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2013

Open to Public
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Form 990

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

- Do not enter Social Security numbers on this form as it may be made public. By law, the IRS generally cannot redact the information on the form.
- Information about Form 990 and its instructions is at www.irs.gov/form990

A For the 2013 calendar year, or tax year beginning 07-01-2013, 2013, and ending 06-30-2014

B Check if applicable	C Name of organization KVC Hospitals Inc	D Employer identification number 27-1672159
<input type="checkbox"/> Address change	Doing Business As	
<input type="checkbox"/> Name change		
<input type="checkbox"/> Initial return	Number and street (or P O box if mail is not delivered to street address) 21350 W 153rd St	Room/suite
<input type="checkbox"/> Terminated		
<input type="checkbox"/> Amended return	City or town, state or province, country, and ZIP or foreign postal code Olathe, KS 66061	
<input type="checkbox"/> Application pending		G Gross receipts \$ 19,749,840

F Name and address of principal officer B WAYNE SIMS 21350 W 153RD ST OLATHE, KS 66061	H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	H(b) Are all subordinates included? If "No," attach a list (see instructions)
	H(c) Group exemption number ►

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	L Year of formation 2010	M State of legal domicile KS
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Part I Summary

1 Briefly describe the organization's mission or most significant activities IT IS THE MISSION OF KVC TO ENRICH AND ENHANCE THE LIVES OF CHILDREN AND THEIR FAMILIES BY PROVIDING MEDICAL AND BEHAVIORAL HEALTHCARE, SOCIAL SERVICES AND EDUCATION	
2 Check this box ► if the organization discontinued its operations or disposed of more than 25% of its net assets	
3 Number of voting members of the governing body (Part VI, line 1a)	3 6
4 Number of independent voting members of the governing body (Part VI, line 1b)	4 0
5 Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5 373
6 Total number of volunteers (estimate if necessary)	6 156
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a 0
b Net unrelated business taxable income from Form 990-T, line 34	7b 0

8 Contributions and grants (Part VIII, line 1h)	Prior Year 415,345	Current Year 246,874
9 Program service revenue (Part VIII, line 2g)	17,645,005	19,483,132
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	952	696
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	187,315	19,138
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	18,248,617	19,749,840

13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	24 0
14 Benefits paid to or for members (Part IX, column (A), line 4)	0 0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	9,170,924 9,792,865
16a Professional fundraising fees (Part IX, column (A), line 11e)	0 0
b Total fundraising expenses (Part IX, column (D), line 25) ► ⁰	
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	10,230,511 11,026,297
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	19,401,459 20,819,162
19 Revenue less expenses Subtract line 18 from line 12	-1,152,842 -1,069,322

20 Total assets (Part X, line 16)	Beginning of Current Year 6,043,950	End of Year 6,697,229
21 Total liabilities (Part X, line 26)	1,381,049	1,602,755
22 Net assets or fund balances Subtract line 21 from line 20	4,662,901	5,094,474

Part II Signature Block

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

Sign Here	***** Signature of officer B WAYNE SIMS PRESIDENT Type or print name and title	2015-05-15 Date
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Paid Preparer Use Only	Print/Type preparer's name Michael J Engle	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN P00482834
	Firm's name ► BKD LLP	Firm's EIN ►			
	Firm's address ► 1201 Walnut Suite 1700 Kansas City, MO 641062246	Phone no (913) 322-4900			

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

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

IT IS THE MISSION OF KVC HOSPITALS TO ENRICH CHILDREN'S LIVES BY PROVIDING COMPREHENSIVE AND COMPASSIONATE TRAUMA-INFORMED PSYCHIATRIC CARE, BEHAVIORAL HEALTHCARE, EDUCATION AND MEDICAL SERVICES

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

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

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported**4a** (Code) (Expenses \$ 3,109,796 including grants of \$) (Revenue \$ 4,539,675)

WHEATLAND KVC PROVIDES A CONTINUUM OF MEDICAL & BEHAVIORAL HEALTHCARE SERVICES TO CHILDREN & ADOLESCENTS EACH YEAR AT ITS JOINT-COMMISSION ACCREDITED, 24-BED FACILITY IN HAYS, KS WITH THE HIGHEST INDUSTRY SAFETY STANDARDS PSYCHIATRIC HOSPITAL AND RESIDENTIAL TREATMENT FACILITY PROGRAMS ARE PROVIDED FROM THIS LOCATION (SEE CONTINUATION ON SCHEDULE O)

4b (Code) (Expenses \$ 13,578,799 including grants of \$) (Revenue \$ 14,943,457)

PRAIRIE RIDGE KVC PROVIDES A CONTINUUM OF MEDICAL & BEHAVIORAL HEALTHCARE SERVICES TO MORE THAN 2,000 CHILDREN & ADOLESCENTS EACH YEAR AT ITS JOINT-COMMISSION ACCREDITED, 75-ACRE CAMPUS IN KANSAS CITY PSYCHIATRIC HOSPITAL AND RESIDENTIAL TREATMENT FACILITIES ARE PROVIDED WITH THE HIGHEST INDUSTRY SAFETY STANDARDS KVC SEEKS TO WORK "IN CHILD'S TIME" TO PROVIDE COMPASSIONATE AND EFFECTIVE CARE THROUGH THE USE OF TIMELY, INDIVIDUALIZED TREATMENT PLANNING IN COLLABORATION WITH THE CHILD/YOUTH, FAMILY AND COMMUNITY (SEE CONTINUATION ON SCHEDULE O)

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

[10 blank lines for continuation]

4d Other program services (Describe in Schedule O)

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

4e Total program service expenses ► 16,688,595

Part IV Checklist of Required Schedules

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 XI

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?

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

Part IV Checklist of Required Schedules (continued)

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . . .	1a	32	
1b Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable . . .	1b	0	
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . .	1c	Yes	
2a Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return . . .	2a	373	
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b	Yes	
3a Did the organization have unrelated business gross income of \$1,000 or more during the year? . . .	3a	No	
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	No	
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? . . .	4a	No	
b If "Yes," enter the name of the foreign country ► See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts			
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . .	5a	No	
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? . . .	5b	No	
c If "Yes," to line 5a or 5b, did the organization file Form 8886-T? . . .	5c	No	
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a	No	
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . .	6b	No	
7 Organizations that may receive deductible contributions under section 170(c).	7a	No	
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? . . .	7b	No	
b If "Yes," did the organization notify the donor of the value of the goods or services provided? . . .	7c	No	
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . .	7d	No	
d If "Yes," indicate the number of Forms 8282 filed during the year . . .	7e	No	
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . .	7f	No	
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . .	7g	No	
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . .	7h	No	
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . .	8	No	
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? . . .	9a	No	
9 Sponsoring organizations maintaining donor advised funds.	9b	No	
a Did the organization make any taxable distributions under section 4966? . . .	10a	No	
b Did the organization make a distribution to a donor, donor advisor, or related person? . . .	10b	No	
10 Section 501(c)(7) organizations. Enter			
a Initiation fees and capital contributions included on Part VIII, line 12 . . .	11a	No	
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	11b	No	
11 Section 501(c)(12) organizations. Enter			
a Gross income from members or shareholders . . .	12a	No	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) . . .	12b	No	
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041? . . .	13a	No	
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year . . .	13b	No	
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O	13c	No	
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 . . .	14a	No	
c Enter the amount of reserves on hand . . .	14b	No	
14a Did the organization receive any payments for indoor tanning services during the tax year? . . .			
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O . . .			

