY, ND 58072	HEALTHCARE	ND	501(C)(3)	3	CHI	✓
(82) MERCY MEDICAL CENTER (45-0231183) 1301 15TH AVE WEST, WILLISTON, ND 58801	HEALTHCARE	ND	501(C)(3)	3	CHI	✓
(83) MERCY MEDICAL CENTER - CENTERVILLE (42-0680308) ONE ST JOSEPH'S DRIVE, CENTERVILLE, IA 52544	HEALTHCARE	IA	501(C)(3)	3	CHI-A CORP	✓
(84) MERCY MEDICAL CENTER, INC (93-0388868) 2700 STEWART PKWY, ROSEBURG, OR 97471	HEALTHCARE	OR	501(C)(3)	3	CHI	✓
(85) MERCY MEDICAL FOUNDATION (45-0381803) 1301 15TH AVE WEST, WILLISTON, ND 58801	FUNDRAISING	ND	501(C)(3)	11 - TYPE I	MMC	✓
(86) MERCY PROFESSIONAL PRACTICE ASSOCIATES, INC (42-1470935) 1111 6TH AVE, DES MOINES, IA 50314	PHYSICIANS	IA	501(C)(3)	9	CHI-A CORP	✓
(87) NEBRASKA HEART HOSPITAL (39-2031968) 7500 S 91ST ST LINCOLN, NE 68526	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	✓
(88) OAKES COMMUNITY HOSPITAL (45-0231675) 1200 N 7TH ST, OAKES, ND 58474	HEALTHCARE	ND	501(C)(3)	3	CHI	✓
(89) OAKES COMMUNITY HOSPITAL FOUNDATION (71-0966606) 1200 N 7TH ST, OAKES, ND 58474	FUNDRAISING	ND	501(C)(3)	11 - TYPE I	OCH	✓
(90) PINEWOODS MEDICAL DEVELOPMENT CORP (75-2493116) PO BOX 1447, LUFKIN, TX 75902	PROPERTY MGMT	TX	501(C)(3)	11 - TYPE III - FI	MHSET	✓
(91) PUEBLO STEPUP (84-1234295) 1925 E ORMAN AVE, STE G52, PUEBLO, CO 81004	COMMUNITY	CO	501(C)(3)	7	CHIC	✓
(92) REGIONAL HOSPITAL FOR RESPIRATORY AND COMPLEX CARE (91-1170040) 12844 MILITARY RD S, TUKWILA, WA 98168	HEALTHCARE	WA	501(C)(3)	3	FHS	✓
(93) SET OF COLORADO SPRINGS, INC (84-1183335) 2864 S CIRCLE DR, STE 450, COLORADO SPRINGS, CO 80906	LTERM CARE	CO	501(C)(3)	7	CHIC	✓
(94) SAINT CLARE'S COMMUNITY CARE, INC (22-2876836) 25 POCONO RD, DENVILLE, NJ 07834	HEALTHCARE	NJ	501(C)(3)	11 - TYPE II	SCHS	✓
(95) SAINT CLARE'S FOUNDATION, INC (22-2502997) 25 POCONO RD, DENVILLE, NJ 07834	FUNDRAISING	NJ	501(C)(3)	7	SCHS	✓
(96) SAINT CLARE'S HEALTH SERVICES, INC (22-3639733) 25 POCONO RD, DENVILLE, NJ 07834	MANAGEMENT	NJ	501(C)(3)	11 - TYPE II	CHI	✓
(97) SAINT CLARE'S HOSPITAL, INC (22-3319886) 25 POCONO RD, DENVILLE, NJ 07834	HEALTHCARE	NJ	501(C)(3)	3	SCHS	✓
(98) SAINT ELIZABETH FOUNDATION (47-0625523) 555 S 70TH ST, LINCOLN, NE 68510	FUNDRAISING	NE	501(C)(3)	7	SERMC	✓
(99) SAINT ELIZABETH HEALTH SERVICES (36-3233120) 555 S 70TH ST, LINCOLN, NE 68510	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	✓
(100) SAINT ELIZABETH REGIONAL MEDICAL CENTER (47-0379836) 555 S 70TH ST, LINCOLN, NE 68510	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	✓
(101) SAINT FRANCIS MEDICAL CENTER (47-0376601) 2620 W FAIDY, GRAND ISLAND, NE 68803	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	✓
(102) SAINT FRANCIS MEDICAL CENTER FOUNDATION (47-0630267) PO BOX 9804, GRAND ISLAND, NE 68802	FUNDRAISING	NE	501(C)(3)	7	SFMC	✓
(103) SAINT JOSEPH BEREAS HOSPITAL FOUNDATION, INC (26-0152877)	FUNDRAISING	KY	501(C)(3)	7	SJHS	✓

(a) Name, address and EIN of related organization	(b) Primary Activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?
Yes	No					
305 ESTILL ST, BEREA, KY 40403						
(104) SAINT JOSEPH HEALTH SYSTEM, INC. (61-1334601) 424 LEWIS HARGETT CIRCLE, STE 160, LEXINGTON, KY 40503	HEALTHCARE	KY	501(C)(3)	3	KOH	✓
(105) SAINT JOSEPH HOSPITAL FOUNDATION, INC. (61-1159649) ONE SAINT JOSEPH DRIVE, LEXINGTON, KY 40504	FUNDRAISING	KY	501(C)(3)	11 - TYPE I	SJHS	✓
(106) SAINT JOSEPH LONDON FOUNDATION, INC. (26-0438748) 1001 SAINT JOSEPH LANE, LONDON, KY 40741	FUNDRAISING	KY	501(C)(3)	7	SJHS	✓
(107) SAINT JOSEPH MEDICAL FOUNDATION, INC. (31-1539059) 200 ABRAHAM FLEXNER WAY, LOUISVILLE, KY 40202	PHYSICIANS	KY	501(C)(3)	3	SJHS	✓
(108) SAINT JOSEPH MOUNT STERLING FOUNDATION, INC. (27-2884584) 225 FALCON DR, MOUNT STERLING, KY 40353	FUNDRAISING	KY	501(C)(3)	7	SJHS	✓
(109) SAINT JOSEPH'S HOSPITAL FOUNDATION (36-3418207) 30 WEST 77TH ST, DICKINSON, ND 58601	FUNDRAISING	ND	501(C)(3)	11 - TYPE I	SJHHC	✓
(110) SAMARITAN BEHAVIORAL HEALTH, INC. (02-0633634) 601 S EDWIN C MOSES BLVD, DAYTON, OH 45417	HEALTHCARE	OH	501(C)(3)	7	SHP	✓
(111) SAMARITAN HEALTH PARTNERS (31-1107411) 110 N MAIN ST, STE 500, DAYTON, OH 45402	HEALTHCARE	OH	501(C)(3)	11 - TYPE I	CHI	✓
(112) SCHUYLER MEMORIAL HOSPITAL FOUNDATION, INC. (36-3630014) 104 W 17TH ST, SCHUYLER, NE 68661	FUNDRAISING	NE	501(C)(3)	11 - TYPE I	AHMHS	✓
(113) SJRMC, JOPLIN MISSOURI (44-0545809) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HEALTHCARE	MO	501(C)(3)	3	CHI	✓
(114) SL AUGUSTA CORP (76-0226623) PO BOX 20269, HOUSTON, TX 77225	TITLE HOLDING	TX	501(C)(2)		SLPC	✓
(115) ST ANTHONY HOSPITAL (93-0391614) 1601 SE COURT AVE, PENDLETON, OR 97801	HEALTHCARE	OR	501(C)(3)	3	CHI	✓
(116) ST CATHERINE HOSPITAL FOUNDATION (93-0992727) 1601 EAST SPRUCE ST, GARDEN CITY, KS 67846	FUNDRAISING	OR	501(C)(3)	11 - TYPE I	SAH	✓
(117) ST. ANTHONY'S HOSPITAL ASSOCIATION (71-0245507) FOUR HOSPITAL DR, MORRILTON, AR 72110	HEALTHCARE	AR	501(C)(3)	3	SVIMC	✓
(118) ST CATHERINE HOSPITAL (48-0543721) 401 EAST SPRUCE ST, GARDEN CITY, KS 67846	HEALTHCARE	KS	501(C)(3)	3	CHI	✓
(119) ST. CATHERINE HOSPITAL DEVELOPMENT FOUNDATION (20-0598702) 401 EAST SPRUCE ST, GARDEN CITY, KS 67846	FUNDRAISING	KS	501(C)(3)	11 - TYPE I	SCH	✓
(120) ST. DOMINIC OF ONTARIO, OREGON (93-0433692) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HEALTHCARE	OR	501(C)(4)		CHI	✓
(121) ST. FRANCIS HOME (41-0729978) 2400 ST FRANCIS DR, BRECKENRIDGE, MN 56520	LTERM CARE	MN	501(C)(3)	9	CHI	✓
(122) ST. FRANCIS LIFE CARE CORPORATION (22-2536017) 19 POCONO RD, DENVILLE, NJ 07834	ELDERLY CARE	NJ	501(C)(3)	9	SCHS	✓
(123) ST. FRANCIS MEDICAL CENTER (41-0695598) 2400 ST FRANCIS DR, BRECKENRIDGE, MN 56520	HEALTHCARE	MN	501(C)(3)	3	CHI	✓
(124) ST. FRANCIS OF BAKER CITY (93-0412495) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HEALTHCARE	OR	501(C)(3)	3	CHI	✓
(125) ST. JOSEPH COMMUNITY HEALTH (71-0897107) 1516 5TH ST NW, ALBUQUERQUE, NM 87102	COMMUNITY	NM	501(C)(3)	11 - TYPE I	CHI	✓
(126) ST. JOSEPH HEALTH MINISTRIES (23-2342997) 1929 LINCOLN HWY E, STE 150, LANCASTER, PA 17602	HEALTHCARE	PA	501(C)(3)	11 - TYPE I	CHI	✓
(127) ST. JOSEPH MEDICAL CENTER FOUNDATION (23-2649362) 2500 BERNVILLE RD, PO BOX 316, READING, PA 19603	FUNDRAISING	PA	501(C)(3)	11 - TYPE I	SJRHIN	✓

(a) Name, address and EIN of related organization	(b) Primary Activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(128) ST. JOSEPH MEDICAL CENTER, INC. (52-0591461) 201 INTERNATIONAL CIRCLE, STE 212, HUNT VALLEY, MD 21030	HEALTHCARE	MD	501(C)(3)	3	CHI	✓	
(129) ST. JOSEPH MEDICAL GROUP (20-8544021) 2500 BERNVILLE RD, PO BOX 316, READING, PA 19603	HEALTHCARE	PA	501(C)(3)	9	BHC	✓	
(130) ST. JOSEPH PHYSICIAN ENTERPRISE, INC. (52-1311775) 201 INTERNATIONAL CIRCLE, STE 212, HUNT VALLEY, MD 21030	PHYSICIANS	MD	501(C)(3)	11 - TYPE I	SJMC	✓	
(131) ST. JOSEPH REGIONAL HEALTH NETWORK (23-1352211) 2500 BERNVILLE RD, PO BOX 316, READING, PA 19603	HEALTHCARE	PA	501(C)(3)	3	CHI	✓	
(132) ST. JOSEPH'S AREA HEALTH SERVICES (41-0695603) 600 PLEASANT AVE, PARK RAPIDS, MN 56470	HEALTHCARE	MN	501(C)(3)	3	CHI	✓	
(133) ST. JOSEPH'S HOSPITAL AND HEALTH CENTER (45-0226429) 30 WEST 7TH ST, DICKINSON, ND 58601	HEALTHCARE	ND	501(C)(3)	3	CHI	✓	
(134) ST. LUKE'S COMMUNITY DEVELOPMENT CORPORATION (26-024448) 6624 FANNIN ST, STE 2505, HOUSTON, TX 77030	MANAGEMENT	TX	501(C)(3)	11 - TYPE I	SLHS	✓	
(135) ST. LUKE'S COMMUNITY DEVELOPMENT CORPORATION - PMC (27-3733278) 6624 FANNIN ST, STE 2505, HOUSTON, TX 77030	HEALTHCARE	TX	501(C)(3)	3	SLCDC	✓	
(136) ST. LUKE'S COMMUNITY DEVELOPMENT CORPORATION - SUGAR LAND (26-1947374) 6624 FANNIN ST, STE 2505, HOUSTON, TX 77030	HEALTHCARE	TX	501(C)(3)	3	SLHS	✓	
(137) ST. LUKE'S COMMUNITY DEVELOPMENT CORPORATION - THE WOODLANDS (26-0335902) 6624 FANNIN ST, STE 2505, HOUSTON, TX 77030	HEALTHCARE	TX	501(C)(3)	3	SLCDC	✓	
(138) ST. LUKE'S COMMUNITY HEALTH SERVICES (76-0536234) 6624 FANNIN ST, STE 1100, HOUSTON, TX 77030	FUNDRAISING	TX	501(C)(3)	7	SLHS	✓	
(139) ST. LUKE'S FOUNDATION (45-3811485) 1213 HERMANN DRIVE, STE 855, HOUSTON, TX 77004	MANAGEMENT	TX	501(C)(3)	11 - TYPE I	CHI	✓	
(140) ST. LUKE'S HEALTH SYSTEM CORPORATION (76-0536232) 6624 FANNIN ST, STE 1100, HOUSTON, TX 77030	INVESTMENT MGMT	TX	501(C)(3)	11 - TYPE I	SLHS	✓	
(141) ST. LUKE'S HEALTH SYSTEM FOUNDATION (76-0127715) 6624 FANNIN ST, STE 1100, HOUSTON, TX 77030	HEALTHCARE	TX	501(C)(3)	3	SLHS	✓	
(142) ST. LUKE'S HOSPITAL AT THE VINTAGE (26-3734606) 6624 FANNIN ST, STE 2505, HOUSTON, TX 77030	PHYSICIANS	TX	501(C)(3)	3	SLHS	✓	
(143) ST. LUKE'S MEDICAL GROUP (76-0458535) 6624 FANNIN ST, HOUSTON, TX 77030	PROPERTY MGMT	TX	501(C)(3)	11 - TYPE I	CHI-SLH	✓	
(144) ST. LUKE'S MEDICAL TOWER CORPORATION (76-0531713) 6624 FANNIN ST, STE 1100, HOUSTON, TX 77030	PROPERTY MGMT	TX	501(C)(3)	11 - TYPE I	SLCDC- SL	✓	
(145) ST. LUKE'S PROPERTY CORPORATION (76-0531716) 6624 FANNIN ST, STE 1100, HOUSTON, TX 77030	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	✓	
(146) ST. LUKE'S SUGAR LAND PROPERTIES CORPORATION (45-4120549) 6624 FANNIN ST, STE 2505, HOUSTON, TX 77030	PROPERTY MGMT	TX	501(C)(3)	11 - TYPE I	SLCDC- SL	✓	
(147) ST. MARY'S COMMUNITY HOSPITAL (47-0443636) 1314 3RD AVE, NEBRASKA CITY, NE 68410	FUNDRAISING	NE	501(C)(3)	7	SMCH	✓	
(148) ST. MARY'S HOSPITAL FOUNDATION (47-0707604) 1314 3RD AVE, NEBRASKA CITY, NE 68410	FUNDRAISING	AR	501(C)(3)	11 - TYPE I	SVIMC	✓	
(149) ST. VINCENT FOUNDATION (51-0169537) TWO ST VINCENT CIRCLE, LITTLE ROCK, AR 72205	HEALTHCARE	AR	501(C)(3)	3	CHI	✓	
(150) ST. VINCENT INFIRMARY MEDICAL CENTER (71-0236917) TWO ST VINCENT CIRCLE, LITTLE ROCK, AR 72205							

(a) Name, address and EIN of related organization	(b) Primary Activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?
Yes	No					
(151) ST. VINCENT MEDICAL GROUP (71-0830696) TWO ST VINCENT CIRCLE, LITTLE ROCK, AR 72205	HEALTHCARE	AR	501(C)(3)	9	SVIMC	✓
(152) THE GOOD SAMARITAN HOSPITAL OF CINCINNATI, OH (31-0537486) 619 OAK ST, ACCOUNTING-3 W, CINCINNATI, OH 45206	HEALTHCARE	OH	501(C)(3)	3	CHI	✓
(153) THE PHYSICIAN NETWORK (47-0780857) 2000 Q ST, STE 500, LINCOLN, NE 68503	PHYSICIANS	NE	501(C)(3)	11 - TYPE 1	CHI NEBRASKA	✓
(154) TOTAL HEALTHCARE (84-0927232) 188 INVERNESS DRIVE WEST, STE 500, ENGLEWOOD, CO 80112	HEALTHCARE	CO	501(C)(3)	3	CHIC	✓
(155) UNITY FAMILY HEALTHCARE (41-0721642) 815 SE 2ND ST, LITTLE FALLS, MN 56345	HEALTHCARE	MN	501(C)(3)	3	CHI	✓
(156) VILLA NAZARETH, INC (45-0226714) 801 PAGE DR, FARGO, ND 58103	LTERM CARE	ND	501(C)(3)	9	CHI	✓
(157) VISITING NURSE ASSOCIATION OF ST CLARE'S, INC (22-1768334) 191 WOODPORT RD, SPARTA, NJ 07871	HOME HEALTH	NJ	501(C)(3)	9	SCHS	✓
(158) WOODLANDS DOCTOR GROUP (27-4499340) 17200 ST LUKE'S WAY, STE 170, THE WOODLANDS, TX 77384	PHYSICIANS	TX	501(C)(3)	9	SLCHS	✓

Part III Identification of Related Organizations Taxable as a Partnership (continued)

(a) Name, address and EIN of related organization	(b) Primary Activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income related, unrelated, excluded from tax under sections 512-514	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocation?	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?	(k) Percentage ownership
Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes
(1) ALLEGENT HEALTH NORTHWEST IMAGING CENTER, LLC (06-1786985)	OP DIAGNOSTICS	NE	ACH	RELATED	116,752	776,649	✓	0	✓	51
(2) AUDUBON LAND COMPANY, LLC (84-15130) N ACADEMY BLVD, STE 300, COLORADO SPRINGS, CO 80918	REAL ESTATE	CO	CHIC	RELATED	34,991	8,665,388	✓	0	✓	50 1
(3) AVANTAS, LLC (39-2045003)	STAFFING OF NURSES	NE	AHBMHS	RELATED	-319,683	4,762,246	✓	-439,535	✓	95
(4) BERGAN MERCY SURGERY CENTER, LLC (20-8671994)	AMBUL SURG CTR	NE	ACH	RELATED	142,085	3,294,472	✓	0	✓	63 94
(5) BERRYWOOD OFFICE PROPERTIES, LLC (62-1875199)	PHYS OFFICE	TN	MHCS	RELATED	57,545	1,013,237	✓	0	✓	63
(6) BLUEGRASS REGIONAL IMAGING CENTER (61-1386736)	DIAGNOSTIC IMAGING	KY	SJHS	RELATED	308,428	3,317,191	✓	0	✓	65
(7) CATHOLIC HEALTH INITIATIVES PHYSICIAN SERVICES, LLC (46-2945938)	PRACTICE MGMT SRVC	DE	CHI	RELATED	2,478	4,571,498	✓	0	✓	80
(8) CENTRAL NEBRASKA HOME CARE SERVICES (47-0692112)	HEALTHCARE SRVC	NE	N/A	RELATED	-195,425	216,945	✓	-77,269	✓	100
(9) CENTRAL NEBRASKA REHAB SERVICE (81-0633461)	PHYSICAL THERAPY	NE	SFMC	RELATED	2,132,606	3,494,427	✓	0	✓	51
(10) CHI OPERATING INVESTMENT PROGRAM, LP (47-0727942)	INVESTMENTS	CO	CHI	UNRELATED	344,962,532	4,617,413,792	✓	0	✓	92 8
(11) CHIC/AMSURG SURGERY CENTERS LLC (11-1222333)	SURGERY CENTER	CO	CHIC	RELATED	0	✓	0	✓	51	
(12) HC SL VINTAGE I, LLC (27-0453767)	PROPERTY HOLDING	WI	SL CDC-V	RELATED	1,027,057	105,658,490	✓	0	✓	51
(13) HEALTHCARE SUPPORT SERVICES (72-1546196)	LAUNDRY	NE	N/A	RELATED	98,584	3,190,678	✓	97,006	✓	100
(14) HEARTLAND ONCOLOGY, LLC (22-233444)	ONCOLOGY	KS	SCH	RELATED	0	✓	0	✓	51	
(15) HIGHLINE IMAGING, LLC (20-0460005)	DIAGNOSTIC	WA	HMC	RELATED	375,761	1,784,057	✓	0	✓	80