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

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

Section A. Governing Body and Management

	Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year	1a	6
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	1b	0
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	Yes
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5 Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6 Did the organization have members or stockholders?	6	Yes
7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a The governing body?	8a	Yes
b Each committee with authority to act on behalf of the governing body?	8b	Yes
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you made these available. Check all that apply
 Own website Another's website Upon request Other (explain in Schedule O)

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

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization
 PAUL KLAYDER 21350 W 153RD ST
OLATHE, KS 66061 (913) 322-4900

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 Employee

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

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

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

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

(A) (B) (C) (D) (E)

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

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 **1**

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
VISHAL ADMA MD PA,	CONTRACTED SERVICES	1,487,167
RESPONSIVE MANAGMEMENT,	CONTRACTED SERVICES	142,200
PROF NURSING SERVICES,	CONTRACTED SERVICES	447,402
GOOD CARE PEDIATRICS LLC,	CONTRACTED SERVICES	112,125
EXECUTIVE MGMT SERVICES INC,	CONTRACTED SERVICES	107,930

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 ►6

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 Federated campaigns	1a 50,000			
	b Membership dues	1b			
	c Fundraising events	1c			
	d Related organizations	1d			
	e Government grants (contributions)	1e 196,154			
	f All other contributions, gifts, grants, and similar amounts not included above	1f 720			
	g Noncash contributions included in lines 1a-1f \$				
	h Total. Add lines 1a-1f		246,874		
Program Service Revenue	2a NET PATIENT SERVICE REVENUE	Business Code 624100	19,483,132	19,483,132	
	b				
	c				
	d				
	e				
	f All other program service revenue				
	g Total. Add lines 2a-2f		19,483,132		
	3 Investment income (including dividends, interest, and other similar amounts)		696		696
4 Income from investment of tax-exempt bond proceeds		0			
5 Royalties		0			
6a Gross rents	(I) Real				
b Less rental expenses					
c Rental income or (loss)	0	0			
d Net rental income or (loss)			0		
7a Gross amount from sales of assets other than inventory	(I) Securities				
b Less cost or other basis and sales expenses					
c Gain or (loss)					
d Net gain or (loss)			0		
8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a				
b Less direct expenses	b				
c Net income or (loss) from fundraising events		0			
9a Gross income from gaming activities See Part IV, line 19	a				
b Less direct expenses	b				
c Net income or (loss) from gaming activities		0			
10a Gross sales of inventory, less returns and allowances	a				
b Less cost of goods sold	b				
c Net income or (loss) from sales of inventory		0			
Miscellaneous Revenue	Business Code				
11a MISCELLANEOUS REVENUE	900099	19,138		19,138	
b					
c					
d All other revenue					
e Total. Add lines 11a-11d		19,138			
12 Total revenue. See Instructions		19,749,840	19,483,132	19,834	

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	0			
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 . . .	127,370	127,370		
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	8,016,366	8,016,366		
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) . . .	43,000	43,000		
9 Other employee benefits . . .	876,874	876,874		
10 Payroll taxes . . .	729,255	729,255		
11 Fees for services (non-employees)				
a Management . . .	1,516,500	24,000	1,492,500	
b Legal . . .	22,417	17,267	5,150	
c Accounting . . .	7,794	7,794		
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) . . .	3,464,710	3,464,710	0	0
12 Advertising and promotion . . .	6,371	6,371		
13 Office expenses . . .	971,346	971,346		
14 Information technology . . .	0			
15 Royalties . .	0			
16 Occupancy . . .	911,383	911,383		
17 Travel . . .	78,901	78,901		
18 Payments of travel or entertainment expenses for any federal, state, or local public officials . . .	0			
19 Conferences, conventions, and meetings . . .	22,402	22,402		
20 Interest . . .	1,697		1,697	
21 Payments to affiliates . . .	0			
22 Depreciation, depletion, and amortization . . .	165,244	165,244		
23 Insurance . . .	109,983		109,983	
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 REPAIRS & MAINTENANCE	242,112	242,112		
b LICENSES & DUES	141,322	141,322		
c MEDICAL SUPPLIES	835,804	835,804		
d BAD DEBT EXPENSE	2,521,016		2,521,016	
e All other expenses	7,295	7,074	221	
25 Total functional expenses. Add lines 1 through 24e	20,819,162	16,688,595	4,130,567	0
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ► if following SOP 98-2 (ASC 958-720)				

Part X Balance 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	53,290	1 64,974
2	Savings and temporary cash investments	450,061	2 498,913
3	Pledges and grants receivable, net	71,750	3 0
4	Accounts receivable, net	4,602,569	4 5,194,046
5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	0	5 0
6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L	0	6 0
7	Notes and loans receivable, net	0	7 0
8	Inventories for sale or use	0	8 0
9	Prepaid expenses and deferred charges	14,880	9 166,477
10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	2,806,049
b	Less accumulated depreciation	10b	2,039,130
		845,500	10c 766,919
11	Investments—publicly traded securities	0	11 0
12	Investments—other securities See Part IV, line 11	0	12 0
13	Investments—program-related See Part IV, line 11	0	13 0
14	Intangible assets	0	14 0
15	Other assets See Part IV, line 11	5,900	15 5,900
16	Total assets. Add lines 1 through 15 (must equal line 34)	6,043,950	16 6,697,229
Liabilities			
17	Accounts payable and accrued expenses	1,370,883	17 1,552,211
18	Grants payable	0	18 0
19	Deferred revenue	10,166	19 0
20	Tax-exempt bond liabilities	0	20 0
21	Escrow or custodial account liability Complete Part IV of Schedule D	0	21 0
22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L	0	22 0
23	Secured mortgages and notes payable to unrelated third parties	0	23 50,544
24	Unsecured notes and loans payable to unrelated third parties	0	24 0
25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	0	25 0
26	Total liabilities. Add lines 17 through 25	1,381,049	26 1,602,755
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	4,662,901	27 5,094,474
28	Temporarily restricted net assets	0	28 0
29	Permanently restricted net assets	0	29 0
	Organizations that do not follow SFAS 117 (ASC 958), check here <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	4,662,901	33 5,094,474
34	Total liabilities and net assets/fund balances	6,043,950	34 6,697,229

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	19,749,840
2	Total expenses (must equal Part IX, column (A), line 25)	2	20,819,162
3	Revenue less expenses Subtract line 2 from line 1	3	-1,069,322
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	4,662,901
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	1,500,895
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	5,094,474

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

	Yes	No
1 Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2a	No
2b Were the organization's financial statements audited by an independent accountant? If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2b	Yes
2c If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	Yes
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	3b	Yes

SCHEDULE A
(Form 990 or 990EZ)**Public Charity Status and Public Support**

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

2013**Open to Public
Inspection**Department of the
Treasury
Internal Revenue Service

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

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

KVC Hospitals Inc

Employer identification number

27-1672159

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

Section C. Computation of Public Support Percentage

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

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

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

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

Section B. Total Support

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

Return Reference

Explanation

SCHEDULE C
(Form 990 or 990-EZ)**Political Campaign and Lobbying Activities****2013****Open 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 the organization KVC Hospitals Inc	Employer identification number 27-1672159
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Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV
- 2 Political expenditures ► \$ _____
- 3 Volunteer hours _____

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

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 ► \$ _____
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 ► \$ _____
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? Yes No
- 4a Was a correction made? Yes No
- b If "Yes," describe in Part IV

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

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ► \$ _____
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ► \$ _____
- 3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ► \$ _____
- 4 Did the filing organization file **Form 1120-POL** for this year? Yes No
- 5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

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

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

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

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a	Total lobbying expenditures to influence public opinion (grass roots lobbying)	0	0												
b	Total lobbying expenditures to influence a legislative body (direct lobbying)	1,134	108,876												
c	Total lobbying expenditures (add lines 1a and 1b)	1,134	108,876												
d	Other exempt purpose expenditures	20,818,028	143,315,039												
e	Total exempt purpose expenditures (add lines 1c and 1d)	20,819,162	143,423,915												
f	Lobbying nontaxable amount Enter the amount from the following table in both columns	1,000,000	5,070,307												
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">If the amount on line 1e, column (a) or (b) is:</th> <th style="text-align: left;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </tbody> </table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g	Grassroots nontaxable amount (enter 25% of line 1f)	250,000	1,267,577												
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	4,747,161	4,695,469	4,680,759	5,070,307	19,193,696
b Lobbying ceiling amount (150% of line 2a, column(e))					28,790,544
c Total lobbying expenditures	62,693	61,410	102,633	108,876	335,612
d Grassroots nontaxable amount	1,186,790	1,173,869	1,170,191	1,267,577	4,798,427
e Grassroots ceiling amount (150% of line 2d, column (e))					7,197,641
f Grassroots lobbying expenditures	0	0	0	0	0

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?					
j Total Add lines 1c through 1i					
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).

1	Yes		No
	1		
	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)	2a	
a Current year	2b	
b Carryover from last year	2c	
c Total	3	
3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	4	
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	
5 Taxable amount of lobbying and political expenditures (see instructions)		

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

Return Reference	Explanation

Part IV Supplemental Information (continued)

Schedule D (Form 990) 2013

2013

Open to Public
Inspection**SCHEDULE D**
(Form 990)**Supplemental Financial Statements**► Complete if the organization answered "Yes," to Form 990,
Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b► Attach to Form 990. ► See separate instructions. ► Information about Schedule D (Form 990)
and its instructions is at www.irs.gov/form990.Department of the Treasury
Internal Revenue Service**Name of the organization**
KVC Hospitals Inc**Employer identification number**

27-1672159

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

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

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

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

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

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

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

Protection of natural habitat Preservation of a certified historic structure

Preservation of open space

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

	Held at the End of the Year
2a	
2b	
2c	
2d	

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

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

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? Yes No

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? Yes No

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

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

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

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

(i) Revenues included in Form 990, Part VIII, line 1 ► \$ _____

(ii) Assets included in Form 990, Part X ► \$ _____

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

a Revenues included in Form 990, Part VIII, line 1 ► \$ _____

b Assets included in Form 990, Part X ► \$ _____

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

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

a <input type="checkbox"/> Public exhibition	d <input type="checkbox"/> Loan or exchange programs
b <input type="checkbox"/> Scholarly research	e <input type="checkbox"/> Other
c <input type="checkbox"/> 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

(i) unrelated organizations

(ii) related organizations

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

Yes	No
3a(i)	
3a(ii)	
3b	

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

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

	Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land					
b Buildings					
c Leasehold improvements		1,174,630	855,080	319,550	
d Equipment		1,626,537	1,184,049	442,488	
e Other		4,881		4,881	
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)					766,919

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		

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

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

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

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

Part XIII Supplemental Information

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

Return Reference	Explanation
SCHEDULE D, PART X, LINE 2	MANAGEMENT HAS EVALUATED THEIR INCOME TAX POSITIONS UNDER THE GUIDANCE INCLUDED IN ASC 740. BASED ON THEIR REVIEW, MANAGEMENT HAS NOT IDENTIFIED ANY MATERIAL UNCERTAIN TAX POSITIONS TO BE RECORDED OR DISCLOSED IN THE FINANCIAL STATEMENTS

Part XIII Supplemental Information (continued)

Return Reference	Explanation

SCHEDULE H
(Form 990)

Hospitals

OMB No 1545-0047

Department of the Treasury
Internal Revenue Service

► 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.

2013

Open to Public
InspectionName of the organization
KVC Hospitals Inc

Employer identification number

27-1672159

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

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

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 _____ 150 %

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"?

5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?

5b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?

5c 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?

6a Did the organization prepare a community benefit report during the tax year?

6b 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

	Yes	No
1a	Yes	
1b	Yes	
3a	Yes	
3b	Yes	
4	Yes	
5a	Yes	
5b		No
5c		
6a		No
6b		

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)						
b Medicaid (from Worksheet 3, column a)			10,714,304	9,976,221	738,083	4 030 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			10,714,304	9,976,221	738,083	4 030 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total Other Benefits						
k Total Add lines 7d and 7j			10,714,304	9,976,221	738,083	4 030 %

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense	Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?	1	No
2 Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	2,521,016
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3	
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements		
Section B. Medicare		
5 Enter total revenue received from Medicare (including DSH and IME)	5	0
6 Enter Medicare allowable costs of care relating to payments on line 5	6	0
7 Subtract line 6 from line 5 This is the surplus (or shortfall)	7	0
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		
<input type="checkbox"/> Cost accounting system	<input type="checkbox"/> Cost to charge ratio	<input type="checkbox"/> Other
Section C. Collection Practices		
9a Did the organization have a written debt collection policy during the tax year?	9a	Yes
b If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	Yes

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

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

Part V Facility Information**Section A. Hospital Facilities**

(list in order of size from largest to smallest—see instructions)

How many hospital facilities did the organization operate during the tax year?

2

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

See Additional Data Table

Other (Describe)

Facility reporting group

ER-other

ER-24 hours

Research facility

Critical access hospital

Teaching hospital

Children's hospital

General medical & surgical

Licensed hospital

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)

WHEATLAND

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

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

Part V Facility Information (continued)

Financial Assistance Policy		Yes	No
9	Did the hospital facility have in place during the tax year a written financial assistance policy that explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	Yes
10	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>100%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes
11	Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>150</u> % If "No," explain in Part VI the criteria the hospital facility used	11	Yes
12	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	12	Yes
a	<input checked="" type="checkbox"/> Income level		
b	<input checked="" type="checkbox"/> Asset level		
c	<input type="checkbox"/> Medical indigency		
d	<input checked="" type="checkbox"/> Insurance status		
e	<input type="checkbox"/> Uninsured discount		
f	<input checked="" type="checkbox"/> Medicaid/Medicare		
g	<input type="checkbox"/> State regulation		
h	<input type="checkbox"/> Residency		
i	<input checked="" type="checkbox"/> Other (describe in Part VI)		
13	Explained the method for applying for financial assistance?	13	Yes
14	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	14	Yes
a	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input type="checkbox"/> The policy was attached to billing invoices		
c	<input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input 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 upon request		
g	<input type="checkbox"/> Other (describe in Part VI)		

Billing and Collections

15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	15	Yes
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP		
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged	17	No
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		

Part V Facility Information (continued)

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

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

Policy Relating to Emergency Medical Care

19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?