(a) Name, address and EIN of related organization	(b) Primary Activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income related, unrelated, excluded from tax under sections 512-514	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocation	(i) Code V-B1 amount in box 20 of Schedule K-1 (Form 1065)	(k) Percentage ownership	
									Yes	No
275 SW 160TH ST, BURien, WA 98166	IMAGING									
(16) LAKESIDE AMBULATORY SURGICAL CENTER, LLC (20-4267902) 17031 LAKESIDE HILLS DR, OMAHA, NE 68130	AMBUL SURG CTR	NE	ACH	RELATED	3,465,880	1,951,221	✓	0	✓	✓
(17) LAKESIDE ENDOSCOPY CENTER, LLC (20-554496) 17001 LAKESIDE HILLS PLZ, STE 201, OMAHA, NE 68130	ENDOSCOPY SRVC	NE	ACH	RELATED	1,455,294	1,013,126	✓	0	✓	✓
(18) LINCOLN CK LEASING, LLC (26-2496856) 6003 OLD CHENEY RD, LINCOLN, NE 68516	REAL ESTATE	NE	SERMC	RELATED	574,064	425,034	✓	0	✓	✓
(19) LOUISVILLE SC, LTD (06-2119566) 3000 RIVERCHASE GALLERIA, STE 500, BIRMINGHAM, AL 35244	SURGERY CENTER	AL	SCOF	RELATED	417,359	478,373	✓	0	✓	✓
(20) NEBRASKA SPINE HOSPITAL, LLC (27-0263191) 6901 N 72ND ST, OMAHA, NE 68122	SPINE HOSPITAL	NE	ACH	RELATED	10,501,730	17,301,869	✓	0	✓	✓
(21) NORTH RIVER SURGERY CENTER, LLC (71-0799771) 2209 WILDWOOD AVE, SHERWOOD, AR 72120	AMBUL SURG CTR	AR	SVMC	RELATED	81,071	1,077,536	✓	0	✓	✓
(22) ORTHOCOLORADO, LLC (37-1577105) 80255 11650 WEST 2ND PLACE, LAKWOOD, CO 80255	ORTHO HOSPITAL	CO	THC	RELATED	1,846,183	8,411,844	✓	0	✓	✓
(23) PENINSULA RADIATION ONCOLOGY, LLC (87-0808610) 315 MLK JR WAY, STE 111, TACOMA, WA 98405	HEALTHCARE SRVC	WA	FHS	RELATED	256,567	3,262,002	✓	0	✓	✓
(24) PENRAD IMAGING (84-1072619) 1390 KELLY JOHNSON BLVD, COLORADO SPRINGS, CO 80920	MEDICAL IMAGING	CO	CHIC	RELATED	715,094	3,489,436	✓	0	✓	✓
(25) PMC HOSPITAL, LLC (27-3280598) 4600 E SAM HOUSTON PKWY, SOUTH PASADENA, TX 77505	HOSPITAL	TX	SL CDC-PMC	RELATED	1,092,540	20,751,174	✓	0	✓	✓
(26) PRAIRIE HEALTH VENTURES, LLC (20-4962103) 421 S 9TH ST, STE 102, LINCOLN, NE 68508	TECH SRVC	NE	AH-MC	RELATED	1,011,804	5,564,586	✓	68,565	✓	✓
(27) PREMIER SURGERY CENTER OF LOUISVILLE, LP (72-1378216) 3000 RIVERCHASE GALLERIA, STE 500, BIRMINGHAM, AL 35244	SURGERY CENTER	AL	SCA	RELATED	88,900	254,399	✓	0	✓	✓
(28) PUEBLO AMBULATORY SURGERY CENTER, LLC (62-1488737) 188 INVERNESS DRIVE WEST, #500, ENGLEWOOD, CO 80112	SURGERY CENTER	CO	CHIC	RELATED	0	0	✓	0	✓	✓
(29) SAINT JOSEPH - PAML, LLC (45-2116736) 424 LEWIS HARGETT CIRCLE, STE 160, LEXINGTON, KY 40503	MGMT SVCS	KY	SJHS	RELATED	-52,573	93,769	✓	0	✓	✓
(30) SAINT JOSEPH - SCA HOLDINGS, LLC (45-3801157) 1451 HARRODSBURG RD, LEXINGTON, KY 40503	OP SURGERY	DE	SJHS	RELATED	0	0	✓	0	✓	✓
(31) SAINT JOSEPH-HANC HOME CARE SERVICES (26-3330545) 1700 EDISON DR, MILFORD, OH 45150	HOME HEALTH	KY	JH	RELATED	88,608	256,606	✓	0	✓	✓

(a) Name, address and EIN of related organization	(b) Primary Activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income related, unrelated, excluded from tax under sections 512-514	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocation(s)?	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?	(k) Percentage ownership	
Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
(32) SCA PREMIER SURGERY CENTER OF LOUISVILLE, LLC (72-1386840) 200 ABRAHAM FLEXNER WAY, LOUISVILLE, KY 40202	SURGERY CENTER	KY	JH	RELATED	42,319	631,595	✓	0	✓	51	
(33) ST FRANCIS LAND COMPANY (26-3134100) 5390 N ACADEMY BLVD, STE 300, COLORADO SPRINGS, CO 80918	REAL ESTATE	CO	CHIC	RELATED	-130,967	13,823,763	✓	0	✓	51	
(34) ST FRANCIS MEDICAL CENTER ASSOCIATES (91-1352698) 1717 SOUTH J ST, TACOMA, WA 98405	MED OFFICE	WA	FHS	RELATED	238,717	19,017,063	✓	0	✓	54 21	
(35) ST LUKE'S DIAGNOSTIC CATH LAB, LLP (71-0959365) 6620 MAIN ST, STE 1520, HOUSTON, TX 77030	DIAGNOSTICS	TX	SLHS HOLDINGS	RELATED	273,448	868,814	✓	0	✓	57 3	
(36) ST LUKE'S HOSPITAL AT THE VINTAGE, LLC (26-3734516) 6624 FANNIN, STE 2505, HOUSTON, TX 77030	HOSPITAL	TX	SLHS	RELATED	-19,263,743	69,158,748	✓	0	✓	51	
(37) ST LUKE'S LAKESIDE HOSPITAL, LLC (30-0427437) 6624 FANNIN, STE 2505, HOUSTON, TX 77030	HOSPITAL	TX	SL CDC-W	RELATED	1,106,628	25,874,619	✓	0	✓	51	
(38) ST LUKE'S THE WOODLANDS SLEEP CENTER, LLC (46-2795726) 6624 FANNIN, STE 800, HOUSTON, TX 77030	DIAGNOSTICS	TX	SLHSH	RELATED	0	0	✓	0	✓	50	
(39) SUPERIOR MEDICAL IMAGING, LLC (26-2884555) 5000 NORTH 26TH ST, LINCOLN, NE 68521	OP DIAGNOSTICS	NE	SERMC	RELATED	-200,323	821,112	✓	0	✓	51	
(40) SURGERY CENTER OF LEXINGTON, LLC (62-1179539) 424 LEWIS HARGETT CIRCLE, STE 160, LEXINGTON, KY 40503	SURGERY CENTER	DE	SJHS	RELATED	-200,318	4,079,584	✓	0	✓	51	
(41) SURGERY CENTER OF LOUISVILLE, LLC (62-1179537) 200 ABRAHAM FLEXNER WAY, LOUISVILLE, KY 40202	SURGERY CENTER	KY	JH	RELATED	-15,452	396,101	✓	0	✓	51	

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust (continued)

(a) Name, address and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C-corp, S-corp or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	Yes	No
(6) CAPTIVE MANAGEMENT INITIATIVES LTD (98-0663022) PO BOX 10073, APO, GEORGETOWN, GRAND CAYMAN, KY1-1001, C.J	CAPTIVE MANAGEMENT	CJ	CHI	C CORPORATION	0	0	100	✓		
(9) CARMONA-DESO TO BUILDING HORIZONTAL PROPERTY REGIME, INC (71-0771076) 300 WERNER ST, HOT SPRINGS, AR 71913	HEALTHCARE	AR	CHI-SVHS	C CORPORATION	0	0	100	✓		
(10) CATHOLIC HEALTH INITIATIVES CENTER FOR TRANSLATIONAL RESEARCH (27-2269511) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	RESEARCH	CO	CIRI	TRUST	-2286538	1241259	100	✓		
(11) CGH REALTY COMPANY INC (23-2326801) 2500 BERNVILLE RD, READING, PA 19603	REAL ESTATE	PA	SJHM	C CORPORATION	0	0	100	✓		
(12) CHI ST. LUKES HEALTH BAYLOR COLLEGE OF MEDICINE MEDICAL CENTER CONDO ASSOC (45-5079545) 6624 FANNIN, STE 2505, HOUSTON, TX 77030	CONDOS ASSOC	TX	CHI-SLHBCM	C CORPORATION	0	0	100	✓		
(13) CLEARRIVER HEALTH (46-4495960) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	INSURANCE	TN	PHPSI	C CORPORATION	0	0	100	✓		
(14) COMCARE SERVICES INC (84-0904813) 5570 DTC PARKWAY, ENGLEWOOD, CO 80111	INACTIVE	CO	CHIC	C CORPORATION	0	0	100	✓		
(15) CONSOLIDATED HEALTH SERVICES (31-1378212) 1700 EDISON DR, MILFORD, OH 45150	HOME HEALTH	OH	CHI	C CORPORATION	-879467	52379487	100	✓		
(16) DES MOINES MEDICAL CENTER, INC (42-0837382) 1111 6TH AVE, DES MOINES, IA 50314	REAL ESTATE	IA	CHI-A CORP	C CORPORATION	67314	1064032	92 98	✓		
(17) EAST TEXAS CLINICAL SERVICES, INC (45-4736213) 2801 VIA FORTUNA, #500, AUSTIN, TX 78746	HEALTHCARE	TX	MHSET	C CORPORATION	632545	16782	100	✓		
(18) FIRST INITIATIVES INSURANCE LTD (98-0203038) PO BOX 10073, APO, GEORGETOWN, GRAND CAYMAN, KY1-1001, C.J	INSURANCE	CJ	CHI	C CORPORATION	0	0	100	✓		
(19) FRANCISCAN SERVICES, INC (23-2487967) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HEALTHCARE	CO	CHI	C CORPORATION	434854	718254	100	✓		
(20) GOOD SAMARITAN OUTREACH SERVICES (47-0659440) PO BOX 1990, KEARNEY, NE 68848	MEDICAL CLINIC	NE	CHI NEBRASKA	C CORPORATION	-7280	180468	100	✓		
(21) HEALTH SYSTEMS ENTERPRISES, INC (47-0664558) PO BOX 1990, KEARNEY, NE 68848	MGMT	NE	GSH	C CORPORATION	87278	1377820	100	✓		
(22) HEALTHCARE MGMT SERVICES ORGANIZATION, INC (91-1865474) 1717 SOUTH J ST, TACOMA, WA 98405	HEALTH ORG	WA	FHS	C CORPORATION	0	0	100	✓		
(23) HEARTLANDPLAINS HEALTH (46-4368223) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	INSURANCE	NE	PHPHI	C CORPORATION	0	0	100	✓		
(24) HIGHLINE MEDICAL GROUP (91-1586338) 15811 AMBAUM BLVD SW, STE 170, BURien, WA 98166	MEDICAL SERVICES	WA	HMC	C CORPORATION	-6049147	5689139	100	✓		
(25) MEDQUEST (45-0392137) 1602 WEST 11TH ST, WILLISTON, ND 58801	SALE OF DME	ND	MMC WILLISTON	C CORPORATION -	1152715	100	✓			
(26) MERCY PARK APARTMENTS, LTD (42-1202422) 1111 6TH AVE, DES MOINES, IA 50314	HOUSING	IA	CHI-IA CORP	C CORPORATION	273525	1937218	100	✓		
(27) MERCY SERVICES CORP (93-0824308) 2700 STEWART PARKWAY, ROSEBURG, OR 97471	RETAIL SALES	OR	MMC	C CORPORATION	0	142337	100	✓		

(a) Name, address and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C-corp, S-corp or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?
Yes	No							
(28) MHI CLINICAL SERVICES (46-1967952) 1201 W FRANK AVE, LUFKIN, TX 75904	HEALTHCARE	TX	MHSET	C CORPORATION	0	0	100	✓
(29) MOUNTAIN MANAGEMENT SERVICES, INC (62-1570739) 6028 SHALLOWFORD RD, CHATTANOOGA, TN 37421	MGMT SVC ORG	TN	MHCS	C CORPORATION	96044	6465179	100	✓
(30) NAZARETH ASSURANCE COMPANY (03-0304831) PO BOX 10073, APO, GEORGETOWN, GRAND CAYMAN, KY1-1001, C.J	INSURANCE	CJ	CHI	C CORPORATION	0	0	100	✓
(31) PATIENT TRANSPORT SERVICES, INC (31-1100798) 1700 EDISON DR, MILFORD, OH 45150	HOME HEALTH	OH	ANC	C CORPORATION	-164340	5488275	100	✓
(32) PHYSICIANHEALTH SYSTEM NETWORK (91-1746721) 1149 MARKET ST., TACOMA, WA 98402	HEALTH ORG	WA	FHS	C CORPORATION	0	0	100	✓
(33) PROMINENCE HEALTH PLAN SERVICES, INC (FKA COLLABHEALTH PLAN SERVICES, INC.) (46-1224037) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	ADMIN SERVICES	CO	PHI	C CORPORATION	-5339325	38272608	100	✓
(34) PROMINENCE HEALTH INC. (FKA COLLABHEALTH MANAGED SOLUTIONS, INC.) (46-1224038) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HOLDING CO	CO	CHI	C CORPORATION	0	23806707	100	✓
(35) QCA HEALTH PLAN, INC (71-0794605) 12615 CHENAL PARKWAY, STE 300, LITTLE ROCK, AR 72211	INSURANCE	AR	QCHI	C CORPORATION	0	0	100	✓
(36) QUALCHOICE HOLDINGS, INC (27-4075520) 12615 CHENAL PARKWAY, STE 300, LITTLE ROCK, AR 72211	HOLDING CO	AR	PHPS	C CORPORATION	0	0	100	✓
(37) QUALCHOICE LIFE AND HEALTH INSURANCE COMPANY, INC (71-0386640) 12615 CHENAL PARKWAY, STE 300, LITTLE ROCK, AR 72211	INSURANCE	AR	QCH	C CORPORATION	0	0	100	✓
(38) RIVERLINK HEALTH (46-4380824) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	INSURANCE	OH	PHPS	C CORPORATION	0	0	100	✓
(39) RIVERLINK HEALTH OF KENTUCKY, INC (46-4828332) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	INSURANCE	KY	PHPS	C CORPORATION	0	0	100	✓
(40) SAINT CLARE'S PRIMARY CARE, INC (22-2441202) 66 FORD RD, DENVILLE, NJ 07834	BILLING SERVICES	NJ	SCCC	C CORPORATION	0	0	100	✓
(41) SAMARITAN FAMILY CARE, INC (31-1298450) 40 W FOURTH ST, STE 1700, DAYTON, OH 45402	HEALTHCARE	OH	SHP	C CORPORATION	-235604	1361242	100	✓
(42) SJH SERVICES CORPORATION (23-2307408) 6624 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HEALTHCARE	CO	FSI	C CORPORATION	-197039	3331737	100	✓
(43) SJL PHYSICIAN MANAGEMENT SERVICES, INC (27-0164198) 424 LEWIS HARGETT CR, STE 160, LEXINGTON, KY 40503	MGMT	KY	SJHS	C CORPORATION	0	0	100	✓
(44) SLMT PARKING, INC (76-0637140) 6624 FANNIN, STE 800, HOUSTON, TX 77030	PARKING	TX	SLHS	C CORPORATION	1117934	13768221	100	✓
(45) SOUNDPATH HEALTH, INC (42-1720801) 32129 WEYERHAUSER WAY S, STE 201, FEDERAL WAY, WA 98001	INSURANCE	WA	PHPS	C CORPORATION	-154741	10976973	62	✓
(46) ST. ANTHONY DEVELOPMENT COMPANY (93-1216943) 1415 SOUTHGATE, PENDLETON, OR 97301	ATHLETIC CLUB	OR	SAH	C CORPORATION	114663	2936102	100	✓
(47) ST. JOSEPH DEVELOPMENT COMPANY, INC (91-1480569) 1717 SOUTH J ST, TACOMA, WA 98405	RENTAL	WA	FSI	C CORPORATION	63164	11845439	100	✓

(a) Name, address and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C-corp, S-corp or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?
Yes	No							
(48) ST JOSEPH OFFICE PARK ASSOCIATION (61-1079899) 1401 HARRODSBURG RD, BLDG B70, LEXINGTON, KY 40504	MGMT	KY	SJHS	C CORPORATION	0	882139	85	✓
(49) ST LUKE'S 6620 MAIN CONDOMINIUM ASSOCIATION (30-0355517) 6624 FANNIN, STE 2505, HOUSTON, TX 77030	CONDOSOC	TX	SLPC	C CORPORATION	0	0	100	✓
(50) ST LUKE'S ANESTHESIOLOGY ASSOCIATES (46-1517163) 6624 FANNIN, STE 1100, HOUSTON, TX 77030	MEDICAL CLINIC	TX	CHI-SLH	C CORPORATION	0	0	100	✓
(51) ST LUKE'S EPISCOPAL HOSPITAL PHYSICIAN HOSPITAL ORGANIZATION, INC (76-0377932) 6720 BERTNER, MC4-262, HOUSTON, TX 77030	PHO	TX	CHI-SLH	C CORPORATION	6	0	60	✓
(52) ST LUKE'S HEALTH HOLDINGS, INC (FKA SLEHS HOLDINGS, INC) (76-0637138) 6624 FANNIN, STE 800, HOUSTON, TX 77030	HOLDING CO	TX	SLHS	C CORPORATION	1425313	33114103	100	✓
(53) ST LUKE'S MEDICAL ARTS CENTER I CONDOMINIUM ASSOCIATION (30-0355518) 6624 FANNIN, STE 2505, HOUSTON, TX 77030	CONDOSOC	TX	SLPC	C CORPORATION	0	0	100	✓
(54) ST LUKE'S MEDICAL TOWER CONDOMINIUM ASSOCIATION (76-0298751) 6624 FANNIN, STE 2505, HOUSTON, TX 77030	CONDOSOC	TX	SLMTC	C CORPORATION	0	0	100	✓
(55) ST VINCENT COMMUNITY HEALTH SERVICES, INC (71-0710785) TWO ST VINCENT CIRCLE, LITTLE ROCK, AR 72205	HEALTHCARE	AR	SVIMC	C CORPORATION	2408638	15225732	100	✓
(56) STABLEVIEW HEALTH, INC (46-4313713) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	INSURANCE	KY	PHPS	C CORPORATION	0	0	100	✓
(57) SUGAR LAND DOCTOR GROUP (45-4270163) 1317 LAKE POINTE PARKWAY, SUGAR LAND, TX 77478	MEDICAL CLINIC	TX	SLCDC-SL	C CORPORATION	0	0	100	✓
(58) THE TEXAS HEART INSTITUTE AT ST LUKE'S EPISCOPAL HOSPITAL DENTON A COOLEY BUILDING CONDOMINIUM ASSOCIATION (90-0064009) 6624 FANNIN, STE 2505, HOUSTON, TX 77030	CONDOSOC	TX	CHI-SLH	C CORPORATION	0	0	100	✓
(59) TOWSON MANAGEMENT, INC (52-1170750) 7601 OSLER DR, TOWSON, MD 21204	MGMT SERVICES	MD	FSI	C CORPORATION	516457	197196	100	✓

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

**Catholic Health Initiatives
Years Ended June 30, 2014 and 2013
With Report of Independent Auditors**

Ernst & Young LLP



**Building a better
working world**

Catholic Health Initiatives
Consolidated Financial Statements
and Supplemental Information
Years Ended June 30, 2014 and 2013

Contents

Report of Independent Auditors.....	1
Consolidated Financial Statements	
Consolidated Balance Sheets	3
Consolidated Statements of Operations	5
Consolidated Statements of Changes in Net Assets	6
Consolidated Statements of Cash Flows.....	7
Notes to Consolidated Financial Statements.....	8
Supplemental Information	
Report of Independent Auditors on Supplemental Information	51
Consolidating Balance Sheet	52
Consolidating Statement of Operations	54

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (Check all that apply)					(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee			
(26) MICHAEL H ANDERSON	50			✓			117,954	0	34,592
CHIEF MEDICAL OFFICER	0								
(27) PAMELA ANN MARSHALL	50			✓			166,418	0	19,530
EXECUTIVE DIRECTOR & CNO	0								
(28) MARIEL KAGAN	50				✓		499,313	0	51,279
VP & CHIEF LEGAL OFFICER	0								
(29) JAMES T CLEMEN	50					✓	694,285	0	32,455
PHYSICIAN	0								
(30) RAPIN CHAI JKANITHANON	50					✓	691,540	0	33,379
PHYSICIAN	0								
(31) ROBERT C KING	50					✓	583,630	0	33,379
PHYSICIAN	2								
(32) MALCOLM W WINTER	50					✓	562,155	0	33,379
PHYSICIAN	0								
(33) GEORGE ALBERT BERNI	50					✓	558,793	0	33,379
PHYSICIAN	0								
(34) SANDON K SAFFIER	0						126,912	0	4,528
FORMER VP, CMO	0					✓			

Part IV

Supplemental Information Complete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; and Part II-B, line 1i. Also, complete this part for any additional information.