If "No," indicate why

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

	Yes	No
19		No

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

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

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

21		No

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

If "Yes," explain in Part VI

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

If "Yes," explain in Part VI

22		No

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)

PRAIRIE RIDGE

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

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

Part V Facility Information (continued)

Financial Assistance Policy		Yes	No
9	Did the hospital facility have in place during the tax year a written financial assistance policy that explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	Yes
10	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>100%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes
11	Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>150</u> % If "No," explain in Part VI the criteria the hospital facility used	11	Yes
12	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	12	Yes
a	<input checked="" type="checkbox"/> Income level		
b	<input checked="" type="checkbox"/> Asset level		
c	<input type="checkbox"/> Medical indigency		
d	<input checked="" type="checkbox"/> Insurance status		
e	<input type="checkbox"/> Uninsured discount		
f	<input checked="" type="checkbox"/> Medicaid/Medicare		
g	<input type="checkbox"/> State regulation		
h	<input type="checkbox"/> Residency		
i	<input checked="" type="checkbox"/> Other (describe in Part VI)		
13	Explained the method for applying for financial assistance?	13	Yes
14	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	14	Yes
a	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input type="checkbox"/> The policy was attached to billing invoices		
c	<input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input 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 upon request		
g	<input type="checkbox"/> Other (describe in Part VI)		

Billing and Collections

15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	15	Yes
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP		
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged	17	No
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		

Part V Facility Information (continued)

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

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

Policy Relating to Emergency Medical Care

19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?

If "No," indicate why

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

	Yes	No
19		No

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

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

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

21		No

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

If "Yes," explain in Part VI

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

If "Yes," explain in Part VI

22		No

Part V Facility Information (continued)

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

Form and Line Reference	Explanation
See Additional Data Table	

Schedule H (Form 990) 2013

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

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

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

Part VI Supplemental Information

Provide the following information

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNA's 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

990 Schedule H, Supplemental Information

Form and Line Reference	Explanation
SCHEDULE H, PART I, LINE 7	
SCHEDULE H, PART I, LINE 7, COLUMN (F)	BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25 BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$2,521,016
SCHEDULE H, PART III, LINE 2	LINE 2 - THE ORGANIZATION USES HISTORICAL COLLECTION DATA AS WELL AS ESTIMATED PERCENTAGES APPLIED TO THE VARIOUS AGED CATEGORIES TO ESTIMATE THE AMOUNT OF UNCOLLECTIBLE RECEIVABLES
SCHEDULE H, PART III, LINE 4	THE FOOTNOTE DESCRIBING BAD DEBT EXPENSE CAN BE FOUND ON PAGE 8 OF THE ATTACHED AUDITED FINANCIAL STATEMENTS
SCHEDULE H, PART III, LINE 9B	KVC DOES NOT SEND CHARITY CARE OR FINANCIAL ASSISTANCE CLIENTS TO COLLECTION AGENCIES. KVC WORKS WITH THESE CLIENTS TO SET UP PAYMENT PLANS THAT THE CLIENT CAN MAINTAIN
SCHEDULE H, PART VI, LINE 2	THE WHEATLAND HOSPITAL WAS CREATED IN COOPERATION WITH THE STATE OF KANSAS. THE STATE OF KANSAS ASSESSED THE NEED FOR A PSYCHIATRIC HOSPITAL FOR THE CENTRAL AND WESTERN PART OF KANSAS. PRAIRIE RIDGE PROVIDES MENTAL HEALTH CARE TO THE COMMUNITIES IT SERVES. THIS NEED IS ASSESSED BY DISCUSSING INPATIENT MENTAL HEALTH NEEDS WITH STATE FOSTER CARE CONTRACTORS, OTHER HOSPITALS AND COMMUNITY MENTAL HEALTH CENTERS. THE STATE OF KANSAS HAS ALSO ASSESSED THE NEED FOR THESE SERVICES.
SCHEDULE H, PART VI, LINE 3	KVC'S CHARITY CARE POLICY IS ON THE COMPANY'S WEBSITE (KVC.ORG) AND GIVEN OUT UPON REQUEST. THE MAJORITY OF CLIENTS SERVED BY KVC ARE ALREADY ON A FEDERAL, STATE OR LOCAL PROGRAM.
SCHEDULE H, PART VI, LINE 4	WHEATLAND SERVES CHILDREN FROM CENTRAL AND WESTERN KANSAS. THIS IS A LARGE GEOGRAPHICAL AREA WHICH COVERS APPROXIMATELY HALF OF THE STATE. THE CLIENTS OFTEN COME FROM LOW INCOME OR LOW MIDDLE INCOME HOUSEHOLDS. PRAIRIE RIDGE GENERALLY SERVES CHILDREN FROM THE GREATER METROPOLITAN KANSAS CITY AREA AND ALSO SERVES SOME CHILDREN FROM EASTERN NEBRASKA WHEN LOCAL PROVIDERS CANNOT EFFECTIVELY MEET THEIR NEEDS.
SCHEDULE H, PART VI, LINE 5	KVC HOSPITALS ARE PSYCHIATRIC HOSPITALS. THEREFORE TRAINING PROVIDED IN THE COMMUNITY HELPS EXPAND THE UNDERSTANDING OF BEHAVIORAL HEALTHCARE ISSUES, PARTICULARLY IN PRE-ADOLESCENT AND ADOLESCENTS. KVC IS A LEADER IN TRAUMA-INFORMED CARE AND TREATMENT. KVC PROFESSIONALS PROVIDE TRAINING TO COMMUNITY PROVIDERS AND KVC ALSO PROVIDES CONFERENCES LED BY NATIONAL PURVEYORS AND EXPERTS. THESE EVENTS PROMOTE CONTINUITY AND PROFESSIONAL GROWTH IN THE TREATMENT CULTURES OF OUR VARIOUS COMMUNITIES.

Additional Data

Software ID:
Software Version:
EIN: 27-1672159
Name: KVC Hospitals Inc

990 Schedule H, Supplemental Information

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

Form and Line Reference	Explanation
SCHEDULE H, PART V, SECTION B, LINE 3	
SCHEDULE H, PART V, SECTION B, LINE 5	THE CHNA REPORTS FOR BOTH WHEATLAND AND PRAIRIE RIDGE HOSPITALS ARE AVAILABLE AT THE ORGANIZATION'S WEBSITE AT HTTP //WWW KVC.ORG/KANSAS/KANSAS-SERVICES/CHILDRENS-PSYCHIATRIC-HOSPITALS
SCHEDULE H, PART V, SECTION B, LINE 12I	PRESUMPTIVE ELIGIBILITY - (E G , FOOD STAMP PROGRAM, INFANTS, CHILDREN, ETC) IF THE PATIENT IS ALREADY ENROLLED IN ONE OF THESE PROGRAMS, THEY WILL AUTOMATICALLY QUALIFY FOR SOME LEVEL OF FINANCIAL ASSISTANCE BASED ON THEIR INCOME LEVEL
SCHEDULE H, PART V, LINE 20D	THE MEDICAID RATES ARE USED WHEN CALCULATING THE MAXIMUM AMOUNTS THAT CAN BE CHARGED TO FA P-ELIGIBLE INDIVIDUALS FOR EMERGENCY OR MEDICALLY NECESSARY CARE

Schedule J
(Form 990)**Compensation Information**

OMB No 1545-0047

2013**Open to Public
Inspection**Department of the Treasury
Internal Revenue ServiceFor certain Officers, Directors, Trustees, Key Employees, and Highest
Compensated Employees

► Complete if the organization answered "Yes" to Form 990, Part IV, line 23.

► Attach to Form 990. ► See separate instructions.

► Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.Name of the organization
KVC Hospitals Inc

Employer identification number

27-1672159

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 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 in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?**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 type="checkbox"/> Compensation committee	<input type="checkbox"/> Written employment contract
<input type="checkbox"/> Independent compensation consultant	<input type="checkbox"/> Compensation survey or study
<input type="checkbox"/> Form 990 of other organizations	<input 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 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.**5** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of**a** The organization?**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
1b		
2		
4a		No
4b	Yes	
4c		No
5a		No
5b		No
6a		No
6b		No
7		No
8		No
9		

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

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

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

(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) B WAYNE SIMS- SEE SCH O DIRECTOR/BOARD PRESIDENT	(i) 0 (ii) 290,432	0 15,000	0 176,661	0 50,000	0 7,882	0 539,975	0 150,000
(2) ANNE ROBERTS- SEE SCH O DIRECTOR/BOARD SECRETARY	(i) 0 (ii) 195,435	0 10,000	0 34,413	0 10,000	0 9,618	0 259,466	0 30,000
(3) PAUL KLAYDER- SEE SCH O DIRECTOR/BOARD TREASURER	(i) 0 (ii) 168,053	0 10,000	0 35,062	0 10,000	0 10,500	0 233,615	0 30,000
(4) SHERRY LOVE-SEE SCH O DIRECTOR	(i) 0 (ii) 168,871	0 10,000	0 34,342	0 10,000	0 11,525	0 234,738	0 30,000

Part III Supplemental Information

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

Return Reference	Explanation
SCHEDULE J, PART 1, LINE 4B	VESTED ACCRUED ----- B WAYNE SIMS \$150,000 \$50,000 ANNE ROBERTS \$ 30,000 \$10,000 PAUL KLAYDER \$ 30,000 \$10,000 SHERRY LOVE \$ 30,000 \$10,000 JASON HOOPER - \$ 6,000
SCHEDULE J, PART II	THE COMPENSATION REPORTED ON SCHEDULE J, PART II WAS PAID BY KVC HEALTH SYSTEMS, INC A RELATED TAX EXEMPT ORGANIZATION KVC HEALTH SYSTEMS, INC USES A COMPENSATION COMMITTEE, INDEPENDENT COMPENSATION CONSULTANT, FORM 990 OF OTHER ORGANIZATIONS, COMPENSATION SURVEY OR STUDY, AND APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE TO ESTABLISH THE COMPENSTION OF B WAYNE SIMS, BOARD PRESIDENT OF KVC HOSPITALS, INC AND PRESIDENT/CEO OF KVC HEALTH SYSTEMS, INC
SCHEDULE J, PART II, COLUMN III	INCLUDES VESTING OF A THREE YEAR DEFERRED COMPENSATION PLAN RELATED TO RETIREMENT PLAN FUNDING

Schedule L

Transactions with Interested Persons

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
KVC Hospitals Inc

Employer identification number

27-1672159

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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) VISHAL ADMA MD PA	SEE PART V	1,487,167	SEE PART V		

Part V Supplemental Information

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

Return Reference	Explanation
SCHEDULE L, PART IV, LINE 1	(B) VISHAL ADMA, M D IS A DIRECTOR OF KVC HOSPITALS, INC AND OWNER VISHAL ADMA, M D , P A (D) VISHAL ADMA, M D P A IS COMPENSATED FOR THE SERVICES OF MEDICAL DIRECTOR AND PROVIDING THE DOCTORS FOR PSYCHIATRIC SERVICES FOR KVC HOSPITALS, INC

SCHEDULE O
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ****Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.****► Attach to Form 990 or 990-EZ.****► Information about Schedule O (Form 990 or 990-EZ) and its instructions is at
www.irs.gov/form990.****2013****Open to Public
Inspection**Name of the organization
KVC Hospitals Inc**Employer identification number**

27-1672159

Return Reference	Explanation
FORM 990, PART III, LINES 4A & 4B	LINE 4A KVC SEEKS TO WORK "IN CHILD'S TIME" TO PROVIDE COMPASSIONATE AND EFFECTIVE CARE THROUGH THE USE OF TIMELY, INDIVIDUALIZED TREATMENT PLANNING IN COLLABORATION WITH EACH CHILD/YOUTH, THEIR FAMILY AND COMMUNITY KVC HAS HAD A STRONG RELATIONSHIP WITH DR. GLENN SAXE, THE DEVELOPER OF TRAUMA SYSTEMS THERAPY (TST) AND IS A LEADER IN TRAUMA INFORMED CARE. IN ADDITION TO ITS PRIVATE COMMUNITY HOSPITAL, KVC'S STAR PROGRAM REPRESENTS INPATIENT HOSPITAL SERVICES FOR CHILDREN REFERRED BY THE STATE, ALLOWING KANSAS TO CLOSE ITS PREVIOUSLY STATE OPERATED, INPATIENT HOSPITALS FOR CHILDREN AND ADOLESCENTS. THIS PROGRAM'S "NO REJECT-NO EJECT" ADMISSIONS POLICY REFLECTS ITS "SAFETY NET" STATUS FOR WESTERN KANSAS OUTPATIENT SERVICES, INCLUDING IN-HOME THERAPY, ARE PROVIDED IN MANY KANSAS COMMUNITIES TO SUPPORT SUCCESSFUL COMMUNITY TRANSITION. KVC SERVES AS A TEACHING SITE FOR CHILD PSYCHIATRY FELLOWS FROM THE UNIVERSITY OF KANSAS MEDICAL CENTER, AND FOR SOCIAL WORKERS AND NURSES FROM NUMEROUS AREA UNIVERSITIES. LINE 4B KVC HAS A LONG, ESTABLISHED RELATIONSHIP WITH DR. GLENN SAXE, THE DEVELOPER OF TRAUMA SYSTEMS THERAPY (TST) IN ADDITION TO OTHER EVIDENCE-BASED TREATMENT AND BEST PRACTICE MODELS. KVC IS A LEADER IN PROVIDING TRAUMA INFORMED CARE. IN ADDITION TO ITS PRIVATE COMMUNITY HOSPITAL, KVC'S STAR PROGRAM REPRESENTS A HOSPITAL PROGRAM FOR CHILDREN AND YOUTH REFERRED BY THE STATE, ALLOWING KANSAS TO CLOSE ITS PREVIOUSLY STATE OPERATED, HOSPITAL PROGRAMS FOR CHILDREN AND ADOLESCENTS. THIS PROGRAM'S "NO REJECT-NO EJECT" ADMISSIONS POLICY REFLECTS ITS "SAFETY NET" STATUS FOR EASTERN KANSAS OUTPATIENT SERVICES, INCLUDING IN-HOME THERAPY, ARE PROVIDED IN KANSAS AND MISSOURI. KVC SERVES AS A TEACHING SITE FOR FELLOWS FROM THE UNIVERSITY OF KANSAS MEDICAL CENTER, COMPLETING CHILD PSYCHIATRY ROTATIONS AS WELL AS SOCIAL WORKERS AND NURSES FROM NUMEROUS AREA UNIVERSITIES AND PROGRAMS.