Return Reference	Identifier	Explanation
SCHEDULE C, PART II-B, LINE 1	DESCRIPTION OF THE ACTIVITIES REPORTED ON LINES 1A THROUGH 1I	A PORTION OF THE MEMBERSHIP DUES PAID TO WASHINGTON STATE HOSPITAL ASSOCIATION AND AMERICAN HOSPITAL ASSOCIATION WERE EXPENDED FOR LOBBYING ACTIVITIES

Part XIII

Supplemental Information Complete this part to 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.

Part IV

Supplemental Information Complete this part to provide the information required in Part I, line 2, and any other additional information.

Return Reference	Identifier	Explanation
SCHEDULE I, PART I, LINE 2	PROCEDURES FOR MONITORING USE OF GRANT FUNDS	<p>SUPPORT IS PROVIDED TO HARRISON MEDICAL CENTER FOUNDATION IN THE FORM OF SALARIES AND BENEFITS FOR SEVERAL STAFF MEMBERS. HARRISON MEDICAL CENTER REVIEWS THE RECORDS AND PREPARES THE FINANCIAL STATEMENTS OF THE FOUNDATION</p> <p>WHEN CONSIDERING FINANCIAL DONATIONS TO OTHER ORGANIZATIONS, HARRISON MEDICAL CENTER FOCUSES ON THREE AREAS: HEALTH AND WELLNESS PROGRAMS THAT ENHANCE OPPORTUNITIES FOR FAMILIES IN KITSAP COUNTY, SPORTS PROGRAMS THAT SUPPORT HEALTHY, ACTIVE LIFESTYLES, AND BUSINESS DEVELOPMENT OPPORTUNITIES THAT EXPAND THE WELLNESS COMPONENT OF OUR SERVICES. WE BELIEVE OUR EMPLOYEES ARE THE BEST RESOURCE WE CAN OFFER OUR COMMUNITIES AND THEREFORE WE ALSO SUPPORT ORGANIZATIONS IN WHICH THEY ARE ACTIVE VOLUNTEERS.</p>

Part III

Supplemental Information Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

Return Reference	Identifier	Explanation
SCHEDULE J, PART I, LINE 1A	TRAVEL FOR COMPANIONS	COMPANION TRAVEL IS AVAILABLE TWICE A YEAR FOR THE CEO'S SPOUSE, PER THE EMPLOYMENT AGREEMENT, AND IS TREATED AS TAXABLE COMPENSATION
SCHEDULE J, PART I, LINE 4B	SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN	THE FOLLOWING INDIVIDUALS PARTICIPATED IN OR RECEIVED PAYMENTS FROM A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN MIKE FITZGERALD - \$37,371
SCHEDULE J, PART I, LINE 6A	DEFERRED COMPENSATION	AS PART OF THE EXECUTIVE BENEFITS PACKAGE AVAILABLE TO EXECUTIVES AND ONE PHYSICIAN, THERE IS A PROVISION THAT A CERTAIN PERCENTAGE OF THEIR ANNUAL BASE COMPENSATION CAN BE USED FOR THE PURCHASE OF ADDITIONAL BENEFITS (E G , LIFE INSURANCE, LONG TERM CARE INSURANCE, ETC) OR BE DEFERRED AS AN AT RISK (SUBJECT TO RISK RULES, AS DEFINED) NO PART OF THIS ADDITIONAL BENEFIT IS PREDICATED ON THE EARNINGS OF HARRISON MEDICAL CENTER AT RISK COMPENSATION AN AT RISK COMPENSATION PLAN IS ALSO IN PLACE FOR SENIOR EXECUTIVES (VICE PRESIDENT LEVEL AND THE CEO) THIS PLAN, WHICH PLACES A PORTION OF EACH EXECUTIVE'S OVERALL COMPENSATION AT RISK, IS PREMISED ON A SERIES OF GOALS THAT RANGE FROM QUALITY TO FINANCIAL PERFORMANCE WHILE A TRIGGER DOES EXIST IN THE PLAN THAT THE OPERATING BUDGET FOR THE FISCAL YEAR MUST BE MET, NO PART OF THE INCENTIVE IS COMPUTED AS A PERCENTAGE OF OPERATING INCOME THE TARGETS ARE ADJUSTED EACH YEAR BY THE BOARD OF DIRECTORS, DEPENDENT ON THE ORGANIZATIONAL OBJECTIVES FOR THE YEAR
SCHEDULE J, PART I, LINE 7	NON-FIXED PAYMENTS	PHYSICIANS ROBERT C KING, JOSEPH LOWELL JOHNSON, DENNIS MICHAEL WILLERFORD, GEORGE ALBERT BERNI, MANAS JAIN, THOMAS MEEKS AND MALCOLM W WINTER RECEIVED PAYMENTS PURSUANT TO THE PHYSICIAN PRODUCTIVITY INVENTIVE PLAN
SCHEDULE J, PART II, COLUMN (B)(III)	OTHER REPORTABLE COMPENSATION	OTHER REPORTABLE COMPENSATION INCLUDES AMOUNTS OF PAID TIME OFF THAT WERE CASHED IN, BUT MAY HAVE BEEN EARNED IN A PRIOR YEAR

Return Reference	Identifier	Explanation										
		AND KEY EMPLOYEE COMPENSATION LEVELS, EXECUTIVE AND KEY EMPLOYEE COMPENSATION WAS REVIEWED BY THE BOARD'S EXECUTIVE COMMITTEE THE LAST INDEPENDENT CONSULTANT SALARY REVIEW WAS ON 4/10/2012										
FORM 990, PART VI, SEC C, LINE 19	REQUIRED DOCUMENTS AVAILABLE TO THE PUBLIC	THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE NOT MADE AVAILABLE TO THE GENERAL PUBLIC										
FORM 990 , PART XI, LINE 9	OTHER CHANGES IN NET ASSETS OR FUND BALANCES	<table border="1"> <thead> <tr> <th>(a) Description</th> <th>(b) Amount</th> </tr> </thead> <tbody> <tr> <td>CHANGE IN EQUITY OF UNCONSOLIDATED ORGANIZATIONS</td> <td>102,859</td> </tr> <tr> <td>TO RECORD AFFILIATION</td> <td>- 228,902,407</td> </tr> <tr> <td>OTHER CHANGES IN NET ASSETS</td> <td>- 931,782</td> </tr> <tr> <td>RE-RECORDING OF FUND BALANCE</td> <td>5,342,638</td> </tr> </tbody> </table>	(a) Description	(b) Amount	CHANGE IN EQUITY OF UNCONSOLIDATED ORGANIZATIONS	102,859	TO RECORD AFFILIATION	- 228,902,407	OTHER CHANGES IN NET ASSETS	- 931,782	RE-RECORDING OF FUND BALANCE	5,342,638
(a) Description	(b) Amount											
CHANGE IN EQUITY OF UNCONSOLIDATED ORGANIZATIONS	102,859											
TO RECORD AFFILIATION	- 228,902,407											
OTHER CHANGES IN NET ASSETS	- 931,782											
RE-RECORDING OF FUND BALANCE	5,342,638											

Part IV**Business Transactions Involving Interested Persons (continued)**

(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) PATHOLOGY ASSOCIATION OF KITSAP	PARTNERSHIP MORE THAN 5% OWNED BY GREGORY HENDERSON, MD, TRUSTEE	931,469	ANATOMIC PATHOLOGY SERVICES AGREEMENT AND LAB DIRECTOR SERVICES		✓

Part VI**Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, 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 needs assessments 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

Return Reference	Identifier	Explanation
SCHEDULE H, PART I, LINE 7, COL(F)	BAD DEBT EXPENSE EXCLUDED FROM FINANCIAL ASSISTANCE CALCULATION	0
SCHEDULE H, PART II	COMMUNITY BUILDING ACTIVITIES	<p>HARRISON MEDICAL CENTER VALUES THE RELATIONSHIPS IT MAINTAINS WITH THE COMMUNITY AND COMMUNITY ORGANIZATIONS THERE ARE NUMEROUS COMMUNITY BASED SUPPORT GROUPS, WHICH MEET AT HARRISON ON A REGULAR BASIS USING THE MEDICAL CENTER'S MEETING ROOMS AT NO CHARGE THE FACILITATORS OF THESE GROUPS ARE OFTEN TRAINED PROFESSIONALS OF THE MEDICAL CENTER. THESE GROUPS INCLUDE DIABETES SUPPORT FOR CHILDREN AND PARENTS, ALZHEIMER'S SUPPORT GROUP, SMOKING CESSION SUPPORT GROUP, AMPUTEE SUPPORT, LUPUS SUPPORT, WOMEN'S CARDIAC HEALTH & CANCER PROGRAM, CANCER EDUCATION SUPPORT, LOOK GOOD AND FEEL BETTER SUPPORT, SLEEP APNEA SUPPORT, BETTER BREATHERS CLUB, PARKINSON'S, STROKE SUPPORT GROUP, SURVIVOR'S OF SUICIDE SUPPORT GROUP, THERAPEUTIC YOGA SUPPORT, HEARING SUPPORT GROUP, ARIAN/GYNECOLOGICAL CANCER SUPPORT, BARIATRIC SURGERY SUPPORT, COMPASSIONATE FRIENDS SUPPORT, BREAST CANCER SUPPORT, TRAUMATIC BRAIN INJURY SUPPORT, WOMEN WITH CANCER SUPPORT, MEN'S CANCER SUPPORT GROUP, PERINATAL LOSS SUPPORT GROUP, HEART AND VASCULAR SUPPORT, KIDS CARE SUPPORT, LAP-BAND SUPPORT, ANCHOR SENIOR SUPPORT, AND ORTHOPEDIC SUPPORT</p> <p>HARRISON MEDICAL CENTER'S SOCIAL WORKERS PROVIDE OVER 250 HOURS PER YEAR OF ASSISTANCE TO COMMUNITY MEMBERS WITH QUESTIONS REGARDING SERVICES OUTSIDE OF HMC AND ANOTHER 300 HOURS PER YEAR OF ASSISTANCE TO HELP PATIENTS' ACCESS AVAILABLE SERVICES WITHIN HARRISON. SOCIAL WORKERS FREQUENTLY ARRANGE TRANSPORTATION FOR PATIENTS AND THEIR FAMILIES WHO LACK RESOURCES, PROCURE URGENTLY REQUIRED DISCHARGE MEDICATIONS TO LOW INCOME PATIENTS, PROVIDE SOCIAL WORK SERVICES FOR UNBILLED OUTPATIENT COUNSELING FOR RADIATION ONCOLOGY AND REHAB PATIENTS, AND THE SOCIAL WORK DIRECTOR SPENDS VOLUNTEER TIME EACH MONTH WORKING WITH COMMUNITY GROUPS ON MUTUAL PROJECTS AND SERVING ON VARIOUS COMMUNITY BOARDS</p> <p>HARRISON MEDICAL CENTER RECRUTS PHYSICIANS TO FILL UNMET NEEDS IN THE COMMUNITY. ANALYSIS OF THE NUMBER AND TYPE OF PHYSICIANS AND MID-LEVEL PROVIDERS IS USED TO EVALUATE ACCESS TO PRIMARY AND SPECIALTY CARE PROVIDERS IN THE COMMUNITY. WHERE GAPS EXIST, HARRISON WORKS WITH OUR PHYSICIAN PARTNERS TO RECRUT NEW PROVIDERS TO MEET THE GAPS IDENTIFIED BY THE ANALYSIS</p>
SCHEDULE H, PART III, LINE 4	BAD DEBT EXPENSE - FINANCIAL STATEMENT FOOTNOTE	<p>THE PROVISION FOR BAD DEBTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS, TAKING INTO CONSIDERATION HISTORICAL BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTH CARE OVERAGE, AND OTHER COLLECTION INDICATORS. MANAGEMENT ROUTINELY ASSESSES THE ADEQUACY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED UPON HISTORICAL WRITE-OFF EXPERIENCE BY PAYOR CATEGORY. THE RESULTS OF THESE REVIEWS ARE USED TO MODIFY, AS NECESSARY, THE PROVISION FOR BAD DEBTS AND TO ESTABLISH APPROPRIATE ALLOWANCES FOR UNCOLLECTIBLE NET PATIENT ACCOUNTS RECEIVABLE. AFTER SATISFACTION OF AMOUNTS DUE FROM INSURANCE, CHI FOLLOWS ESTABLISHED GUIDELINES FOR PLACING CERTAIN BALANCES WITH COLLECTION AGENCIES, SUBJECT TO THE TERMS OF CERTAIN RESTRICTIONS ON COLLECTION EFFORTS AS DETERMINED BY EACH FACILITY. THE PROVISION FOR BAD DEBTS IS PRESENTED ON THE CONSOLIDATED STATEMENTS OF OPERATIONS AS A DEDUCTION FROM PATIENT SERVICES REVENUES (NET OF CONTRACTUAL ALLOWANCES AND DISCOUNTS) SINCE CHI ACCEPTS AND TREATS SUBSTANTIALLY ALL PATIENTS WITHOUT REGARD TO THE ABILITY TO PAY</p>
SCHEDULE H, PART III, LINE 8	COMMUNITY BENEFIT & METHODOLOGY FOR DETERMINING MEDICARE COSTS	<p>HARRISON USES THE MEDICARE COST REPORT TO ALIGN REVENUE WITH EXPENSES FOR EACH ESTABLISHED MEDICARE DEFINED COST CENTER BY USING THE STEP-DOWN METHOD OF COST ALLOCATION. HOSPITAL GENERAL LEDGER DEPARTMENTS ARE GROUPED INTO MEDICARE-DEFINED COST CENTERS. EXPENSES ARE OFFSET BY OTHER OPERATING REVENUES TO EXCLUDE SERVICES UNRELATED TO PATIENT CARE. KEY STATISTICS ARE USED TO ALLOCATE THE COSTS TO THE MAJOR FUNCTION SERVICES</p> <p>ADJUSTMENTS TO CREATE A BETTER MATCHING OF REVENUES AND COSTS ARE PERFORMED AS NEEDED. NON-PATIENT INCOME IS OFFSET AGAINST THE ASSOCIATED NON-PATIENT CARE EXPENSES ASSOCIATED WITH THE SERVICES. IN ADDITION, PROFESSIONAL SERVICES PROVIDED BY PHYSICIANS ARE EXCLUDED ONCE THE GENERAL LEDGER HAS BEEN ADJUSTED</p>

Return Reference	Identifier	Explanation
		<p>FOR THE RECLASSIFICATIONS AND INCOME OFFSETS, THE EXPENSES ARE ALLOCATED USING THE STEP-DOWN METHOD. THE STEP-DOWN METHOD ALLOCATES THE COST OF EACH COST CENTER, AS WELL AS THE COSTS STEPPED DOWN TO IT, TO THE MAJOR FUNCTIONAL SERVICES</p> <p>OVERHEAD, CAPITAL COSTS, DEPRECIATION, AND INTEREST ARE ALLOCATED BASED ON COST CENTER KEY STATISTICS. IN THE STEP-DOWN ALLOCATION PROCESS, COSTS WILL ACCUMULATE FROM PREVIOUSLY STEPPED DOWN COST CENTERS. THE ACCUMULATED COST FOR EACH COST CENTER WILL BE STEPPED DOWN USING ITS SPECIFIC STATISTIC. THE NEXT GROUP OF COST CENTERS TO BE ALLOCATED IS THE ANCILLARY COST CENTERS, WHICH ARE STEPPED DOWN BASED ON GROSS CHARGES PROVIDED TO EACH FUNCTIONAL SERVICE. THE FINAL RESULT PROVIDES FULLY ALLOCATED COSTS TO THE MAJOR FUNCTIONAL SERVICES, SUCH AS MEDICAL SURGICAL INPATIENTS, OBSTETRICS AND EMERGENCY DEPARTMENTS</p> <p>HARRISON MEDICAL CENTER CONSIDERS THE MEDICARE SHORTFALL TO BE COMMUNITY BENEFIT. THE IRS REVENUE RULING 69-545, WHICH ESTABLISHED THE COMMUNITY BENEFIT STANDARD FOR NON-PROFIT HOSPITALS, STATES THAT PROVISION OF SERVICES TO PATIENTS WITH GOVERNMENT HEALTH BENEFITS, INCLUDING MEDICARE, IS AN INDICATION THAT THE HOSPITAL OPERATES TO PROMOTE THE HEALTH OF THE COMMUNITY. THE PROVISION OF CARE TO THE ELDERLY AND THE MEDICARE SHORTFALLS ASSOCIATED WITH PROVIDING THAT CARE MUST BE ABSORBED BY THE HOSPITAL. MEDICARE REVENUE ACCOUNTS FOR APPROXIMATELY 50% OF THE TOTAL HOSPITAL REVENUE FOR HARRISON. IF THE SHORTFALL FOR THESE SERVICES ARE NOT PROVIDED BY HARRISON AND OTHER TAX EXEMPT HOSPITALS, OTHER COMMUNITY RESOURCES WOULD BE NEEDED TO PROVIDE CARE TO THE ELDERLY</p>
SCHEDULE H, PART III, LINE 9B	COLLECTION PRACTICES FOR PATIENTS ELIGIBLE FOR FINANCIAL ASSISTANCE	<p>HARRISON MEDICAL CENTER'S DEBT COLLECTION POLICY APPLIES TO BOTH PATIENTS WHO QUALIFY FOR FINANCIAL ASSISTANCE AND TO PATIENTS WHO ARE FINANCIALLY UNABLE TO PAY A MEDICAL BILL BUT DON'T QUALIFY FOR MEDICAL ASSISTANCE PROGRAMS. SINCE THE PROVISION OF CARE IS NOT DEPENDENT ON ONE'S ABILITY TO PAY, HARRISON WILL PROVIDE FREE CARE TO PATIENTS THAT QUALIFY FOR FINANCIAL ASSISTANCE. THE PATIENT OR GUARANTOR MUST PROVIDE THE FOLLOWING INFORMATION IN ORDER FOR HARRISON TO DETERMINE IF THE PATIENT QUALIFIES FOR ASSISTANCE AND AT WHAT LEVEL:</p> <ul style="list-style-type: none"> A A COMPLETED HARRISON MEDICAL CENTER FINANCIAL ASSISTANCE APPLICATION B MOST CURRENT W-2 WITHHOLDING STATEMENTS C MOST RECENT FEDERAL AND STATE INCOME TAX FORMS D PROOF OF INCOME (PAYCHECK STUBS, UNEMPLOYMENT CHECK STUBS, LETTER FROM EMPLOYER, STATEMENT OF MONTHLY SOCIAL SECURITY BENEFITS, ETC.) E IF SELF-EMPLOYED, A PROFIT AND LOSS STATEMENT MUST BE PROVIDED F DOCUMENTATION REGARDING APPROVAL OR DENIAL OF UNEMPLOYMENT BENEFITS, WORKERS COMPENSATION, OR (STATE) DEPARTMENT OF HUMAN SERVICES G CHECKING AND SAVINGS ACCOUNT STATEMENTS FOR THE PAST 3 MONTHS <p>CONSIDERATION FOR FINANCIAL ASSISTANCE (CHARITY CARE) IS BASED ON THE FINANCIAL STATUS OF THE PATIENT AND GUARANTOR IN COMPARISON WITH THE MOST CURRENT U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES FEDERAL INCOME POVERTY GUIDELINES AND THAT ALL OTHER SOURCES OF PAYMENT HAVE BEEN EXHAUSTED</p>
SCHEDULE H, PART V, SECTION B, LINE 11	HARRISON MEDICAL CENTER	<p>FEDERAL POVERTY GUIDELINE 100% = 100% DISCOUNT FEDERAL POVERTY GUIDELINE 200% = 52% DISCOUNT FEDERAL POVERTY GUIDELINE 300% = 38% DISCOUNT</p>
SCHEDULE H, PART VI, LINE 3	PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	<p>FINANCIAL ASSISTANCE INFORMATION AND APPLICATIONS ARE AVAILABLE AT EACH HARRISON MEDICAL CENTER LOCATION. CONSISTENT WITH OUR POLICY, PATIENTS THAT DO PRESENT FOR SERVICES AS SELF-PAY OR INSURED ARE OFFERED AN OPPORTUNITY TO APPLY FOR OUR FINANCIAL ASSISTANCE PROGRAM. APPLICATIONS ARE AVAILABLE IN BOTH ENGLISH AND SPANISH, WHILE INTERPRETERS ARE OFFERED AT NO COST TO HELP PROVIDE INFORMATION TO OTHER NON-ENGLISH SPEAKING FAMILIES. THIS SAME INFORMATION IS ALSO AVAILABLE ON THE HOSPITAL'S WEB SITE. DURING THE PREVIOUS YEAR, HARRISON MEDICAL CENTER PROCESSED OVER 13,000 FINANCIAL ASSISTANCE APPLICATIONS. ONCE AN APPLICATION IS RECEIVED, OUR FINANCIAL ASSISTANCE SPECIALIST REVIEWS THE APPLICATION AND CONTACTS THE PATIENT FOR ADDITIONAL INFORMATION IF NEEDED. WE ALSO HAVE PATIENT ACCOUNTS SPECIALISTS AVAILABLE TO MEET WITH PATIENTS AND/OR THEIR FAMILIES TO HELP COMPLETE THE APPLICATION IF NEEDED. IF THE APPLICANT DOES NOT QUALIFY FOR OTHER STATE PROGRAMS THEN THE APPLICATION WILL BE PROCESSED AND APPROVED BASED UPON FEDERAL POVERTY GUIDELINES</p>
SCHEDULE H, PART VI, LINE 4	COMMUNITY INFORMATION	<p>HARRISON'S PRIMARY MARKET AREA, KITSAP COUNTY, HAS A POPULATION IN EXCESS OF 250,000, WITH OVER 15 PERCENT OF THE COUNTY'S RESIDENTS 65 YEARS OF AGE OR OLDER</p>
SCHEDULE H, PART VI, LINE 5	PROMOTION OF COMMUNITY HEALTH	<p>HARRISON MEDICAL CENTER PROMOTES THE HEALTH OF THE COMMUNITY IN MANY WAYS. HARRISON'S OPEN MEDICAL STAFF PRACTICES IN SIX LOCATIONS THROUGHOUT KITSAP, CLALLAM, & MASON COUNTIES, PROVIDES PRIMARY AND URGENT CARE AS WELL AS ADVANCED SPECIALTY CARE. IN AN EFFORT TO "LEAD BY EXAMPLE", OUR DIETARY AND FRESH START PROGRAMS CREATED A WELLNESS PROGRAM FOR EMPLOYEES. THE PROGRAM OFFERS GROUP EXERCISE CLASSES, PERSONALIZED DIETARY AND ACTIVITY PLANS, ONLINE COMMUNITY FORUMS, AND HEALTH SCREENINGS ALL MEANT TO ENABLE EMPLOYEES TO LEAD HEALTHIER LIVES. IN ADDITION, HARRISON MEDICAL ALSO OFFERS A NURSING RESIDENCY PROGRAM DESIGNED TO AID THE TRANSITION OF NURSING STUDENTS TO STAFF NURSES PROVIDING CARE FOR PATIENTS AT THE BEDSIDE. FURTHER, HARRISON OFFERS A MULTITUDE OF HEALTH EDUCATION AND SUPPORT CLASSES FOR THE COMMUNITY.</p> <p>HARRISON MEDICAL CENTER VALUES THE RELATIONSHIPS IT MAINTAINS WITH THE COMMUNITY AND COMMUNITY ORGANIZATIONS. THERE ARE NUMEROUS COMMUNITY BASED SUPPORT GROUPS, WHICH MEET AT HARRISON ON A REGULAR BASIS USING THE MEDICAL CENTER'S MEETING ROOMS AT NO CHARGE. THE FACILITATORS OF THESE GROUPS ARE</p>

Return Reference	Identifier	Explanation
		<p>OFTEN TRAINED PROFESSIONALS OF THE MEDICAL CENTER. THESE GROUPS INCLUDE DIABETES SUPPORT FOR CHILDREN AND PARENTS, ALZHEIMER'S SUPPORT GROUP, SMOKING CESSATION SUPPORT GROUP, AMPUTEE SUPPORT, LUPUS SUPPORT, WOMEN'S CARDIAC HEALTH & CANCER PROGRAM, CANCER EDUCATION SUPPORT, LOOK GOOD AND FEEL BETTER SUPPORT, SLEEP APNEA SUPPORT, BETTER BREATHERS CLUB, PARKINSON'S, STROKE SUPPORT GROUP, SURVIVOR'S OF SUICIDE SUPPORT GROUP, THERAPEUTIC YOGA SUPPORT, HEARING SUPPORT GROUP, OVARIAN/GYNECOLOGICAL CANCER SUPPORT, BARIATRIC SURGERY SUPPORT, COMPASSIONATE FRIENDS SUPPORT, BREAST CANCER SUPPORT, TRAUMATIC BRAIN INJURY SUPPORT, WOMEN WITH CANCER SUPPORT, MEN'S CANCER SUPPORT GROUP, PERINATAL LOSS SUPPORT GROUP, HEART AND VASCULAR SUPPORT, KIDS CARE SUPPORT, LAP-BAND SUPPORT, ANCHOR SENIOR SUPPORT, AND ORTHOPEDIC SUPPORT</p> <p>HARRISON MEDICAL CENTER'S SOCIAL WORKERS PROVIDE ASSISTANCE TO COMMUNITY MEMBERS WITH QUESTIONS REGARDING SERVICES OUTSIDE AND INSIDE OF HARRISON MEDICAL CENTER. SOCIAL WORKERS FREQUENTLY ARRANGE TRANSPORTATION FOR PATIENTS AND THEIR FAMILIES WHO LACK RESOURCES, PROCURE URGENTLY REQUIRED DISCHARGE MEDICATIONS TO LOW INCOME PATIENTS, PROVIDE SOCIAL WORK SERVICES FOR UNBILLED OUTPATIENT COUNSELING FOR RADIATION ONCOLOGY AND REHAB PATIENTS, AND THE SOCIAL WORK DIRECTOR SPENDS VOLUNTEER TIME EACH MONTH WORKING WITH COMMUNITY GROUPS ON MUTUAL PROJECTS AND SERVING ON VARIOUS COMMUNITY BOARDS. HARRISON MEDICAL CENTER RECRUITS PHYSICIANS TO FILL UNMET NEEDS IN THE COMMUNITY. ANALYSIS OF THE NUMBER AND TYPE OF PHYSICIANS AND MID-LEVEL PROVIDERS IS USED TO EVALUATE ACCESS TO PRIMARY AND SPECIALTY CARE PROVIDERS IN THE COMMUNITY. WHERE GAPS EXIST, HARRISON WORKS WITH OUR PHYSICIAN PARTNERS TO RECRUIT NEW PROVIDERS TO MEET THE GAPS IDENTIFIED BY THE ANALYSIS</p>



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Report of Independent Auditors

The Board of Stewardship Trustees
Catholic Health Initiatives

We have audited the accompanying consolidated financial statements of Catholic Health Initiatives, which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Catholic Health Initiatives at June 30, 2014 and 2013, and the consolidated results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

September 17, 2014

Catholic Health Initiatives

Consolidated Balance Sheets
(*In Thousands*)

	June 30	
	2014	2013
Assets		
Current assets:		
Cash and equivalents	\$ 1,042,748	\$ 609,226
Net patient accounts receivable, less allowances for bad debt of \$924,395 and \$858,394 at 2014 and 2013, respectively	1,997,468	1,755,348
Other accounts receivable	286,673	197,917
Current portion of investments and assets limited as to use	24,732	11,697
Inventories	271,664	247,720
Assets held for sale	202,066	215,777
Prepaid and other	<u>197,668</u>	<u>137,776</u>
Total current assets	<u>4,023,019</u>	<u>3,175,461</u>
Investments and assets limited as to use:		
Internally designated for capital and other funds	5,310,967	5,452,023
Mission and ministry fund	137,099	121,109
Capital resource pool	515,338	416,938
Held by trustees	53,574	16,726
Held for insurance purposes	828,078	825,885
Restricted by donors	<u>296,472</u>	<u>266,325</u>
Total investments and assets limited as to use	<u>7,141,528</u>	<u>7,099,006</u>
Property and equipment, net	8,942,520	7,786,240
Deferred financing costs	43,074	36,557
Investments in unconsolidated organizations	608,088	416,816
Intangible assets and goodwill, net	553,462	364,751
Notes receivable and other	500,886	430,888
Total assets	<u>\$ 21,812,577</u>	<u>\$ 19,309,719</u>

	June 30	
	2014	2013
Liabilities and net assets		
Current liabilities:		
Compensation and benefits	\$ 679,575	\$ 600,837
Third-party liabilities, net	123,804	110,571
Accounts payable and accrued expenses	1,446,233	1,066,930
Liabilities held for sale	104,117	91,412
Variable-rate debt with self liquidity	521,455	321,455
Commercial paper and current portion of debt	<u>711,408</u>	<u>749,617</u>
Total current liabilities	<u>3,586,592</u>	<u>2,940,822</u>
Pension liability	496,358	472,852
Self-insured reserves and claims	634,718	616,652
Other liabilities	831,615	698,283
Long-term debt	<u>7,146,399</u>	<u>6,334,985</u>
Total liabilities	<u>12,695,682</u>	<u>11,063,594</u>
Net assets:		
Net assets attributable to CHI	8,289,188	7,769,310
Net assets attributable to noncontrolling interests	469,296	175,663
Unrestricted	<u>8,758,484</u>	<u>7,944,973</u>
Temporarily restricted	265,639	214,524
Permanently restricted	<u>92,772</u>	<u>86,628</u>
Total net assets	<u>9,116,895</u>	<u>8,246,125</u>
Total liabilities and net assets	<u><u>\$ 21,812,577</u></u>	<u><u>\$ 19,309,719</u></u>

See accompanying notes.

Catholic Health Initiatives

Consolidated Statements of Operations
(*In Thousands*)

	Year Ended June 30	
	2014	2013
Revenues		
Net patient services revenues before provision for doubtful accounts	\$ 13,372,955	\$ 10,714,455
Provision for doubtful accounts	(965,711)	(821,465)
Net patient services revenues	<u>12,407,244</u>	<u>9,892,990</u>
 Nonpatient		
Donations	32,366	31,089
Changes in equity of unconsolidated organizations	26,922	19,056
Investment income used for operations	101,874	66,529
Gains on business combinations	421,955	76,425
Hospital nonpatient revenues	294,021	209,413
Insurance premium revenues	171,465	50,503
Other	432,826	362,220
Total nonpatient revenues	<u>1,481,429</u>	<u>815,235</u>
Total operating revenues	<u>13,888,673</u>	<u>10,708,225</u>
 Expenses		
Salaries and wages	5,554,984	4,424,404
Employee benefits	1,072,850	970,824
Purchased services, medical professional fees, consulting and legal	1,945,579	1,361,778
Supplies	2,346,879	1,832,984
Utilities	197,479	152,979
Rentals, leases, maintenance and insurance	875,833	616,683
Depreciation and amortization	698,772	555,064
Interest	235,440	164,353
Other	857,334	624,756
Total operating expenses before restructuring, impairment and other losses	<u>13,785,150</u>	<u>10,703,825</u>
 Income from operations before restructuring, impairment and other losses	103,523	4,400
Restructuring, impairment, and other losses	<u>117,514</u>	<u>59,343</u>
 Loss from operations	(13,991)	(54,943)
 Nonoperating gains (losses)		
Investment income, net	748,374	488,824
Loss on defeasance of bonds	(5,625)	(17,998)
Realized and unrealized (losses) gains on interest rate swaps	(39,424)	65,843
Other nonoperating (losses) gains	(55,367)	7,977
Total nonoperating gains	<u>647,958</u>	<u>544,646</u>
 Excess of revenues over expenses	633,967	489,703
Deficit of revenues over expenses attributable to noncontrolling interest	5,686	37
Excess of revenues over expenses attributable to CHI	<u>\$ 639,653</u>	<u>\$ 489,740</u>

See accompanying notes.

Catholic Health Initiatives

Consolidated Statements of Changes in Net Assets
(In Thousands)

	Unrestricted Net Assets			Temporarily Restricted Net Assets			Permanently Restricted Net Assets			Total Net Assets
	Attributable to CHI	Attributable to Noncontrolling Interests	Total	Restricted Assets	Net Assets	Restricted Assets	Total Net Assets			
Balances, July 1, 2012	\$ 6,922,466	\$ 180,863	\$ 7,103,329	\$ 489,703	\$ 136,821	\$ 68,033	\$ 7,308,183			
Excess of revenues over expenses	489,740	(37)	(108,594)	—	—	—	—	489,703		
Net loss from discontinued operations	(108,594)	—	—	—	—	—	—	(108,594)		
Decrease in pension funded status	483,468	2,082	485,550	—	—	—	—	485,550		
Temporarily and permanently restricted contributions	—	—	—	33,056	—	(1,554)	31,502	—		
Net assets released from restriction for capital	15,791	—	15,791	(15,791)	—	—	—	—		
Net assets released from restriction for operations	—	—	—	(15,728)	—	—	—	(15,728)		
Investment (loss) income	(45)	—	(45)	5,393	1,280	—	6,628	—		
Temporarily and permanently restricted assets from acquisitions	—	—	—	74,253	19,171	—	93,424	—		
Other changes in net assets	(33,516)	(7,245)	(40,761)	(3,480)	(302)	(44,543)	—	—		
Net increase (decrease) in net assets	846,844	(5,200)	841,644	77,703	18,595	937,942	—	—		
Balances, June 30, 2013	7,769,310	175,663	7,944,973	214,524	86,628	8,246,125				
Excess of revenues over expenses	639,653	(5,686)	633,967	—	—	—	633,967	—		
Net loss from discontinued operations	(14,768)	—	(14,768)	—	—	—	(14,768)	—		
Increase in pension funded status	(47,282)	(809)	(48,091)	—	—	—	(48,091)	—		
Temporarily and permanently restricted contributions	—	—	—	50,957	523	51,480	—	—		
Net assets released from restriction for capital	20,776	—	20,776	(20,776)	—	—	—	—		
Net assets released from restriction for operations	—	—	—	(17,887)	—	—	(17,887)	—		
Investment (loss) income	(40)	—	(40)	14,701	2,218	16,879	—	—		
Temporarily and permanently restricted assets from acquisitions	—	—	—	24,197	2,003	26,200	—	—		
Noncontrolling interest issued	—	286,125	286,125	12,600	—	298,725	—	—		
Other changes in net assets	(78,461)	14,003	(64,458)	(12,677)	1,400	(75,735)	—	—		
Net increase in net assets	519,878	293,633	813,511	51,115	6,144	870,770				
Balances, June 30, 2014	\$ 8,289,188	\$ 469,296	\$ 8,758,484	\$ 265,639	\$ 92,772	\$ 9,116,895				

See accompanying notes.

Catholic Health Initiatives

Consolidated Statements of Cash Flows (In Thousands)

	Year Ended June 30	
	2014	2013
Operating activities		
Increase in net assets	\$ 870,770	\$ 937,942
Adjustments to reconcile increase in net assets to net cash provided by operating activities.		
Depreciation and amortization	698,772	555,064
Provision for bad debts	965,711	821,465
Changes in equity of unconsolidated organizations	(26,922)	(19,056)
Net gains on business combinations	(421,955)	(76,425)
Net gains on sales of facilities and investments in unconsolidated organizations	(17,116)	(9,544)
Noncash operating expenses related to restructuring, impairment and other losses	85,709	4,872
Loss on defeasance of bonds	5,625	17,998
Increase in fair value of interest rate swaps	(10,200)	(98,799)
Decrease in unfunded pension liability	(1,488)	(484,049)
Net changes in current assets and liabilities		
Net patient and other accounts receivable	(1,147,685)	(1,067,716)
Other current assets	(55,976)	(6,725)
Current liabilities	278,147	89,868
Noncontrolling interest issued	(298,725)	—
Other changes	(604)	193,461
Net cash provided by operating activities, before net change in investments, and assets limited as to use	924,063	858,356
Net decrease in investments and assets limited as to use	239,686	474,258
Net cash provided by operating activities	<u>1,163,749</u>	<u>1,332,614</u>
Investing activities		
Purchases of property, equipment and other capital assets	(1,478,741)	(1,285,330)
Net cash on contributions and acquisitions	70,851	67,696
Purchase of CHI St. Vincent Hot Springs, net of cash acquired	(59,571)	—
Purchase of CHI St. Luke's Health System, net of cash acquired	—	(961,014)
Purchase of Alegent Creighton Health, net of cash acquired	—	(505,542)
Net cash proceeds from asset sales	71,639	218,002
Distributions from investments in unconsolidated organizations	45,991	35,224
Cash from net repayments of notes receivable	12,004	2,843
Other changes	19,715	35,306
Net cash used in investing activities	<u>(1,318,112)</u>	<u>(2,392,815)</u>
Financing activities		
Proceeds from issuance of debt and bank loans	1,899,065	1,591,465
Costs associated with issuance of debt	(11,354)	(12,170)
Repayment of debt	(1,299,826)	(313,840)
Proceeds from bank loans	—	—
Net cash provided by financing activities	<u>587,885</u>	<u>1,265,455</u>
Increase in cash and equivalents	433,522	205,254
Cash and equivalents at beginning of year	609,226	403,972
Cash and equivalents at end of year	<u><u>\$ 1,042,748</u></u>	<u><u>\$ 609,226</u></u>
Supplemental disclosures of cash flow information		
Cash paid during the year for interest, including amounts capitalized	<u><u>\$ 272,627</u></u>	<u><u>\$ 199,413</u></u>

See accompanying notes

Catholic Health Initiatives

Notes to Consolidated Financial Statements

June 30, 2014

1. Summary of Significant Accounting Policies

Organization

Catholic Health Initiatives (CHI), established in 1996, is a tax-exempt Colorado corporation and has been granted an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. CHI sponsors market-based organizations (MBO) and other facilities operating in 18 states and includes 92 hospitals, including four academic medical centers, and 24 critical access facilities; community health service organizations; accredited nursing colleges; home health agencies; and other facilities that span the inpatient and outpatient continuum of care. CHI also has an offshore captive insurance company, First Initiatives Insurance, Ltd. (FIIL).