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 2	B WAYNE SIMS, ANNE ROBERTS, PAUL KLAYDER AND SHERRY LOVE HAD BUSINESS RELATIONSHIPS

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	KVC HEALTH SYSTEMS, INC , A KANSAS NOT-FOR-PROFIT CORPORATION, IS THE SOLE MEMBER OF KVC HOSPITALS, INC KVC HEALTH SYSTEMS, INC IS DESIGNATED AS THE SOLE MEMBER, KVC HEALTH SYSTEMS, INC CONTINUES TO QUALIFY AS A QUALIFIED ORGANIZATION AS DESCRIBED IN SECTION 501(C)(3) AND SECTIONS 509(A)(3) OF THE IRC KVC HEALTH SYSTEMS, INC HAS THE RIGHT TO CHANGE THE NUMBER OF DIRECTORS, TO APPOINT AND ELECT AND REMOVE THE MEMBERS OF KVC HOSPITALS, INC 'S BOARD OF DIRECTORS KVC HEALTH SYSTEMS, INC HAS THE POWER TO APPROVE SIGNIFICANT DECISIONS OF KVC HOSPITALS, INC KVC HEALTH SYSTEMS, INC IS NOT ENTITLED TO RECEIVE A SHARE OF KVC HOSPITALS, INC 'S PROFITS KVC HEALTH SYSTEMS, INC IS ENTITLED TO KVC HOSPITALS, INC 'S NET ASSETS UPON DISSOLUTION

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A	KVC HEALTH SYSTEMS, INC BEING THE SOLE MEMBER OF KVC HOSPITALS, INC HAS THE RIGHT TO ELECT ALL MEMBERS OF THE BOARD OF DIRECTORS

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B	THE CORPORATE BY LAWS OF KVC HOSPITALS, INC IDENTIFY CERTAIN RIGHTS AND POWERS WHICH ARE RESERVED TO KVC HEALTH SYSTEMS, INC THE SOLE MEMBER IN EACH INSTANCE, THE RIGHTS AND POWERS RESERVED TO THE SOLE MEMBER MAY BE SUMMARIZED AS FOLLOWS 1 BOARD OF DIRECTORS THE SOLE MEMBER HAS THE POWER TO ELECT THE BOARD OF DIRECTORS, REMOVE DIRECTORS, AND CHANGE THE NUMBER OF DIRECTORS 2 ARTICLES OF INCORPORATION AND BY LAWS KVC HOSPITALS, INC ARTICLES OF INCORPORATION AND BY LAWS MAY BE AMENDED BY THE SOLE MEMBER 3 ANNUAL BUDGETS THE SOLE MEMBER HAS THE POWER TO APPROVE OR DISAPPROVE ANNUAL BUDGETS ADOPTED BY THE BOARD OF DIRECTORS AND TO ESTABLISH LEVELS OF APPROVAL AUTHORITY FOR KVC HOSPITALS, INC 4 DISSOLUTION OR LIQUIDATION THE SOLE MEMBER HAS THE POWER TO APPROVE IN ADVANCE ANY PROPOSED DISSOLUTION AND/OR LIQUIDATION OF KVC HOSPITALS, INC

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11B	AN INDEPENDENT ACCOUNTING FIRM PREPARES AND REVIEWS THE 990. THE 990 IS THEN REVIEWED BY THE ORGANIZATION'S OFFICERS AND ACCOUNTING PERSONNEL. ANY QUESTIONS AND CONCERNS THE ORGANIZATION'S OFFICERS AND ACCOUNTING PERSONNEL HAVE ARE ADDRESSED AND ANY CORRECTIONS OR CLARIFICATIONS THAT NEED TO BE MADE ARE MADE. THE FINAL FORM 990 WITH ALL REQUIRED SCHEDULES IS THEN PROVIDED TO ALL VOTING MEMBERS OF THE BOARD PRIOR TO FILING THE 990.

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	EACH YEAR BOARD MEMBERS AND OFFICERS FILL OUT A PACKET THAT DETAILS ANY CONFLICTS OF INTEREST IF ANY CONFLICTS EXIST, THE BOARD MEMBER WITH THE CONFLICT DOES NOT PARTICIPATE IN THE DISCUSSION OR VOTE ON THE ISSUE INVOLVING THE CONFLICT

Return Reference	Explanation
FORM 990, PART VII & SCHEDULE J, PART II	THE FOUR EXECUTIVE OFFICERS (CHIEF EXECUTIVE OFFICER, CHIEF OPERATING OFFICER, CHIEF FINANCIAL OFFICER, AND CHIEF CLINICAL OFFICER) OVERSEE AND PERFORM DUTIES FOR ALL OF THE COMPANIES IN THE CONSOLIDATED GROUP OF KVC HEALTH SYSTEMS. THE FOLLOWING ARE THE PERCENTAGES OF EACH COMPANY'S DIVISIONAL BUDGETS TO THE CONSOLIDATED BUDGET, WHICH REPRESENTS THE RELATIVE PERCENTAGE OF TIME SPENT BY THE EXECUTIVE OFFICERS - KVC BEHAVIORAL HEALTHCARE, INC 60% - KVC BEHAVIORAL HEALTHCARE WEST VIRGINIA, INC 4% - KVC HEALTH SYSTEMS, INC 7% - KVC BEHAVIORAL HEALTHCARE KENTUCKY, INC 7% - KVC BEHAVIORAL HEALTHCARE NEBRASKA, INC 7% - KVC HOSPITALS, INC 14% - KVC REAL ESTATE HOLDINGS, INC <1% - KVC FOUNDATION, INC <1%

Return Reference	Explanation
FORM 990, PART VII, COLUMN E	COMPENSATION AMOUNTS FOR B WAYNE SIMS, ANNE ROBERTS, PAUL KLAYDER, AND SHERRY LOVE INCLUDES VESTING OF A THREE YEAR DEFERRED COMPENSATION PLAN RELATED TO RETIREMENT PLAN FUNDING

Return Reference	Explanation
FORM 990, PART XI, LINE 9	INTERCOMPANY TRANSFER \$ 1,500,895

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION CONTRACT PHYSICIANS TOTAL FEES 1735821

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION CONSULTING TOTAL FEES 888836

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION CONTRACT LABOR TOTAL FEES 840053

SCHEDULE R
(Form 990)

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
KVC Hospitals Inc

Employer identification number

27-1672159

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) KCV HEALTH SYSTEMS INC 21350 W 153RD STREET OLATHE, KS 66061 26-2516589	MANAGEMENT	KS	501(C)(3)	11B	NA		No
(2) KVC BEHAVIORAL HEALTHCARE WEST VIRGINIA 300 KENTON DRIVE CHARLESTON, WV 25311 31-1770280	FOSTER CARE	KS	501(C)(3)	9	KVC HSI	Yes	
(3) KVC FOUNDATION INC 21350 W 153RD STREET OLATHE, KS 66061 26-2516476	FUNDRAISING	WV	501(C)(3)	11B	KVC HSI	Yes	
(4) KVC REAL ESTATE HOLDINGS INC 21350 W 153RD STREET OLATHE, KS 66061 26-2516519	REAL ESTATE	KS	501(C)(3)	11B	KVC HSI	Yes	
(5) KVC BEHAVIORAL HEALTHCARE KENTUCKY INC 900 BEASLEY STREET LEXINGTON, KY 40509 27-0795565	IN HOME SVCS	KS	501(C)(3)	9	KVC HSI	Yes	
(6) KVC BEHAVIORAL HEALTHCARE NEBRASKA INC 825 M STREET LINCOLN, NE 68508 27-0408957	FOSTER CARE	KY	501(C)(3)	9	KVC HSI	Yes	
(7) KVC BEHAVIORAL HEALTHCARE INC 21350 W 153RD STREET OLATHE, KS 66061 48-0770308	FOSTER CARE	NE	501(C)(3)	9	KVC HSI	Yes	

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

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.

Part V Transactions With Related Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a** Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)
- f** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)
- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)
- p** Reimbursement paid to related organization(s) for expenses
- q** Reimbursement paid by related organization(s) for expenses
- r** Other transfer of cash or property to related organization(s)
- s** Other transfer of cash or property from related organization(s)

	Yes	No
1a	Yes	
1b		No
1c		No
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k	Yes	
1l		No
1m	Yes	
1n		No
1o	Yes	
1p		No
1q		No
1r	Yes	
1s	Yes	

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) KVC BEHAVIORAL HEALTHCARE INC	R	2,046,470	BOOK VALUE
(2) KVC BEHAVIORAL HEALTHCARE NEBRASKA INC	R	161,651	BOOK VALUE
(3) KVC BEHAVIORAL HEALTHCARE INC	S	132,833	BOOK VALUE
(4) KVC REAL ESTATE HOLDINGS INC	K	304,150	BOOK VALUE
(5) KVC FOUNDATION INC	K	217,250	BOOK VALUE
(6) KVC BEHAVIORAL HEALTHCARE INC	M	240,000	BOOK VALUE

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.