The mission of CHI is to nurture the healing ministry of the Church, supported by education and research. Fidelity to the Gospel urges CHI to emphasize human dignity and social justice as CHI creates healthier communities.

Principles of Consolidation

CHI consolidates all direct affiliates in which it has sole corporate membership or ownership (Direct Affiliates) and all entities in which it has greater than 50% equity interest with commensurate control. All significant intercompany accounts and transactions are eliminated in consolidation.

Fair Value of Financial Instruments

Financial instruments consist primarily of cash and equivalents, patient accounts receivable, notes receivable and accounts payable. The carrying amounts reported in the consolidated balance sheets for these items approximate fair value.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Cash and Equivalents

Cash and equivalents include all deposits with banks and investments in interest-bearing securities with maturity dates of 90 days or less from the date of purchase. In addition, cash and equivalents include deposits in short-term funds held by professional managers. The funds generally invest in high-quality, short-term debt securities, including U.S. government securities, securities issued by domestic and foreign banks, such as certificates of deposit and bankers' acceptances, repurchase agreements, asset-backed securities, high-grade commercial paper and corporate short-term obligations.

Net Patient Accounts Receivable and Net Patient Services Revenues

Net patient accounts receivable has been adjusted to the estimated amounts expected to be collected. These estimated amounts are subject to further adjustments upon review by third-party payors.

The provision for bad debts is based upon management's assessment of historical and expected net collections, taking into consideration historical business and economic conditions, trends in health care coverage, and other collection indicators. Management routinely assesses the adequacy of the allowances for uncollectible accounts based upon historical write-off experience by payor category. The results of these reviews are used to modify, as necessary, the provision for bad debts and to establish appropriate allowances for uncollectible net patient accounts receivable. After satisfaction of amounts due from insurance, CHI follows established guidelines for placing certain patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by each facility. The provision for bad debts is presented on the consolidated statements of operations as a deduction from patient services revenues (net of contractual allowances and discounts) since CHI accepts and treats substantially all patients without regard to the ability to pay.

During fiscal year 2014 and 2013, CHI added approximately \$76 million and \$400 million, respectively, in net patient accounts receivable due to the acquisition of various new subsidiaries – see Note 4, *Acquisitions, Affiliations and Divestitures*. Effective on January 1, 2014, the Affordable Care Act came into effect, which in certain states has caused a slight shift in payor mix whereby patients that used to be classified as charity now qualify for Medicaid. CHI has not experienced significant changes in write-off trends and there have been no significant changes to its charity care policy.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Details of CHI's allowance activity is as follows (in thousands):

	Reserve for Contractual Allowance	Allowance for Bad Debt	Reserve for Charity	Total Accounts Receivable Allowances
Balance at July 1, 2012	\$ (1,947,750)	\$ (687,631)	\$ (151,348)	\$ (2,786,729)
Additions	(21,690,860)	(886,571)	(1,219,555)	(23,796,986)
Reductions	20,778,640	715,808	803,787	22,298,235
Balance at June 30, 2013	<u>(2,859,970)</u>	<u>(858,394)</u>	<u>(567,116)</u>	<u>(4,285,480)</u>
Additions	(28,747,136)	(1,029,699)	(1,135,618)	(30,912,453)
Reductions	28,079,966	963,698	1,271,588	30,315,252
Balance at June 30, 2014	<u><u>\$ (3,527,140)</u></u>	<u><u>\$ (924,395)</u></u>	<u><u>\$ (431,146)</u></u>	<u><u>\$ (4,882,681)</u></u>

CHI records net patient services revenues in the period in which services are performed. CHI has agreements with third-party payors that provide for payments at amounts different from its established rates. The basis for payment under these agreements includes prospectively determined rates, cost reimbursement and negotiated discounts from established rates, and per diem payments.

Net patient services revenues are reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments due to future audits, reviews and investigations, and excluding estimated amounts considered uncollectible. The differences between the estimated and actual adjustments are recorded as part of net patient services revenues in future periods, as the amounts become known, or as years are no longer subject to such audits, reviews and investigations.

Investments and Assets Limited as to Use

Investments and assets limited as to use include assets set aside by CHI for future long-term purposes, including capital improvements and self-insurance. In addition, assets limited as to use include amounts held by trustees under bond indenture agreements, amounts contributed by donors with stipulated restrictions and amounts held for Mission and Ministry programs.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

CHI has designated its investment portfolio as trading. Accordingly, unrealized gains and losses on marketable securities are reported within excess of revenues over expenses. In addition, cash flows from the purchases and sales of marketable securities are reported as a component of operating activities in the accompanying consolidated statements of cash flows.

Direct investments in equity securities with readily determinable fair values and all direct investments in debt securities have been measured at fair value in the accompanying consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in excess of revenues over expenses unless the income or loss is restricted by donor or law.

Investments in limited partnerships and limited liability companies are recorded using the equity method of accounting (which approximates fair value as determined by the net asset values of the related unitized interests) with the related changes in value in earnings reported as investment income in the accompanying consolidated financial statements.

Inventories

Inventories, primarily consisting of pharmacy drugs, and medical and surgical supplies, are stated at lower of cost (first-in, first-out method) or market.

Assets and Liabilities Held for Sale

A long-lived asset or disposal group of assets and liabilities that is expected to be sold within one year is classified as held for sale. For long-lived assets held for sale, an impairment charge is recorded if the carrying amount of the asset exceeds its fair value less costs to sell. Such valuations include estimates of fair values generally based upon firm offers, discounted cash flows and incremental direct costs to transact a sale (Level 2 and Level 3 inputs).

Property and Equipment

Property and equipment are stated at historical cost or, if donated or impaired, at fair value at the date of receipt or impairment. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. During fiscal year 2014, CHI conducted a study to reassess the estimated remaining useful lives of its buildings and building improvements. As a result of this study, CHI prospectively adjusted the estimated

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

remaining useful lives of these assets, which resulted in a reduction to depreciation expense of \$23.5 million in 2014. Buildings and improvements are depreciated over estimated useful lives of 5 to 84 years, and equipment and land improvements over 3 to 40 years.

For property and equipment under capital lease, amortization is determined over the shorter period of the lease term or the estimated useful life of the property and equipment. Interest cost incurred during the period of construction of major capital projects is capitalized as a component of the cost of acquiring those assets. Capitalized interest of \$44.7 million and \$30.4 million was recorded in fiscal years 2014 and 2013, respectively. Costs incurred in the development and installation of internal-use software are typically expensed if they are incurred in the preliminary project stage or post-implementation stage, while certain costs are capitalized if incurred during the application development stage. Amounts capitalized are amortized over the useful life of the developed asset following project completion.

Investments in Unconsolidated Organizations

Investments in unconsolidated organizations are accounted for under the cost or equity method of accounting, as appropriate, based on the relative percentage of ownership or degree of influence over that organization. The income or loss on the equity method investments is recorded in the consolidated statements of operations as changes in equity of unconsolidated organizations.

Intangible Assets and Goodwill

Intangible assets are comprised primarily of trade names, which are amortized over the estimated useful lives ranging from 10 to 25 years using the straight-line method. Amortization expense of \$7.9 million and \$5.2 million was recorded in 2014 and 2013, respectively. It is estimated that intangible asset amortization expense over the next five years will be \$10.0 million per year.

Goodwill is not amortized but is subject to annual impairment tests as well as more frequent reviews whenever circumstances indicate a possible impairment may exist. Impairment testing of goodwill is done at the MBO level by comparing the fair value of the MBO's net assets against the carrying value of the MBO's net assets, including goodwill. Each MBO is defined as a reporting unit for purposes of impairment testing. The fair value of net assets is generally estimated based on quantitative analysis of discounted cash flows. The fair value of goodwill is determined by assigning fair values to assets and liabilities and calculating any remaining fair

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

value as the implied fair value of goodwill. As a result of its impairment testing in fiscal year 2014, CHI determined that the implied fair value of one of its MBO's goodwill was less than the carrying value. A goodwill impairment charge of \$15.0 million is reflected in the consolidated statements of operations for fiscal year 2014.

The changes in the carrying amount of goodwill and intangibles is as follows (in thousands):

	2014	2013
Intangible assets, beginning of year	\$ 97,684	\$ 52,834
Current year acquisitions	<u>130,124</u>	43,600
Purchase price allocation adjustments for prior year's acquisitions and other adjustments	<u>(11,970)</u>	1,250
Intangible assets, end of year	<u>215,838</u>	97,684
Accumulated amortization, beginning of year	(25,467)	(20,297)
Intangible amortization expense	<u>(7,931)</u>	(5,254)
Other adjustments	<u>8,169</u>	84
Accumulated amortization, end of year	<u>(25,229)</u>	(25,467)
Intangible assets, net	<u>190,609</u>	72,217
Goodwill, beginning of year	292,534	130,343
Current year acquisitions	<u>16,725</u>	146,142
Impairments	<u>(15,040)</u>	–
Purchase price allocation adjustments for prior year's acquisitions and other adjustments	<u>68,634</u>	16,049
Goodwill, end of year	<u>362,853</u>	292,534
Total intangible assets and goodwill, net	<u>\$ 553,462</u>	\$ 364,751

Intangible assets and goodwill increased during fiscal year 2014, due to the various acquisitions discussed in Note 4, *Acquisitions, Affiliations and Divestitures*. During fiscal year 2014, certain adjustments to the 2013, purchase price allocations were recorded to intangible and goodwill, including the correction to the values assigned to various CHI St. Luke Medical Center buildings, resulting in a \$78.5 million increase in goodwill.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Notes Receivable and Other Assets

Other assets consist primarily of notes receivable, pledges receivable, deferred compensation assets, prepaid service contracts, deposits and other long-term assets. Notes receivable from related entities at June 30, 2014 and 2013, include balances from Bethesda Hospital, Inc. (Bethesda), the non-CHI joint operating agreement (JOA) partner in the Cincinnati, Ohio JOA.

A summary of notes receivable and other assets is as follows as of June 30 (in thousands):

	2014	2013
Total notes receivable from related entities	\$ 175,466	\$ 188,275
Reinsurance recoverable on unpaid losses and loss adjustment expense	29,109	71,801
Deferred compensation assets	51,684	41,014
Other long-term assets	244,627	129,798
Total notes receivable and other	\$ 500,886	\$ 430,888

Bethesda is a Designated Affiliate in the CHI credit group under the Capital Obligation Document (COD). As conditions of joining the CHI credit group, Bethesda has agreed to certain covenants related to corporate existence, insurance coverage, exempt use of bond-financed facilities, maintenance of certain financial ratios, and compliance with limitations on the incurrence of additional debt. Based upon management's review of the creditworthiness of Bethesda and its compliance with the covenants and limitations, no allowances for uncollectible notes receivable were recorded at June 30, 2014 and 2013.

Net Assets

Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Permanently restricted net assets consist of gifts with corpus values that have been restricted by donors to be maintained in perpetuity, including endowment funds. Temporarily restricted net assets and earnings on permanently restricted net assets, including earnings on endowment funds, are used in accordance with the donor's wishes primarily to purchase equipment, to provide charity care, and to provide other health and educational programs and services.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Unconditional promises to receive cash and other assets are reported at fair value at the date the promise is received. Conditional promises and indications of donors' intentions to give are reported at fair value at the date the conditions are met or the gifts are received. All unrestricted contributions are included in the excess of revenue over expenses as donation revenues. Other gifts are reported as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as donations revenue when restricted for operations or as unrestricted net assets when restricted for property and equipment.

Performance Indicator

The performance indicator is the excess of revenues over expenses, which includes all changes in unrestricted net assets other than changes in the pension liability funded status, net assets released from restrictions for property acquisitions, the cumulative effect of changes in accounting principles, discontinued operations, contributions of property and equipment, and other changes not required to be included within the performance indicator under generally accepted accounting principles.

Operating and Nonoperating Activities

CHI's primary mission is to meet the health care needs in its market areas through a broad range of general and specialized health care services, including inpatient acute care, outpatient services, physician services, long-term care, and other health care services. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Earnings from fixed-income investments held by FIIL are also classified within operating activities as such earnings support FIIL operations. Other activities that result in gains or losses peripheral to CHI's primary mission are considered to be nonoperating. Nonoperating activities include all other investment earnings, gains/losses from bond defeasance, net interest cost and changes in fair value of interest rate swaps, and the nonoperating component of JOA income share adjustments. Any infrequent and nonreciprocal contribution that CHI would make to enter a new market community or to expand upon existing affiliations is also classified as nonoperating.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Charity Care

As an integral part of its mission, CHI accepts and treats all patients without regard to the ability to pay. Services to patients are classified as charity care in accordance with standards established across all MBOs. Charity care represents services rendered for which partial or no payment is expected, and includes the cost of providing services to persons who cannot afford health care due to inadequate resources and/or who are uninsured or underinsured. CHI determines the cost of charity care on the basis of an MBO's total cost as a percentage of total charges applied to the charges incurred by patients qualifying for charity care under CHI's policy. This amount is not included in net patient services revenues in the accompanying consolidated statements of operations and changes in net assets. The estimated cost of charity care provided was \$255.2 million and \$320.7 million in 2014 and 2013, respectively, for continuing operations, and \$1.9 million and \$2.0 million in 2014 and 2013, respectively, for discontinued operations. The decline in charity care provided was due primarily to changes in payor mix as a result of the Affordable Care Act.

Other Nonpatient Revenues

Other nonpatient revenues include services sold to external health care providers, gains on acquisitions of subsidiaries, cafeteria sales, rental income, retail pharmacy and durable medical equipment sales, auxiliary and gift shop revenues, electronic health records incentive payments, gains and losses on the sales of assets, the operating portion of revenue-sharing income or expense associated with Direct Affiliates that are part of JOAs, premium revenues, and revenues from other miscellaneous sources.

Derivative and Hedging Instruments

CHI uses derivative financial instruments (interest rate swaps) in managing its capital costs. These interest rate swaps are recognized at fair value on the consolidated balance sheets. CHI has not designated its interest rate swaps related to CHI's long-term debt as hedges. The net interest cost and change in the fair value of such interest rate swaps is recognized as a component of nonoperating (losses) gains in the accompanying consolidated statements of operations. It is CHI's policy to net the value of collateral on deposit with counterparties against the fair value of its interest rate swaps in other liabilities on the consolidated balance sheets.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Functional Expenses

CHI provides health care services, including inpatient, outpatient, ambulatory, long-term care and community-based services to individuals within the various geographic areas supported by its facilities. Support services include administration, finance and accounting, information technology, public relations, human resources, legal, mission services and other functions that are supported centrally for all of CHI. Support services expenses as a percentage of total operating expenses were approximately 6.2% and 4.5% in 2014 and 2013, respectively.

Restructuring, Impairment, and Other Losses

CHI periodically evaluates property, equipment, goodwill, and certain other intangible assets to determine whether assets may have been impaired. Management determined there were certain goodwill impairments in 2014, and certain property and equipment impairments in both 2014 and 2013, to the extent that the fair values (estimated based upon discounted cash flows – Level 3 inputs) of those assets were less than the underlying carrying values.

During the years ended June 30, 2014 and 2013, CHI recorded total charges of \$117.5 million and \$155.3 million, respectively, relating to asset and goodwill impairments, and changes in business operations, including reorganization and severance costs. Of this amount, \$117.5 million and \$59.3 million were from continuing operations and reported in the consolidated statements of operations for 2014 and 2013, respectively, and \$96.0 million was reported as discontinued operations in the consolidated statements of changes in net assets for 2013. No restructuring or impairment was recorded in 2014, for the discontinued operations.

Income Taxes

CHI is a tax-exempt Colorado corporation and has been granted an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. CHI owns certain taxable subsidiaries and engages in certain activities that are unrelated to its exempt purpose and therefore subject to income tax.

Management reviews its tax positions annually and has determined that there are no material uncertain tax positions that require recognition in the accompanying consolidated financial statements.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could vary from the estimates.

Meaningful Use of Certified Electronic Health Record Technology Incentive Payments

The American Recovery and Reinvestment Act of 2009 provides for Medicare and Medicaid incentive payments beginning in 2011, to certain hospitals and professionals that implement and achieve meaningful use of certified electronic health record (EHR) technology in ways that demonstrate improved quality and effectiveness of care. Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. An initial Medicaid incentive payment is available to providers that adopt, implement or upgrade certified EHR technology. However, in order to receive additional Medicaid incentive payments in subsequent years, providers must demonstrate continued meaningful use of EHR technology.

CHI accounts for meaningful use incentive payments under the gain contingency model. Medicare EHR incentive payments are recognized as revenues when eligible providers demonstrate meaningful use of certified EHR technology and the cost report information for the full cost report year that will determine the full calculation of the incentive payment is available. Medicaid EHR incentive payments are recognized as revenues when an eligible provider demonstrates meaningful use of certified EHR technology. CHI recognized \$39.1 million and \$32.5 million of Medicare meaningful use revenues and \$18.0 million and \$8.2 million of Medicaid meaningful use revenues in its consolidated statements of operations for fiscal year 2014 and 2013, respectively.

2. Community Benefit (Unaudited)

In accordance with its mission and philosophy, CHI commits substantial resources to sponsor a broad range of services to both the poor and the broader community. Community benefit provided to the poor includes the cost of providing services to persons who cannot afford health care due to inadequate resources and/or who are uninsured or underinsured. This type of community benefit includes the costs of traditional charity care; unpaid costs of care provided to

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

2. Community Benefit (Unaudited) (continued)

beneficiaries of Medicaid and other indigent public programs; services such as free clinics and meal programs for which a patient is not billed or for which a nominal fee has been assessed; and cash and in-kind donations of equipment, supplies or staff time volunteered on behalf of the community.

Community benefit provided to the broader community includes the costs of providing services to other populations who may not qualify as poor but may need special services and support. This type of community benefit includes the costs of services such as health promotion and education, health clinics and screenings, all of which are not billed or can be operated only on a deficit basis; unpaid portions of training health professionals such as medical residents, nursing students and students in allied health professions; and the unpaid portions of testing medical equipment and controlled studies of therapeutic protocols.

A summary of the cost of community benefit provided to both the poor and the broader community is as follows (in thousands):

	2014	2013
Cost of community benefit:		
Cost of charity care provided	\$ 255,157	\$ 320,666
Unpaid cost of public programs, Medicaid, and other indigent care programs	453,386	289,436
Non-billed services	28,242	36,237
Cash and in-kind donations	4,084	3,904
Education research	102,081	48,186
Other benefit	62,263	55,427
	<hr/>	<hr/>
Total cost of community benefit from continuing operations	905,213	753,856
	<hr/>	<hr/>
Total cost of community benefit from discontinued operations	4,664	8,095
	<hr/>	<hr/>
Total cost of community benefit	909,877	761,951
	<hr/>	<hr/>
Unpaid cost of Medicare from continuing operations	776,417	392,485
Unpaid cost of Medicare from discontinued operations	16,445	27,055
	<hr/>	<hr/>
Total unpaid cost of Medicare	792,862	419,540
	<hr/>	<hr/>
Total cost of community benefit and the unpaid cost of Medicare	\$ 1,702,739	\$ 1,181,491

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

2. Community Benefit (Unaudited) (continued)

The summary above has been prepared in accordance with the Catholic Health Association of the United States (CHA) publication, *A Guide for Planning & Reporting Community Benefit*. Community benefit is measured on the basis of total cost, net of any offsetting revenues, donations or other funds used to defray cost. During fiscal year 2014 and 2013, CHI received \$4.0 million and \$28.3 million, respectively, in funds used to subsidize charity care provided.

The total cost of community benefit from continuing and discontinued operations was 6.4% and 6.8% of total expenses before operating expenses related to restructuring, impairment and other losses in 2014 and 2013, respectively. The total cost of community benefit and the unpaid cost of Medicare from continuing and discontinued operations was 12.1% and 10.5% of total expenses before operating expenses related to restructuring, impairment and other losses in 2014 and 2013, respectively.

3. Joint Operating Agreements and Investments in Unconsolidated Organizations

Joint Operating Agreements

CHI participates in JOAs with hospital-based organizations in three separate market areas. The agreements generally provide for, among other things, joint management of the combined operations of the local facilities included in the JOAs through Joint Operating Companies (JOC). CHI retains ownership of the assets, liabilities, equity, revenues and expenses of the CHI facilities that participate in the JOAs. The financial statements of the CHI facilities managed under all JOAs are included in the CHI consolidated financial statements. Transfers of assets from facilities owned by the JOA participants generally are restricted under the terms of the agreements.

As of June 30, 2014 and 2013, CHI has a 70% interest in a JOC based in Colorado and has a 50% interest in two other JOCs associated with other JOAs. CHI's interests in the JOCs are included in investments in unconsolidated organizations and totaled \$199.4 million and \$103.2 million at June 30, 2014 and 2013, respectively. CHI recognizes its investment in all JOCs under the equity method of accounting. The JOCs provide varying levels of services to the related JOA sponsors, and operating expenses of the JOCs are allocated to each sponsoring organization. The JOCs had total assets of \$607.7 million and \$483.9 million at June 30, 2014 and 2013, respectively, and net assets of \$347.2 million and \$160.9 million, respectively.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

3. Joint Operating Agreements and Investments in Unconsolidated Organizations (continued)

Investments in Unconsolidated Organizations

Conifer Health Solutions (Conifer) – As of June 30, 2014 and 2013, CHI holds a \$19.3 million cost method investment in Conifer, acquired as part of an 11-year agreement with Conifer where Conifer provides revenue cycle services for CHI acute care operations. The agreement allows CHI to earn shares in Conifer as transition and other activities are completed, and such shares will be issued at specified future dates. As of June 30, 2014 and 2013, CHI has met certain transition milestones and has earned the right to additional future shares valued at \$64.5 million and \$19.1 million, respectively, which are reflected in notes receivable and other in the accompanying consolidated balance sheets. This earned value will be amortized as an offset to revenue cycle service fees paid to Conifer over the life of the agreement.

Preferred Professional Insurance Corporation (PPIC) – PPIC is an unconsolidated affiliate of CHI. PPIC provides professional liability insurance and other related services to preferred physician and other health care providers that are associated with its owners. CHI owns a 27% interest in PPIC and accounts for its investment under the equity method of accounting. The book value of the investment was \$60.5 million and \$56.0 million at June 30, 2014 and 2013, respectively. PPIC had net assets of \$224.8 million and \$208.0 million at December 31, 2013 and 2012, respectively.

Other Entities – The summarized financial positions and results of operations for the other entities accounted for under the equity method of accounting as of and for the periods ended June 30, excluding the investments described above, are as follows (in thousands):

	2014							
	Medical Office Buildings	Outpatient and Diagnostic Services	Ambulatory Surgery Centers	Physician Practices	Hospital Based Services	ACO/CCO /CIN	Other Investees	Total
Total assets	\$ 17,593	\$ 270,241	\$ 71,266	\$ 31,985	\$ 119,181	\$ 96,337	\$ 147,363	\$ 753,966
Total debt	14,906	11,707	11,117	13,552	24,605	30,554	22,970	129,411
Net assets	2,560	204,956	49,572	14,839	87,064	65,784	90,145	514,920
Net patient services revenues	–	254,294	151,907	41,686	100,253	–	127,268	675,408
Total revenues, net (Deficit) excess of revenues over expenses	2,674	349,029	152,301	44,498	83,719	149,695	188,845	970,761
(54)	26,614	39,951	4,031	22,993	10,262	14,251	118,048	

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

3. Joint Operating Agreements and Investments in Unconsolidated Organizations (continued)

	2013							
	Medical Office Buildings	Outpatient and Diagnostic Services	Ambulatory Surgery Centers	Physician Practices	Hospital Based Services	ACO/CCO /CIN	Other Investees	Total
Total assets	\$ 34,746	\$ 265,568	\$ 65,084	\$ 28,697	\$ 115,036	\$ 50,623	\$ 110,002	\$ 669,756
Total debt	33,106	24,408	11,998	12,535	27,605	14,534	18,335	142,521
Net assets	1,414	195,874	44,996	8,758	71,752	36,090	64,958	423,842
Net patient services revenues	—	260,204	138,577	34,197	95,749	—	72,165	600,892
Total revenues, net	6,309	353,484	142,775	37,065	95,161	51,767	163,511	850,072
Excess of revenues over expenses	872	34,633	44,385	4,241	18,296	3,314	7,806	113,547

4. Acquisitions, Affiliations and Divestitures

The following table is a summary of the business combinations that occurred in fiscal year 2014 (in thousands):

	CHI St. Harrison	Hot Luke's/Baylor	Springs	Memorial	Other	Total
	Harrison	Luke's/Baylor	Springs	Memorial	Other	Total
Fiscal year 2014						
Purchase consideration						
Cash	\$ —	\$ —	\$ 59,650	\$ —	\$ 3,759	\$ 63,409
Equity interest in acquisition	—	—	—	—	3,471	3,471
Gain on business combinations	289,030	—	61,839	53,245	17,841	421,955
Noncontrolling interest	—	298,725	—	—	—	298,725
	\$ 289,030	\$ 298,725	\$ 121,489	\$ 53,245	\$ 25,071	\$ 787,560
Fiscal year 2014						
Purchase price allocation						
Cash and investments	\$ 217,515	\$ —	\$ 79	\$ 78,798	\$ 37,333	\$ 333,725
Patient and other accounts receivable	50,556	—	—	21,254	4,638	76,448
Other current assets	11,780	63,200	6,010	7,231	3,269	91,490
Property and equipment	199,127	215,800	126,225	125,863	5,309	672,324
Intangible assets	21,028	79,000	—	2,000	6,096	108,124
Goodwill	—	16,725	—	—	—	16,725
Other assets	8,883	—	133	1,338	3,143	13,497
Current liabilities	(65,858)	—	(4,019)	(21,734)	(10,481)	(102,092)
Pension liability	(19,349)	—	—	—	—	(19,349)
Other liabilities	(9,178)	(76,000)	—	(22,391)	(23,214)	(130,783)
Debt	(120,122)	—	(6,939)	(118,266)	(1,022)	(246,349)
Restricted net assets	(5,352)	—	—	(20,848)	—	(26,200)
	\$ 289,030	\$ 298,725	\$ 121,489	\$ 53,245	\$ 25,071	\$ 787,560

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

4. Acquisitions, Affiliations and Divestitures (continued)

Harrison Medical Center – Effective August 1, 2013, Harrison Medical Center (Harrison) was acquired by CHI for no consideration, resulting in the recognition of a \$289.0 million gain calculated as the fair value of assets acquired and liabilities assumed determined based upon Level 3 inputs including estimated future cash flows and probability-weighted performance assumptions. Harrison is located in Bremerton, Washington, and operates two acute care facilities in the area as well as provides emergency services and a range of general and specialized services to adjacent areas. Excluding the contribution gain, Harrison reported \$369.8 million in operating revenues and \$33.9 million of excess of revenues over expenses in the CHI consolidated results of operations for the period August 1, 2013 through June 30, 2014.

Mercy Hot Springs – Effective April 1, 2014, Mercy Health based in St. Louis, Missouri, transferred ownership of its Hot Springs, Arkansas facility, including its hospital and physician clinic (Mercy Hot Springs), to CHI for net proceeds of \$59.7 million. A \$61.8 million gain was recognized, calculated as the fair value of assets acquired and liabilities assumed, determined based upon Level 3 inputs including estimated future cash flows and probability-weighted performance assumptions, less consideration paid. Mercy Hot Springs is a 282-bed acute care hospital, providing an emergency department with a Level 2 Trauma Center designation, a 90-physician clinic organization and a comprehensive range of medical services. Excluding the contribution gain, Mercy Hot Springs reported \$63.7 million in operating revenues and \$2.2 million of deficit of revenues over expenses in the CHI consolidated results of operations for the period April 1, 2014 through June 30, 2014.

Memorial Health System of East Texas – Effective June 1, 2014, Memorial Health System of East Texas (Memorial) was acquired by CHI for no consideration, resulting in the recognition of a \$53.2 million gain calculated as the fair value of assets acquired and liabilities assumed determined based upon Level 3 inputs including estimated future cash flows and probability-weighted performance assumptions. Memorial is a private, nonprofit hospital system with hospitals in Lufkin, Livingston and San Augustine, Texas. Excluding the contribution gain, Memorial reported \$16.2 million in operating revenues and \$0.8 million of deficiency of revenues over expenses in the CHI consolidated results of operations for the period June 1, 2014 through June 30, 2014.

CHI St. Luke's/Baylor College of Medicine – Effective on January 1, 2014, CHI St. Luke's Medical Center (CHI St. Luke's) acquired certain assets of Baylor College of Medicine (Baylor) in exchange for a 35% noncontrolling interest in the combined operations of certain of the operations of CHI St. Luke's. The parties have agreed to build and operate a new, acute care,

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

4. Acquisitions, Affiliations and Divestitures (continued)

open-staff hospital on Baylor's McNair Campus and to share in the operations 65% by CHI St. Luke's and 35% by Baylor. CHI St. Luke's and Baylor also entered into an academic affiliation agreement whereby Baylor will provide certain clinical programs and services to certain of the CHI St. Luke's hospital facilities.

The following table is a summary of the business combinations that occurred in fiscal year 2013:

	St. Luke's	Highline	UMC	Alegent	Total
Fiscal year 2013					
Purchase consideration:					
Cash	\$ 1,000,000	\$ —	\$ —	\$ 553,700	\$ 1,553,700
Note payable	260,000	—	—	—	260,000
Contingent consideration	—	—	217,709	—	217,709
Equity interest in Alegent	—	—	—	33,934	33,934
Gain on business combinations	—	55,436	—	20,989	76,425
	\$ 1,260,000	\$ 55,436	\$ 217,709	\$ 608,623	\$ 2,141,768
Fiscal year 2013					
Purchase price allocation:					
Cash and investments	\$ 1,153,253	\$ 57,133	\$ 94,061	\$ 496,309	\$ 1,800,756
Patient and other accounts receivable	180,106	27,268	65,723	118,833	391,930
Other current assets	37,413	5,081	29,601	34,884	106,979
Property and equipment	1,046,341	137,148	176,004	474,996	1,834,489
Intangible assets	41,124	1,494	—	982	43,600
Goodwill	—	—	53,178	92,964	146,142
Other assets	25,600	17,745	9,367	63,798	116,510
Current liabilities	(175,081)	(34,087)	(76,202)	(206,630)	(492,000)
Pension liability	(3,559)	(12,307)	—	(48,216)	(64,082)
Other liabilities	(153,436)	(5,355)	(11,202)	(81,344)	(251,337)
Notes payable to CHI	—	—	—	(337,953)	(337,953)
Debt	(891,761)	(138,684)	(122,821)	—	(1,153,266)
	\$ 1,260,000	\$ 55,436	\$ 217,709	\$ 608,623	\$ 2,141,768

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

4. Acquisitions, Affiliations and Divestitures (continued)

CHI St. Luke's Health System – Effective June 1, 2013, CHI acquired the operations of St. Luke's Health System (St. Luke's), a six-hospital system based in Houston, Texas, from Episcopal Health Foundation for cash and a note payable. For the month of June 2013, the operations of CHI St. Luke's contributed \$95.2 million in operating revenues and \$12.8 million of deficit of revenues over expenses to the CHI consolidated results of operations.

Highline Medical Center – Effective April 1, 2013, Highline Medical Center (Highline) was acquired by CHI for no consideration, resulting in the recognition of a \$55.4 million gain calculated as the fair value of assets acquired and liabilities assumed determined based upon Level 3 inputs including estimated future cash flows and probability-weighted performance assumptions. Highline is a 154-bed acute care hospital based in Burien, Washington. Excluding the contribution gain, Highline reported \$48.3 million in operating revenues and \$2.6 million in deficiency of revenues over expenses to the CHI consolidated results of operations for the period April 1 through June 30, 2013.

University Medical Center and University of Louisville Hospital – Effective March 1, 2013, KentuckyOne Health (a CHI MBO), University Medical Center (UMC) and the University of Louisville entered into a partnership, structured as a joint operating agreement between University Medical Center and KentuckyOne Health, whereby KentuckyOne Health controls substantially all of UMC's operations, which consist of the University of Louisville Hospital and the James Graham Brown Cancer Center (ULH). As part of the agreement, KentuckyOne Health has committed to provide financial support to the University of Louisville over the next 20 years. The fair value of the contingent consideration is adjusted annually by management and is based on Level 3 inputs including estimated future cash flows and probability-weighted performance assumptions, all discounted to net present value. Changes in any of the unobservable inputs alone or together would result in a lower (higher) fair value measurement. The fair value of the commitment based on significant unobservable inputs (Level 3) was \$203.2 million at June 30, 2014, compared to an acquisition date value of \$217.7 million. For the period from March 1 through June 30, 2013, the operations of ULH contributed \$166.3 million of operating revenues and \$11.8 million of excess of revenues over expenses to the CHI consolidated results of operations, prior to the effects of the JOA revenue-sharing arrangement.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

4. Acquisitions, Affiliations and Divestitures (continued)

Alegent Creighton Health and Affiliates – Effective November 1, 2012, CHI became the sole corporate sponsor of Alegent based in Omaha, Nebraska. In addition to the operations of Bergan Mercy Health System and Affiliates (Bergan Mercy) previously owned and consolidated by CHI, CHI now consolidates the Alegent operations, which include the operations of Immanuel and the operations of Creighton University Medical Center. For the period from November 1, 2012 through June 30, 2013, incremental Alegent (excluding the Bergan Mercy component) contributed \$611.1 million in operating revenues and \$18.1 million of excess of revenues over expenses to the CHI consolidated results of operations. Upon CHI becoming the sole sponsor of Alegent in November 2012, CHI also recognized a \$21.0 million gain in fiscal year 2013, due to the remeasurement of CHI's interest in the Alegent JOC. Such gain is reflected in other nonpatient revenues in the consolidated statements of operations.

On an unaudited pro forma basis, had CHI owned or been party to agreements with Harrison, Hot Springs and Memorial at the beginning of fiscal year 2014, these entities would have contributed \$1.2 billion in operating revenues and \$415.9 million of excess of revenues of expenses. Had CHI owned or been party to agreements with Harrison, Hot Springs, Memorial, St. Luke's, Highline, University Medical Center and Alegent at the beginning of fiscal year 2013, these entities would have contributed \$3.6 billion in operating revenues and \$190.6 million in excess of revenues over expenses. However, unaudited pro forma information is not necessarily indicative of the historical results that would have been obtained had the transaction actually occurred on those dates, nor of future results.

Texas Heart Institute Affiliation

Effective on January 1, 2014, CHI and Texas Heart Institute (THI) entered into a ten-year affiliation agreement to further develop research, education and patient care opportunities to reduce the toll of cardiovascular disease. Over the term of the agreement, CHI has committed to fund various programs sponsored by THI. The present value of these commitments was \$96.1 million as of the affiliation agreement date, of which \$74.1 million was recorded in fiscal year 2014, as other nonoperating (losses) gains in the consolidated statements of operations. As part of the valuation, CHI recorded \$22 million in trade name intangibles, which will be amortized over the life of the agreement.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

4. Acquisitions, Affiliations and Divestitures (continued)

Discontinued Operations

In 2012, CHI committed to a plan to sell the MBOs in Denville, New Jersey; Towson, Maryland; and Pierre, South Dakota. The Towson MBO was sold to the University of Maryland Medical System effective on December 1, 2012, for preliminary sales proceeds of \$154.0 million. Contingent sales proceeds of \$45.7 million have been placed in escrow pending final disposition of certain open items. A final determination is expected in fiscal year 2015. The Pierre MBO was sold to Avera Health effective January 1, 2013, for net sales proceeds of \$50.0 million and a loss on disposition of \$27.7 million. In May 2013, CHI agreed to sell the Denville MBO to Prime Healthcare Services for \$100.0 million. The transaction is subject to governmental and Church approvals and is expected to close in fiscal year 2015. In accordance with Accounting Standards Codification (ASC) 205-20, *Discontinued Operations*, and ASC 360-10, *Impairment or Disposal of Long-Lived Assets*, the results of operations associated with these MBOs have been reported as discontinued operations and are included in the consolidated statements of changes in net assets. Assets held for sale consist primarily of net patient accounts receivable, net property and other long-term assets. Liabilities held for sale consist primarily of accrued compensation and benefits, accounts payable and deferred revenues.

Related to discontinued operations, CHI recorded a deficiency of revenues over expenses of \$14.8 million and \$108.6 million for the years ended June 30, 2014 and 2013, respectively, which is reported as discontinued operations in the accompanying consolidated statements of changes in net assets. Included in fiscal year 2013 is an impairment loss of \$64.8 million related to adjusting the carrying value of property and equipment at the Denville MBO to its net realizable value. Total operating revenues and deficiency of revenues over expenses included in the results of discontinued operations for the years ended June 30 are summarized below (in thousands):

	2014	2013
Total operating revenues	\$ 296,267	\$ 464,809
Total operating expenses	(314,035)	(485,949)
Restructuring and other losses	—	(95,924)
Nonoperating gains	3,000	8,470
Deficiency of revenues over expenses	<u>\$ (14,768)</u>	<u>\$ (108,594)</u>

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

4. Acquisitions, Affiliations and Divestitures (continued)

The consolidated statements of cash flows include the use of \$18.5 million and \$24.9 million of operating, investing and financing activities related to discontinued operations for the years ended June 30, 2014 and 2013, respectively.

5. Net Patient Services Revenues

Net patient services revenues are derived from services provided to patients who are either directly responsible for payment or are covered by various insurance or managed care programs. CHI receives payments from the federal government on behalf of patients covered by the Medicare program, from state governments for Medicaid and other state-sponsored programs, from certain private insurance companies and managed care programs and from patients themselves. A summary of payment arrangements with major third-party payors follows:

Medicare – Inpatient acute care and certain outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge or procedure. These rates vary according to patient classification systems based on clinical, diagnostic and other factors. Certain CHI facilities have been designated as critical access hospitals and, accordingly, are reimbursed their cost of providing services to Medicare beneficiaries. Professional services rendered by physicians are paid based on the Medicare allowable fee schedule.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are primarily paid under the traditional Medicaid plan at prospectively determined rates per discharge. Certain outpatient services are reimbursed based on a cost reimbursement methodology, fee schedules or discounts from established charges.

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

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

5. Net Patient Services Revenues (continued)

CHI's Medicare, Medicaid and other payor utilization percentages, based upon net patient services revenues before provision for doubtful accounts, are summarized as follows:

	2014	2013
Medicare	32%	32%
Medicaid	8	8
Managed care	41	40
Self-pay	8	8
Commercial and other	11	12
	100%	100%

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Estimated settlements related to Medicare and Medicaid of \$117.4 million and \$103.0 million at June 30, 2014 and 2013, respectively, are included in third-party liabilities. Net patient services revenues from continuing operations increased by \$63.2 million in 2014 and \$38.3 million in 2013 due to favorable changes in estimates related to prior-year settlements.

6. Investments and Assets Limited as to Use

CHI's investments and assets limited as to use as of June 30 are reported in the accompanying consolidated balance sheets as presented in the following table (in thousands):

	2014	2013
Cash and equivalents	\$ 433,606	\$ 244,077
CHI Investment Program	5,814,893	4,911,135
Marketable equity securities	390,751	858,537
Marketable fixed-income securities	463,036	773,069
Hedge funds and other investments	63,974	323,885
	7,166,260	7,110,703
Less current portion	(24,732)	(11,697)
	\$ 7,141,528	\$ 7,099,006

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

6. Investments and Assets Limited as to Use (continued)

Net unrealized gains in investments and assets limited to use at June 30, 2014 and 2013, were \$668.6 million and \$297.3 million, respectively.

CHI attempts to reduce its market risk by diversifying its investment portfolio using cash equivalents, fixed-income securities, marketable equity securities and alternative investments. Most of the U.S. Treasury, money market funds and corporate debt obligations as well as exchange-traded marketable securities held by CHI and the CHI Investment Program (the Program) have an actively traded market. However, CHI also invests in commercial paper, mortgage-backed or other asset-backed securities, alternative investments (such as hedge funds, private equity investments, real estate funds and funds of funds), collateralized debt obligations, municipal securities and other investments that have potential complexities in valuation based upon the current conditions in the credit markets. For some of these instruments, evidence supporting the determination of fair value may not come from trading in active primary or secondary markets. Because these investments may not be readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had an active market for such investments existed. Such differences could be material. However, management reviews the CHI investment portfolio on a regular basis and seeks guidance from its professional portfolio managers related to U.S. and global market conditions to determine the fair value of its investments. CHI believes the carrying amount of these financial instruments in the consolidated financial statements is a reasonable estimate of fair value.

The majority of all CHI long-term investments are held in the Program. The Program is structured under a Limited Partnership Agreement with CHI as managing general partner and numerous limited partners, most sponsored by CHI. The partnership provides a vehicle whereby virtually all entities associated with CHI, as well as certain other unrelated entities, can seek to optimize investment returns while managing investment risk. Entities participating in the Program that are not consolidated in the accompanying financial statements have the ability to direct their invested amounts and liquidate and/or withdraw their interest without penalty as soon as practicable based on market conditions but within 180 days of notification. The Limited Partnership Agreement permits a majority vote of the noncontrolling limited partners to terminate the partnership. Accordingly, CHI recognizes only the portion of Program assets attributable to CHI and its sponsored affiliates. Program assets attributable to CHI and its Direct Affiliates represented 90% of total Program assets at June 30, 2014 and 2013.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

6. Investments and Assets Limited as to Use (continued)

The Program asset allocation at June 30 is as follows:

	2014	2013
Marketable equity securities	44%	43%
Marketable fixed-income securities	31	32
Alternative investments	23	24
Cash and equivalents	2	1
	100%	100%

The CHI Finance Committee (the Committee) of the Board of Stewardship Trustees is responsible for determining asset allocations among fixed-income, equity, and alternative investments. At least annually, the Committee reviews targeted allocations and, if necessary, makes adjustments to targeted asset allocations. Given the diversity of the underlying securities in which the Program invests, management does not believe there is a significant concentration of credit risk. Investment income is comprised of the following for the years ended June 30 (in thousands):

	2014	2013
Dividend and interest income	\$ 139,612	\$ 142,054
Net realized gains	345,944	262,067
Net unrealized gains	364,692	151,232
Total investment income from continuing operations	\$ 850,248	\$ 555,353
 Included in nonpatient revenue	 \$ 101,874	 \$ 66,529
Included in nonoperating gains	748,374	488,824
Total investment income from continuing operations	850,248	555,353
 Total investment income from discontinued operations	 3,000	 8,470
Total investment income	\$ 853,248	\$ 563,823

Direct expenses of the Program are less than 0.4% of total assets. Fees paid to the alternative investment managers are not included in the total expense calculation as they are not a direct expense of the Program.

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

7. 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. ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

The three levels of the fair value hierarchy and a description of the valuation methodologies used for instruments measured at fair value are as follows:

Level 1 – Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Valuation is based upon quoted prices for similar assets and liabilities in active markets or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial asset or liability.

Level 3 – Valuation is based upon other unobservable inputs that are significant to the fair value measurement.

Certain of CHI's alternative investments are made through limited liability companies (LLC) and limited liability partnerships (LLP). These LLCs and LLPs provide CHI with a proportionate share of the investment gains (losses). CHI accounts for its ownership in the LLCs and LLPs under the equity method. CHI also accounts for its ownership in the CHI Investment Program under the equity method. As such, these investments are excluded from the scope of ASC 820.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

7. Fair Value of Assets and Liabilities (continued)

Financial assets and liabilities measured at fair value on a recurring basis were determined using the market approach based upon the following inputs at June 30 (in thousands):

	2014			
	Fair Value Measurements at Reporting Date Using			
	(Level 1)	(Level 2)	(Level 3)	
	Quoted Prices in Active Markets	Other Observable Inputs	Unobservable Inputs	
	Fair Value as of June 30			
Assets				
Assets limited as to use:				
Cash and short-term investments	\$ 433,606	\$ 353,077	\$ 80,529	\$ —
Marketable equity securities	390,751	390,751	—	—
Marketable fixed-income securities	463,036	97,433	365,603	—
Other investments	2,518	—	—	2,518
Deferred compensation assets:				
Cash and short-term investments	13,911	13,911	—	—
	<u>\$ 1,303,822</u>	<u>\$ 855,172</u>	<u>\$ 446,132</u>	<u>\$ 2,518</u>
Liabilities				
Interest rate swaps	\$ 256,750	\$ —	\$ 256,750	\$ —
Contingent consideration	203,236	—	—	203,236
Deferred compensation liability	13,911	13,911	—	—
	<u>\$ 473,897</u>	<u>\$ 13,911</u>	<u>\$ 256,750</u>	<u>\$ 203,236</u>

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

7. Fair Value of Assets and Liabilities (continued)

2013						
	Fair Value Measurements at Reporting Date Using					
	(Level 1)	(Level 2)	(Level 3)	Quoted Prices in Active Markets	Other Observable Inputs	Unobservable Inputs
	Fair Value as of June 30					
Assets						
Assets limited as to use:						
Cash and short-term investments	\$ 244,077	\$ 197,385	\$ 46,692	\$ --		
Marketable equity securities	858,537	858,537		--		
Marketable fixed-income securities	773,069	123,996	649,073			
Other investments	11,718	--	--		11,718	
Deferred compensation assets:						
Cash and short-term investments	12,035	12,035		--		
	<u>\$ 1,899,436</u>	<u>\$ 1,191,953</u>	<u>\$ 695,765</u>	<u>\$ 11,718</u>		
Liabilities						
Interest rate swaps	\$ 271,634	\$ --	\$ 271,634	\$ --		
Contingent consideration	205,169	--	--		205,169	
Deferred compensation liability	12,035	12,035		--		
	<u>\$ 488,838</u>	<u>\$ 12,035</u>	<u>\$ 271,634</u>	<u>\$ 205,169</u>		

The fair values of the instruments included in Level 1 were determined through quoted market prices. Level 1 instruments include money market funds, mutual funds and marketable debt and equity securities. The fair values of Level 2 instruments were determined through evaluated bid prices based on recent trading activity and other relevant information, including market interest

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

7. Fair Value of Assets and Liabilities (continued)

rate curves and referenced credit spreads; estimated prepayment rates, where applicable, are used for valuation purposes and are provided by third-party services where quoted market values are not available. Level 2 instruments include corporate fixed-income securities, government bonds, mortgage and asset-backed securities, and interest rate swaps. The fair values of Level 3 securities are determined primarily through information obtained from the relevant counterparties for such investments. Information on which these securities' fair values are based is generally not readily available in the market. The fair value of the contingent liabilities was determined based on estimated future cash flows and probability-weighted performance assumptions, discounted to net present value.

8. Property and Equipment

A summary of property and equipment is as follows as of June 30 (in thousands):

	2014	2013
Land and improvements	\$ 672,103	\$ 596,548
Buildings and improvements	6,880,281	6,399,345
Equipment	<u>5,193,465</u>	<u>4,612,302</u>
	<u>12,745,849</u>	<u>11,608,195</u>
Less accumulated depreciation	<u>(5,494,054)</u>	<u>(5,009,102)</u>
	<u>7,251,795</u>	<u>6,599,093</u>
Construction in progress	<u>1,690,725</u>	<u>1,187,147</u>
	<u><u>\$ 8,942,520</u></u>	<u><u>\$ 7,786,240</u></u>

CHI evaluates whether events and circumstances have occurred that indicate the remaining useful life of property, equipment and certain other intangible assets may not be recoverable. Management determined there were impairment issues in both 2014 and 2013, to the extent that the undiscounted cash flows estimated to be generated by certain assets were less than the underlying carrying value. CHI recorded \$59.6 million and \$4.9 million in impairment losses in continuing operations for 2014 and 2013, respectively, resulting from charges related to estimated fair value deficiencies (based upon projected discounted cash flows) at various MBOs.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

9. Debt Obligations

The following is a summary of debt obligations as of June 30 (in thousands):

	Interest Rates at June 30, 2014		
	2014	2014	2013
CHI debt issued under the COD			
Variable-rate Bonds			
Series 1997B, maturing through 2022	0.12%	\$ 7,700	\$ 9,200
Series 2000B, maturing 2027	0.10	22,700	24,000
Series 2002B, maturing 2032	0.10	94,700	97,800
Series 2004B, maturing through 2044	0.05–0.11	180,700	180,700
Series 2004C, maturing through 2044	0.04–0.07	163,300	163,300
Series 2008A, maturing 2036	0.11	120,225	120,260
Series 2008C, maturing 2041	0.1	50,000	50,000
Series 2011B, maturing 2046	0.06	158,155	158,155
Series 2011C, maturing 2046	0.1	121,000	123,000
Series 2013B, maturing 2035	0.06	200,000	–
Series 2013C, maturing 2023	0.11	100,000	–
Series 2013E Taxable, maturing 2045	0.15	125,000	–
Series 2013F Taxable, maturing 2045	0.15	75,000	–
Fixed-rate Bonds:			
Series 2002A, maturing 2017	5.5	2,615	3,400
Series 2004A, maturing through 2034	4.75–5.0	146,605	146,605
Series 2006A, maturing 2041	4.0–5.0	270,635	270,635
Series 2006C, maturing through 2041	3.85–5.1	250,000	250,000
Series 2008C, maturing through 2041	4.0–4.1	105,000	105,000
Series 2008D, maturing through 2038	5.0–6.38	471,450	471,450
Series 2009A, maturing 2039	3.75–5.25	724,140	748,760
Series 2009B, maturing through 2039	4.0–5.25	217,720	252,360
Series 2011A, maturing 2041	3.25–5.25	486,090	506,090
Series 2012A, maturing 2035	4.0–5.0	268,980	271,260
Series 2012 Taxable, maturing 2042	1.6–4.35	1,500,000	1,500,000
Series 2013A, maturing 2045	5.0–5.75	600,600	–
Series 2013D Taxable, maturing 2023	2.6–4.2	540,000	–
Commercial Paper		482,362	442,475
Unamortized debt premium		55,660	59,538
Unamortized debt discount		(24,839)	(11,192)
Total CHI debt issued under the COD		<u>7,515,498</u>	<u>5,942,796</u>

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

9. Debt Obligations (continued)

	Interest Rates at June 30, 2014	2014	2013
St. Luke's debt issued under Master Trust Indenture			
Variable-rate Bonds			
Series 2005	—	132,600	
Series 2008	—	100,000	
Series 2012	—	150,220	
Fixed-rate Bonds Series 2009	—	150,798	
Unsecured Bank Notes	—	99,798	
Total St. Luke's debt issued under Master Trust Indenture	<hr/>	<hr/>	<hr/>
	—	633,416	
Note payable issued to Episcopal Health Foundation	230,225	260,000	
Capital leases	204,291	106,899	
Other debt	<hr/>	<hr/>	<hr/>
	429,248	462,946	
	<hr/>	<hr/>	<hr/>
Less Amounts classified as current	8,379,262	7,406,057	
Variable-rate debt with self-liquidity	(521,455)	(321,455)	
Commercial paper and current portion of debt	<hr/>	<hr/>	<hr/>
	(711,408)	(749,617)	
Long-term debt	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>
	\$ 7,146,399	\$ 6,334,985	

The fair value of debt obligations was approximately \$8.6 billion at June 30, 2014. Management has determined the carrying values of the variable-rate bonds are representative of fair values as of June 30, 2014, as the interest rates are set by the market participants. The fair value of the fixed-rate tax-exempt bond obligations as of June 30, 2014, is determined by applying credit spreads for similar tax-exempt obligations in the marketplace, which are then used to calculate a price/yield for the outstanding obligations (Level 2 inputs).

A summary of scheduled principal payments, based upon stated maturities, on long-term debt for the next five years is as follows (in thousands):

Year ending June 30:	Amounts Due
2015	\$ 711,408
2016	248,420
2017	123,497
2018	404,908
2019	410,543

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

9. Debt Obligations (continued)

CHI issues the majority of its debt under the COD and is the sole obligor. Bondholder security resides both in the unsecured promise by CHI to pay its obligations and in its control of its Direct and Designated Affiliates. Covenants include a minimum CHI debt service coverage ratio and certain limitations on secured debt. The Direct Affiliates of CHI, defined as Participants under the COD, have agreed to certain covenants related to corporate existence, maintenance of insurance and exempt use of bond-financed facilities.

During the second quarter of fiscal year 2014, CHI issued \$900.6 million of par value tax exempt bonds and \$740.0 million of par value taxable bonds. Of the total proceeds, \$881.8 million was used to redeem various St. Luke's bonds and bank notes, Harrison bonds, and Highline bonds, resulting in a total loss on defeasance of \$10.0 million.

In October 2012, CHI issued \$1.5 billion of par value long-term, fixed-rate, taxable bonds. Proceeds were used to finance a wide array of strategic initiatives, including affiliations in key areas.

As a result of redeeming the various St. Luke's obligations, the St. Luke's Health System Obligated Group and Master Trust Indenture were dissolved. Prior to December 31, 2013, St. Luke's had been a member of the St. Luke's Health System Obligated Group, and together with various of its consolidated subsidiaries, were the obligors under each of the St. Luke's bond issues. Obligated Group members were jointly and severally obligated to pay the notes issued under the Master Trust Indenture. Notes issued under the Master Trust Indenture were equally and ratably secured by a pledge of the accounts receivable of St. Luke's Medical Center and St. Luke's Woodlands Hospital.

As part of the December 2012 divestiture of CHI's facilities in Towson, Maryland, \$113.5 million of Series 2006A bonds were legally defeased, resulting in a loss on defeasance of \$18.0 million.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

9. Debt Obligations (continued)

CHI has two types of external liquidity facilities: those that are dedicated to specific series of variable-rate demand bonds (VRDB) and those that are not dedicated to a particular series of VRDBs but may be used to support CHI's obligations to fund tenders of VRDBs and pay the maturing principal of commercial paper. Liquidity facilities that are dedicated to specific series of bonds were \$897.0 million and \$605.0 million at June 30, 2014 and 2013, respectively, of which \$8.2 million and \$7.9 million, respectively, are classified as current debt. The remaining \$888.8 million and \$597.1 million at June 30, 2014 and 2013, respectively, are reported as long-term debt due to the repayment terms on any associated drawings extending beyond the subsequent fiscal year under the terms of the specific agreements.

Liquidity facilities not dedicated for specific series of VRDBs but used to support CHI's obligations to fund tenders and to pay maturing principal of commercial paper were \$420.0 million and \$390.0 million at June 30, 2014 and 2013, respectively. At June 30, 2014 and 2013, respectively, \$482.4 million and \$442.5 million of commercial paper were classified as current due to maturities of less than one year, and \$521.5 million and \$321.5 million, respectively, of VRDBs and Windows variable-rate bonds (Windows) were also classified as current due to the holder's ability to put such VRDBs and Windows back to CHI without liquidity facilities dedicated to these bonds.

At June 30, 2014, CHI had a \$55.0 million credit facility with Bank of New York Mellon. Letters of credit totaling \$47.6 million have been issued for the benefit of third parties, principally in support of the self-insurance programs administered by FIIL. At June 30, 2014 and 2013, no amounts were outstanding under this credit facility.

CHI was a party to 13 floating-to-fixed interest rate swap agreements with notional amounts totaling \$1.4 billion and \$1.6 billion at June 30, 2014 and 2013, respectively. Generally, it is CHI policy that all counterparties have an AA rating or better. The swap agreements require CHI to provide collateral if CHI's liability, determined on a mark-to-market basis, exceeds a specified threshold that varies based upon the rating on CHI's long-term indebtedness. These fixed-payor swap agreements convert CHI's variable-rate debt to fixed-rate debt. The swaps have varying maturity dates ranging from 2025 to 2047. The fair value of the swaps is estimated based on the present value sum of anticipated future net cash settlements until the swaps' maturities. At June 30, 2014 and 2013, the fair value was \$256.7 million and \$271.6 million, respectively.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

9. Debt Obligations (continued)

During fiscal year 2014, a change in CHI's debt ratings resulted in an increase to its cash collateral postings. Cash collateral balances of \$130.5 million and \$107.5 million at June 30, 2014 and 2013, respectively, are netted against the fair value of the swaps, and the net amount is reflected in other liabilities. The change in the fair value of these agreements was a net gain of \$10.2 million and \$98.9 million in 2014 and 2013, respectively.

10. Retirement Plans

The non-contributory, defined benefit retirement plans (Retirement Plans) sponsored by CHI and its direct affiliates were frozen as of December 31, 2013. Benefits earned by employees through December 31, 2013, will remain in the Retirement Plans, and employees will continue to receive interest credits and, if applicable, vesting credits. Beginning January 1, 2014, CHI introduced a new 401(k) Retirement Savings Plan – see *CHI 401(k) Retirement Savings Plan* below for additional information.

Benefits in the Retirement Plans are based on compensation, retirement age and years of service. Vesting occurs over a five-year period. Substantially all of the Plans are qualified as church plans and are exempt from certain provisions of both the Employee Retirement Income Security Act and Pension Benefit Guaranty Corporation premiums and coverage. Funding requirements are determined through consultation with independent actuaries.

CHI recognizes the funded status (that is, the difference between the fair value of plan assets and the projected benefit obligations) of its Plans in the consolidated balance sheets, with a corresponding adjustment to net assets. Actuarial gains and losses that arise and are not recognized as net periodic pension cost in the same periods are recognized as a component of changes in net assets.

During fiscal year 2014 and 2013, CHI acquired the pension plan assets and liabilities of Harrison and Memorial, and Alegent and CHI St. Luke's (the Acquired plans), respectively, which are included below.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

A summary of the changes in the benefit obligation, fair value of plan assets and funded status of the Plans at the June 30 measurement dates is as follows (in thousands):

	2014	2013
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 3,877,485	\$ 3,601,231
Service cost	106,484	205,037
Interest cost	177,859	151,763
Actuarial loss (gain)	412,995	(170,282)
Acquired plans	165,506	387,189
Transfers	(3,728)	–
Curtailments	(267)	(134,233)
Settlements	(30,821)	(17,931)
Benefits paid	(230,258)	(144,838)
Expenses paid	(1,626)	(451)
Benefit obligation, end of year	<u>4,473,629</u>	<u>3,877,485</u>
Change in the Plans' assets:		
Fair value of the Plans' assets, beginning of year	3,404,633	2,708,411
Actual return on the Plans' assets, net of expenses	575,358	309,522
Employer contributions	123,763	203,564
Acquired plans	139,480	346,273
Transfers	(3,528)	–
Settlements	(30,551)	(17,848)
Benefits paid	(230,258)	(144,838)
Expenses paid	(1,626)	(451)
Fair value of the Plans' assets, end of year	<u>3,977,271</u>	<u>3,404,633</u>
Funded status of the Plans	<u><u>\$ (496,358)</u></u>	<u><u>\$ (472,852)</u></u>
End-of-year values:		
Projected benefit obligation	\$ 4,473,629	\$ 3,877,485
Accumulated benefit obligation	4,467,063	3,844,708

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

During fiscal year 2014 and 2013, the Plans experienced two curtailment events. Plan design changes for certain Plans resulted in future service reductions in fiscal year 2014, and employee transitions in fiscal year 2013 resulted in an adjustment to the benefit obligation as of June 30, 2013.

Included in net assets at June 30, 2014, are unrecognized actuarial losses of \$772.7 million that have not yet been recognized in net periodic pension cost. The actuarial losses included in net assets and expected to be recognized in net periodic pension cost during the fiscal year ending June 30, 2015, is \$42.0 million.

The components of net periodic pension expense are as follows (in thousands):

	2014	2013
Components of net periodic pension expense:		
Service cost	\$ 106,484	\$ 205,037
Interest cost	177,859	151,763
Expected return on the Plans' assets	(247,121)	(220,236)
Actuarial losses	32,733	91,606
Amortization of prior service benefit	78	174
Curtailments	296	367
Settlements	301	45
	\$ 70,630	\$ 228,756
Weighted-average assumptions:		
Discount rate, beginning of year	4.58%	4.06%
Discount rate, end of year	4.15	4.58
Expected return on Plans' assets	7.60	7.75
Rate of compensation increase	n/a	3.75

The assumption for the expected return on the Plans' assets is based on historical returns and adherence to the asset allocations set forth in the Plans' investment policies. The expected return on the Plans' assets for determining pension cost was 7.60% in 2014 and 7.75% in 2013. The decrease in the discount rate to 4.15% at June 30, 2014, increased the pension benefit obligation by approximately \$283.3 million.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

A summary of the Plans' asset allocation targets, ranges by asset class and allocations by asset class at the measurement dates of June 30 is as follows:

	2014	2013	Target	Range
Fixed-income securities	33.5%	25.6%	27.5%	17.5–37.5%
Equity securities	47.0	55.1	50.0	40.0–60.0
Alternative investments	19.5	19.3	22.5	12.5–32.5

The Plans' assets are invested in a portfolio designed to preserve principal and obtain competitive investment returns and long-term investment growth, consistent with actuarial assumptions, while minimizing unnecessary investment risk. Diversification is achieved by allocating assets to various asset classes and investment styles and by retaining multiple investment managers with complementary philosophies, styles and approaches. Although the objective of the Plans is to maintain asset allocations close to target, temporary periods may exist where allocations are outside of the expected range due to market conditions. The use of leverage is prohibited except as specifically directed in the alternative investment allocation. The portfolio is managed on a basis consistent with the CHI social responsibility guidelines. Alternative investments of \$234 million are illiquid and not available for redemption at the Plans' request.

The Plans' assets measured at fair value on a recurring basis were determined using the following inputs at June 30 (in thousands):

	2014			
	Fair Value Measurements at Reporting Date Using			
	(Level 1)	(Level 2)	(Level 3)	
	Fair Value as of June 30	Quoted Prices in Active Markets	Other Observable Inputs	Unobservable Inputs
Cash and short-term investments	\$ 223,904	\$ 201,206	\$ 22,698	\$ —
Marketable equity securities	1,634,181	1,630,703	3,478	—
Marketable fixed-income securities	1,371,165	324,247	943,170	103,748
Alternative investments	748,021	—	—	748,021
	\$ 3,977,271	\$ 2,156,156	\$ 969,346	\$ 851,769

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

	2013			
	Fair Value Measurements at Reporting Date Using			
	Fair Value as of June 30	(Level 1) Quoted Prices in Active Markets	(Level 2) Other Observable Inputs	(Level 3) Unobservable Inputs
Cash and short-term investments	\$ 115,586	\$ 102,360	\$ 13,226	\$ -
Marketable equity securities	1,715,087	1,715,087	-	-
Marketable fixed-income securities	916,766	220,833	695,933	-
Alternative investments	657,194	-	-	657,194
	<u>\$ 3,404,633</u>	<u>\$ 2,038,280</u>	<u>\$ 709,159</u>	<u>\$ 657,194</u>

A summary of the changes in the fair value of the Plans' investments for which Level 3 inputs were used at the June 30 measurement dates is as follows (in thousands):

	2014	2013
Beginning investments at fair value	\$ 657,194	\$ 505,720
Purchases of investments	189,680	91,868
Proceeds from sale of investments	(70,488)	(47,376)
Net change in unrealized appreciation on investments and effect of foreign currency translation	50,834	12,778
Net realized gains on investments	25,531	25,424
Acquired plan investments	-	53,540
Net transfers (out of) into Level 3	(982)	15,240
Ending investments at fair value	<u>\$ 851,769</u>	<u>\$ 657,194</u>

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

CHI expects to contribute \$15.0 million to the Plans in fiscal year 2015. A summary of expected benefits to be paid to the Plans' participants and beneficiaries is as follows (in thousands):

	<u>Estimated Payments</u>
Year ending June 30:	
2015	\$ 235,323
2016	220,122
2017	236,598
2018	245,390
2019	256,854
2020–2024	1,443,265

CHI 401(k) Retirement Savings Plan

Effective on January 1, 2014, CHI introduced the CHI 401(k) Retirement Savings Plan (401(k) Savings Plan), which replaced the frozen Retirement Plan as an employee retirement benefit. Years of service under the Retirement Plan will automatically transfer to the 401(k) Savings Plan. An employee is fully vested in the plan for employer contributions after three years of service.

As part of the 401(k) Savings Plan, CHI will match 100.0% of the first 1.0% of eligible pay an employee contributes to the plan, and 50.0% of the next 5.0% of eligible pay contributed to the plan, for a maximum employer matching rate of 3.5% of eligible pay. On an annual basis and regardless of whether or not an employee participates in the 401(k) Savings Plan, CHI will also contribute 2.5% of eligible pay to an employee's 401(k) Savings Plan account. This contribution is made if an employee reaches 1,000 hours in the first year of employment or every calendar year thereafter, and is employed on the last day of the calendar year. For the period from January 1 through June 30, 2014, CHI recorded \$80.4 million of expense related to the 401(k) Savings Plan.

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

11. Concentrations of Credit Risk

CHI grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. CHI's exposure to credit risk on patient accounts receivable is limited by the geographical diversity of its MBOs. The mix of net patient accounts receivable at June 30 approximated the following:

	2014	2013
Medicare	27%	28%
Medicaid	12	10
Managed care	31	31
Self-pay	7	7
Commercial and other	23	24
	100%	100%

CHI maintains long-term investments with various financial institutions and investment management firms through its investment program, and its policy is designed to limit exposure to any one institution or investment. Management does not believe there are significant concentrations of credit risk at June 30, 2014 and 2013.

12. Commitments and Contingencies

Litigation

During the normal course of business, CHI may become involved in litigation. Management assesses the probable outcome of unresolved litigation and records estimated settlements. After consultation with legal counsel, management believes that any such matters will be resolved without material adverse impact to the consolidated financial position or results of operations of CHI.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

12. Commitments and Contingencies (continued)

Health Care Regulatory Environment

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Management believes CHI is in compliance with all applicable laws and regulations of the Medicare and Medicaid programs. Compliance with such laws and regulations is complex and can be subject to future governmental interpretation as well as significant regulatory action, including fines, penalties and exclusion from the Medicare and Medicaid programs. Certain CHI entities have been contacted by governmental agencies regarding alleged violations of Medicare practices for certain services. In the opinion of management after consultation with legal counsel, the ultimate outcome of these matters will not have a material adverse effect on CHI's consolidated financial position.

Operating Leases

CHI leases certain real estate and equipment under operating leases, which may include renewal options and escalation clauses. Future minimum lease payments required for the next five years and thereafter for all operating leases that have initial or remaining non-cancelable lease terms in excess of one year at June 30, 2014, are as follows (in thousands):

	<u>Amounts Due</u>
Year ending June 30:	
2015	\$ 203,656
2016	136,211
2017	119,885
2018	101,828
2019	79,734
Thereafter	<u>151,073</u>
	<u><u>\$ 792,387</u></u>

Lease expense under operating leases for continuing operations for the years ended June 30, 2014 and 2013, totaled approximately \$285.9 million and \$222.6 million, respectively.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

13. Insurance Programs

FIIL, a wholly owned captive insurance company of CHI, provides hospital professional liability, employment practices liability, miscellaneous professional liability, and commercial general liability coverage, primarily to MBOs related to CHI either on a directly written basis or through reinsurance fronting relationships with commercial carriers such as PPIC. Policies written provide coverage with primary limits in the amount of \$10.0 million for each and every claim in fiscal years 2014 and 2013, respectively. For the policy year July 1, 2013 to July 1, 2014, there is an annual policy aggregate of \$85.0 million eroded by hospital professional liability and commercial general liability claims, subject to a \$175,000 continuing underlying per claim limit. Effective July 1, 2011, FIIL provided excess umbrella liability coverage for claims in excess of the underlying limits discussed above. The limits provided under such excess coverage are \$200.0 million per claim and in the aggregate. FIIL reinsured 100% of the excess coverage layer with various commercial insurance companies. At June 30, 2014 and 2013, investments and assets limited as to use held for insurance purposes included \$58.0 million and \$55.0 million, respectively, held as collateral for the reinsurance fronting arrangement with PPIC.

FIIL provides workers' compensation coverage, either on a directly written basis or through reinsurance fronting relationships with commercial insurance carriers. Coverage of \$350,000 in excess of \$650,000 per claim for the policy year July 1, 2013 to July 1, 2014, and \$500,000 in excess of \$500,000 per claim for the policy year July 1, 2012 to July 1, 2013, is reinsured with an unrelated commercial carrier.

The liability for self-insured reserves and claims represents the estimated ultimate net cost of all reported and unreported losses incurred through June 30. The reserves for unpaid losses and loss adjustment expenses are estimated using individual case-based valuations, statistical analyses and the expertise of an independent actuary.

The estimates for loss reserves are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid losses and loss adjustment expenses are adequate. The estimates are reviewed periodically, with consultation from independent actuaries, and any adjustments to the loss reserves are reflected in current operations. As a result of these reviews of claims experience, estimated reserves were reduced by \$21.3 million and \$48.5 million in 2014 and 2013, respectively. The reserves for unpaid losses and loss adjustment expenses relating to the

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

13. Insurance Programs (continued)

workers' compensation program were discounted, assuming a 4.0% annual return at June 30, 2014 and 2013, to a present value of \$159.1 million and \$151.2 million at June 30, 2014 and 2013, respectively, and represented a discount of \$52.3 million and \$51.3 million in 2014 and 2013, respectively. Reserves related to professional liability, employment practices and general liability are not discounted.

FIIL holds \$734.4 million and \$751.9 million of investments held for insurance purposes as of June 30, 2014 and 2013, respectively. Distribution of amounts from FIIL to CHI are subject to the approval of the Cayman Island Monetary Authority. CHI established a captive management operation (Captive Management Initiatives, Ltd.) based in the Cayman Islands, which currently manages FIIL as well as operations of other unrelated parties.

CHI, through its Welfare Benefit Administration and Development Trust, provides comprehensive health and dental coverage to certain employees and dependents through a self-insured medical plan. Accounts payable and accrued expenses include \$69.7 million and \$51.0 million for unpaid claims and claims adjustment expenses for CHI's self-insured medical plan at June 30, 2014 and 2013, respectively. Those estimates are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid losses and loss adjustment expenses are adequate. The estimates are reviewed periodically and, as adjustments to the liability become necessary, such adjustments are reflected in current operations. CHI has stop-loss insurance to cover unusually high costs of care beyond a predetermined annual amount per enrolled participant.

14. Subsequent Events

CHI's management has evaluated events subsequent to June 30, 2014 through September 17, 2014, which is the date these consolidated financial statements were available to be issued. There have been no material events noted during this period that would either impact the results reflected herein or CHI's results going forward, except as disclosed below.

Effective in August 2014, CHI entered into a definitive agreement with St. Alexius Medical Center to form a regional, coordinated health system in central and western North Dakota. The affiliation is subject to approvals by state regulatory agencies and is anticipated to close by the end of the calendar year.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

14. Subsequent Events (continued)

Effective in September 2014, CHI entered into a definitive agreement to become the sole sponsor of Sylvania Franciscan Health (SFH), which operates various health ministries in Ohio and Texas. The SFH sponsorship transfer is expected to be complete by the end of the calendar year, subject to board approval, and approval from various federal, state and Church authorities.

Supplemental Information



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Report of Independent Auditors on Supplemental Information

The Board of Stewardship Trustees
Catholic Health Initiatives

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

Ernst & Young LLP

September 17, 2014

Catholic Health Initiatives

Consolidating Balance Sheet
(In Thousands)

June 30, 2014

	MBOs	Corporate	Prominence Health	FHIL	CHII Welfare Benefits Trust	Other	Eliminations and Adjustments	Consolidated
Assets								
Current assets								
Cash and equivalents	\$ 449,299	\$ 515,124	\$ 21,164	\$ 150	\$ 42,300	\$ 14,711	\$ -	\$ 1,042,748
Net patient accounts receivable, less allowance of \$924,395	1,997,468	-	-	-	-	-	-	1,997,468
Other accounts receivable	259,645	104,674	3,857	4,819	286	18,127	(104,735)	286,673
Current portion of investments and assets limited as to use	13,204	-	11,528	-	-	-	-	24,732
Inventories	271,664	-	-	-	-	-	-	271,664
Assets held for sale	222,888	-	-	-	-	-	(20,822)	202,066
Prepaid and other	72,241	120,018	4,537	17	630	225	-	197,668
Total current assets	<u>3,286,409</u>	<u>739,816</u>	<u>41,086</u>	<u>4,986</u>	<u>43,216</u>	<u>33,063</u>	<u>(125,557)</u>	<u>4,023,019</u>
Investments and assets limited as to use								
Internally designated for capital and other funds	4,957,468	246,729	-	-	106,770	-	-	5,310,967
Mission and ministry fund	-	137,099	-	-	-	-	-	137,099
Capital resource pool	-	515,338	-	-	-	-	-	515,338
Held by trustees	1,018	52,556	-	-	-	-	-	53,574
Held for insurance purposes	21,500	-	72,216	734,362	-	-	-	828,078
Restricted by donors	295,770	651	-	-	-	51	-	296,472
Total investments and assets limited as to use	<u>5,275,756</u>	<u>952,373</u>	<u>72,216</u>	<u>734,362</u>	<u>106,770</u>	<u>51</u>	<u>-</u>	<u>7,141,528</u>
Property and equipment, net	8,023,441	902,434	2,550	-	-	14,095	-	8,942,520
Deferred financing costs	116	42,958	-	-	-	-	-	43,074
Investments in unconsolidated organizations	413,581	1,065,158	131	-	-	11,203	(881,985)	608,088
Intangible assets and goodwill, net	515,718	20,900	16,844	-	-	-	-	553,462
Notes receivable and other	182,786	4,025,930	736	23,763	-	3,395	(3,735,724)	500,886
Total assets	<u>\$17,697,807</u>	<u>\$ 7,749,569</u>	<u>\$ 133,563</u>	<u>\$ 763,111</u>	<u>\$ 149,936</u>	<u>\$ 61,807</u>	<u>\$ (4,743,266)</u>	<u>\$ 21,812,577</u>

Catholic Health Initiatives

Consolidating Balance Sheet (continued)
(In Thousands)

Liabilities and net assets	MBOs	Corporate	Prominence	FHL	CHI Welfare	Benefits Trust	Other	Eliminations and Adjustments		Consolidated
								Health	and	
Current liabilities										
Compensation and benefits	\$ 539,296	\$ 121,997	\$ 2,860	\$ -	\$ 3,475	\$ 11,947	\$ -			\$ 679,575
Third-party liabilities, net	123,804	-	-	-	-	-	-			123,804
Accounts payable and accrued expenses	1,048,364	397,240	14,078	4,733	69,717	16,836	(104,735)			1,446,233
Liabilities held for sale	104,117	-	-	-	-	-	-			104,117
Variable-rate debt with self-liquidity	-	521,455	-	-	-	-	-			521,455
Commercial paper and current portion of debt	197,889	673,133	1,034	-	-	-	(160,648)			711,408
Total current liabilities	2,013,470	1,713,825	17,972	4,733	73,192	28,783	(265,383)			3,586,592
Pension liability	25,478	470,880	-	-	-	-	-			496,358
Self-insured reserves and claims	23,727	5,346	30,516	575,129	-	-	-			634,718
Other liabilities	452,377	379,238	-	-	-	-	-			831,615
Long-term debt	4,159,137	6,551,134	504	-	-	10,700	(3,575,076)			7,146,399
Total liabilities	6,674,189	9,120,423	48,992	579,862	73,192	39,483	(3,840,459)			12,695,682
Net assets	10,342,605	(1,507,674)	75,307	183,249	76,794	22,109	(903,202)			8,289,188
Net assets attributable to CHI	323,255	136,382	9,264	-	-	-	395			469,296
Net assets attributable to noncontrolling interests	10,665,860	(1,371,292)	84,571	183,249	76,794	22,109	(902,807)			8,758,484
Unrestricted	264,986	438	-	-	-	215	-			265,639
Temporarily restricted	92,772	-	-	-	-	-	-			92,772
Permanently restricted	11,023,618	(1,370,854)	84,571	183,249	76,794	22,324	(902,807)			9,116,895
Total net assets	\$ 17,697,807	\$ 7,749,569	\$ 133,563	\$ 763,111	\$ 149,985	\$ 61,807	\$ (4,743,266)	\$ 21,812,577		
Total liabilities and net assets										

Catholic Health Initiatives

Consolidating Statement of Operations
(In Thousands)

Fiscal Year Ended June 30, 2014

	MBOs	Corporate	Prudent Health	FHII	CHI Welfare Benefits Trust	Other	Adjustments	Eliminations and Consolidated
Revenues	\$ 12,533,587	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (126,343)	\$ 12,407,244
Net patient services revenues								
Nonpatient								
Donations	32,301	64	—	—	—	1	—	32,366
Changes in equity of unconsolidated organizations	21,153	5,578	131	—	—	198	(138)	26,922
Investment income used for operations	18,630	76	738	82,430	—	—	—	101,874
Gains on business combinations	421,955	—	—	—	—	—	—	421,955
Hospital nonpatient revenues	294,021	—	—	—	—	—	—	294,021
Insurance premium revenues	—	—	171,465	—	—	—	—	171,465
Other	266,898	1,440,894	10,502	199,308	497,557	73,787	(2,057,120)	432,816
Total nonpatient revenues	1,056,758	1,445,812	182,836	281,738	497,557	73,986	(2,057,120)	1,481,429
Total operating revenues	\$11,590,345	\$1,445,812	\$182,836	\$281,738	\$497,557	\$73,986	(2,183,601)	\$1,888,573
Expenses								
Salaries and wages	5,137,917	390,928	10,960	—	—	52,861	(37,682)	5,554,984
Employee benefits	1,182,002	31,129	1,734	32,929	485,932	12,459	(673,365)	1,072,830
Purchased services, medical professional fees, consulting and legal	2,006,921	531,224	158,528	19,480	7,115	22,764	(800,453)	1,945,579
Supplies	2,339,219	6,936	218	—	—	506	—	2,346,879
Utilities	182,810	13,396	234	—	—	39	—	197,479
Rental, leases, maintenance and insurance	538,020	447,315	3,138	177,158	—	1,391	(291,209)	875,833
Depreciation and amortization	650,620	47,092	507	—	—	553	—	699,772
Interest	176,208	217,727	273	—	—	211	(158,979)	235,440
Other	1,011,174	62,330	2,360	512	687	2,046	(221,775)	857,334
Total operating expenses before restructuring, impairment and other losses	\$1,225,891	1,748,097	177,952	230,109	493,734	92,810	(2,183,461)	\$1,781,150
Income (loss) from operations before restructuring, impairment and other losses	364,454	(302,285)	4,884	51,629	3,823	(18,844)	(138)	103,523
Restructuring, impairment and other losses	67,207	52,911	(2,970)	—	—	236	—	117,514
Income (loss) from operations	297,247	(355,196)	7,814	51,629	3,823	(19,170)	(138)	(13,591)
Nonoperating gains (losses)								
Investment income (loss), net	632,674	104,667	95	—	10,940	(2)	—	747,374
Loss on defeasance of bonds	(10,018)	4,393	—	—	—	—	—	(5,625)
Realized and unrealized gains (losses) on interest rate swaps	15,840	(55,265)	—	—	1	—	—	(39,414)
Other nonoperating gains (losses)	18,766	(258,344)	—	—	—	—	—	(55,267)
Total nonoperating gains (losses)	657,262	(204,549)	95	—	10,940	(1)	184,211	647,938
Excess (deficit) of revenues over expenses over expenses	934,509	(\$59,745)	7,909	51,629	14,763	(19,171)	184,073	633,967
(Excess) deficit of revenues over expenses attributable to noncontrolling interest	(\$26,708)	32,419	(25)	—	—	—	—	5,686
Excess (deficit) of revenues over expenses attributable to CHI	\$ 927,801	\$ (517,326)	\$ 7,884	\$ 51,629	\$ 14,763	\$ (19,171)	\$ 184,073	\$ 639,653

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