Part VII Supplemental Information

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

Return Reference	Explanation
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Schedule R (Form 990) 2013

Additional Data**Software ID:
Software Version:****EIN:** 27-1672159**Name:** KVC Hospitals Inc**Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations**

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c) (3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
(1) KCV HEALTH SYSTEMS INC 21350 W 153RD STREET OLATHE, KS 66061 26-2516589	MANAGEMENT	KS	501(C)(3)	11B	NA		No
(1) KVC BEHAVIORAL HEALTHCARE WEST VIRGINIA 300 KENTON DRIVE CHARLESTON, WV 25311 31-1770280	FOSTER CARE	KS	501(C)(3)	9	KVC HSI	Yes	
(2) KVC FOUNDATION INC 21350 W 153RD STREET OLATHE, KS 66061 26-2516476	FUNDRAISING	WV	501(C)(3)	11B	KVC HSI	Yes	
(3) KVC REAL ESTATE HOLDINGS INC 21350 W 153RD STREET OLATHE, KS 66061 26-2516519	REAL ESTATE	KS	501(C)(3)	11B	KVC HSI	Yes	
(4) KVC BEHAVIORAL HEALTHCARE KENTUCKY INC 900 BEASLEY STREET LEXINGTON, KY 40509 27-0795565	IN HOME SVCS	KS	501(C)(3)	9	KVC HSI	Yes	
(5) KVC BEHAVIORAL HEALTHCARE NEBRASKA INC 825 M STREET LINCOLN, NE 68508 27-0408957	FOSTER CARE	KY	501(C)(3)	9	KVC HSI	Yes	
(6) KVC BEHAVIORAL HEALTHCARE INC 21350 W 153RD STREET OLATHE, KS 66061 48-0770308	FOSTER CARE	NE	501(C)(3)	9	KVC HSI	Yes	

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
KVC BEHAVIORAL HEALTHCARE INC	R	2,046,470	BOOK VALUE
KVC BEHAVIORAL HEALTHCARE NEBRASKA INC	R	161,651	BOOK VALUE
KVC BEHAVIORAL HEALTHCARE INC	S	132,833	BOOK VALUE
KVC REAL ESTATE HOLDINGS INC	K	304,150	BOOK VALUE
KVC FOUNDATION INC	K	217,250	BOOK VALUE
KVC BEHAVIORAL HEALTHCARE INC	M	240,000	BOOK VALUE

TY 2013 Affiliated Group Schedule

Name: KVC Hospitals Inc**EIN:** 27-1672159**Affiliated Group Business Name:** KVC BEHAVIORAL HEALTHCARE I**Address. Either US or Foreign** 21350 W 153RD STREET
Type: OLATHE, KS 66061**EIN:** 48-0770308**Electing Organization Checkbox:** **Total Grassroots Lobbying:** 0**Total Direct Lobbying:** 0**Total Lobbying Expenditures:** 0**Other Exempt Purpose
Expenditures:** 76,762,669**Total Exempt Purpose
Expenditures:** 76,762,669**Lobbying Nontaxable Amount:** 1,000,000**Grassroots Nontaxable Amount:** 250,000**Tot Lobbying Grassroot Minus Non
Tx:** 0**Tot Lobby Expend Mns Lobbying
Non Tx:** 0**Share Of Excess Lobbying:** 0**Affiliated Group Business Name:** KVC HEALTH SYSTEMS INC**Address. Either US or Foreign** 21350 W 153RD STREET
Type: OLATHE, KS 66061**EIN:** 26-2516589**Electing Organization Checkbox:** **Total Grassroots Lobbying:** 0**Total Direct Lobbying:** 107,742**Total Lobbying Expenditures:** 107,742**Other Exempt Purpose
Expenditures:** 10,386,376**Total Exempt Purpose
Expenditures:** 10,494,118**Lobbying Nontaxable Amount:** 674,706**Grassroots Nontaxable Amount:** 168,677**Tot Lobbying Grassroot Minus Non
Tx:** 0**Tot Lobby Expend Mns Lobbying
Non Tx:** 0**Share Of Excess Lobbying:** 0

Affiliated Group Business Name:

KVC BEHAVIORAL HEALTHCARE WE

Address. Either US or Foreign

300 KENTON DRIVE

Type:

CHARLESTON, WV 25311

EIN:

31-1770280

Electing Organization Checkbox:

Total Grassroots Lobbying: 0

Total Direct Lobbying: 0

Total Lobbying Expenditures: 0

Other Exempt Purpose Expenditures: 5,718,183

Total Exempt Purpose Expenditures: 5,718,183

Lobbying Nontaxable Amount: 435,909

Grassroots Nontaxable Amount: 108,977

Tot Lobbying Grassroot Minus Non Tx: 0

Tot Lobby Expend Mns Lobbying Non Tx: 0

Share Of Excess Lobbying: 0

Affiliated Group Business Name:

KVC BEHAVIORAL HEALTHCARE KE

Address. Either US or Foreign

900 BEASLEY STREET

Type: LEXINGTON, KY 40509

EIN:

27-0795565

Electing Organization Checkbox:

Total Grassroots Lobbying: 0

Total Direct Lobbying: 0

Total Lobbying Expenditures: 0

Other Exempt Purpose Expenditures: 10,973,775

Total Exempt Purpose Expenditures: 10,973,775

Lobbying Nontaxable Amount: 698,689

Grassroots Nontaxable Amount: 174,672

Tot Lobbying Grassroot Minus Non Tx: 0

Tot Lobby Expend Mns Lobbying Non Tx: 0

Share Of Excess Lobbying: 0

Affiliated Group Business Name:

KVC BEHAVIORAL HEALTHCARE NE

Address. Either US or Foreign

825 M STREET

Type:

LINCOLN, NE 68508

EIN:

27-0408957

Electing Organization Checkbox:

Total Grassroots Lobbying: 0

Total Direct Lobbying: 0

Total Lobbying Expenditures: 0

Other Exempt Purpose Expenditures: 10,729,784

Total Exempt Purpose Expenditures: 10,729,784

Lobbying Nontaxable Amount: 686,489

Grassroots Nontaxable Amount: 171,622

Tot Lobbying Grassroot Minus Non Tx: 0

Tot Lobby Expend Mns Lobbying Non Tx: 0

Share Of Excess Lobbying: 0

Affiliated Group Business Name:

KVC HOSPITALS INC

Address. Either US or Foreign

21350 W 153RD STREET

Type: OLATHE, KS 66061

EIN:

27-1672159

Electing Organization Checkbox:

Total Grassroots Lobbying: 0

Total Direct Lobbying: 1,134

Total Lobbying Expenditures: 1,134

Other Exempt Purpose Expenditures: 20,818,028

Total Exempt Purpose Expenditures: 20,819,162

Lobbying Nontaxable Amount: 1,000,000

Grassroots Nontaxable Amount: 250,000

Tot Lobbying Grassroot Minus Non Tx: 0

Tot Lobby Expend Mns Lobbying Non Tx: 0

Share Of Excess Lobbying: 0

Affiliated Group Business Name:

KVC REAL ESTATE HOLDINGS IN

Address. Either US or Foreign

21350 W 153RD STREET

Type:

OLATHE, KS 66061

EIN:

26-2516519

Electing Organization Checkbox:

Total Grassroots Lobbying:

0

Total Direct Lobbying:

0

Total Lobbying Expenditures:

0

**Other Exempt Purpose
Expenditures:**

7,738,204

**Total Exempt Purpose
Expenditures:**

7,738,204

Lobbying Nontaxable Amount:

536,910

Grassroots Nontaxable Amount:

134,228

**Tot Lobbying Grassroot Minus Non
Tx:**

0

**Tot Lobby Expend Mns Lobbying
Non Tx:**

0

Share Of Excess Lobbying:

0

Affiliated Group Business Name:

KVC FOUNDATION INC

Address. Either US or Foreign

21350 W 153RD STREET

Type:

OLATHE, KS 66061

EIN:

26-2516476

Electing Organization Checkbox:

Total Grassroots Lobbying:

0

Total Direct Lobbying:

0

Total Lobbying Expenditures:

0

**Other Exempt Purpose
Expenditures:**

188,020

**Total Exempt Purpose
Expenditures:**

188,020

Lobbying Nontaxable Amount:

37,604

Grassroots Nontaxable Amount:

9,401

**Tot Lobbying Grassroot Minus Non
Tx:**

0

**Tot Lobby Expend Mns Lobbying
Non Tx:**

0

Share Of Excess Lobbying:

0

KVC Health Systems, Inc.

**Auditor's Report and Consolidated Financial Statements
(Including Reports Required Under OMB A-133)**

June 30, 2014 and 2013



KVC Health Systems, Inc.

June 30, 2014 and 2013

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KVC Health Systems, Inc.

June 30, 2014 and 2013

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Independent Auditor's Report

Board of Directors
KVC Health Systems, Inc
Olathe, Kansas

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of KVC Health Systems, Inc., which comprise the consolidated statements of financial position as of June 30, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of KVC Health Systems, Inc as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, including the schedule of expenditures of federal awards required by the U S Office of Management and Budget Circular A-133, *Audit of States, Local Governments and Non-Profit Organizations*, as listed in the table of contents, 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 the audits 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 of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2014, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KVC Health Systems, Inc 's internal control over financial reporting and compliance.

BKD, LLP

Kansas City, Missouri
December 17, 2014

KVC Health Systems, Inc.
Consolidated Statements of Financial Position
June 30, 2014 and 2013

	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,055,539	\$ 1,904,550
Accounts receivable, net of allowance, 2014 - \$2,011,000, 2013 - \$969,000	13,707,988	11,331,983
Assets limited as to use - current	1,348,117	-
Contributions receivable	1,816,936	186,104
Grants receivable	2,020,101	2,364,725
Prepaid expenses and other	<u>511,122</u>	<u>463,465</u>
Total current assets	<u>20,459,803</u>	<u>16,250,827</u>
Property and Equipment, Net	<u>12,624,678</u>	<u>10,684,510</u>
Contributions Receivable	<u>1,274,916</u>	<u>97,993</u>
Other Assets		
Goodwill	545,000	545,000
Deposits and other assets	<u>549,099</u>	<u>726,017</u>
	<u>1,094,099</u>	<u>1,271,017</u>
Total assets	<u>\$ 35,453,496</u>	<u>\$ 28,304,347</u>
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	\$ 112,692	\$ 19,899
Lines of credit	2,500,000	-
Accounts payable	2,545,713	3,205,195
Accrued salaries	2,091,368	1,474,007
Accrued compensated absences	1,569,014	1,094,194
Other accrued expenses	3,925,297	1,198,757
Deferred revenue	<u>674,406</u>	<u>94,119</u>
Total current liabilities	<u>13,418,490</u>	<u>7,086,171</u>
Long-term Debt		
Notes payable	730,270	-
Capital lease obligations	<u>210,856</u>	<u>12,128</u>
Total liabilities	<u>14,359,616</u>	<u>7,098,299</u>
Net Assets		
Unrestricted	16,653,911	20,813,598
Temporarily restricted	<u>4,439,969</u>	<u>392,450</u>
Total net assets	<u>21,093,880</u>	<u>21,206,048</u>
Total liabilities and net assets	<u>\$ 35,453,496</u>	<u>\$ 28,304,347</u>

KVC Health Systems, Inc.
Consolidated Statements of Activities
Years Ended June 30, 2014 and 2013

	2014	2013
Unrestricted Revenues, Gains and Other Support		
Contract reintegration and adoption services	\$ 64,832,866	\$ 34,116,643
Child placing services	16,507,223	19,089,572
Inpatient services	18,113,460	17,346,778
Family preservation/in-home services	15,897,721	12,201,654
Contributions and grants	2,988,271	2,228,621
Capital campaign contributions	-	23,892
Interest income	5,917	8,530
Loss on disposition of assets	(9)	(150,918)
Gain on forgiveness of debt	-	7,971
Miscellaneous	<u>532,569</u>	<u>1,282,022</u>
Total unrestricted revenues, gains and other support	<u>118,878,018</u>	<u>86,154,765</u>
Operating Expenses		
Client care	107,741,584	73,051,452
Administrative and general	15,521,086	12,492,231
Fund raising	<u>256,305</u>	<u>231,595</u>
Total operating expenses	<u>123,518,975</u>	<u>85,775,278</u>
Excess (Deficiency) of Revenues Over Expenses	<u>(4,640,957)</u>	<u>379,487</u>
Net assets released from restrictions for property acquisitions	<u>481,270</u>	<u>-</u>
Change in Unrestricted Net Assets	<u>(4,159,687)</u>	<u>379,487</u>
Temporarily Restricted Net Assets		
Capital campaign contributions, net of assets released from restriction	<u>4,047,519</u>	<u>392,450</u>
Change in Net Assets	<u>(112,168)</u>	<u>771,937</u>
Net Assets, Beginning of Year	<u>21,206,048</u>	<u>20,434,111</u>
Net Assets, End of Year	<u>\$ 21,093,880</u>	<u>\$ 21,206,048</u>

KVC Health Systems, Inc.
Consolidated Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	2014	2013
Operating Activities		
Change in net assets	\$ (112,168)	\$ 771,937
Items not requiring (providing) operating activities cash flows		
Depreciation and amortization	1,173,044	1,495,573
Loss on disposition of assets	9	150,918
Gain on forgiveness of debt	-	(7,971)
Contributions restricted for acquisition of long-lived assets	(4,528,789)	(392,450)
Changes in		
Accounts receivable	(2,376,005)	(1,516,325)
Grants receivable	344,624	(2,061,839)
Prepaid expenses	(47,657)	357,971
Other assets	176,918	(215,160)
Accounts payable	(1,063,643)	543,993
Accrued salaries	617,361	4,781
Accrued compensated absences	474,820	289,212
Other accrued expenses	2,726,540	(24,963)
Deferred revenue	<u>580,287</u>	<u>(25,201)</u>
Net cash used in operating activities	<u>(2,034,659)</u>	<u>(629,524)</u>
Investing Activities		
Purchase of property and equipment	(2,380,429)	(1,390,489)
Purchase of assets limited as to use	(1,348,117)	-
Proceeds from disposition of property and equipment	<u>-</u>	<u>45,175</u>
Net cash used in investing activities	<u>(3,728,546)</u>	<u>(1,345,314)</u>
Financing Activities		
Proceeds from contributions restricted for acquisition of long-lived assets	1,721,034	108,353
Proceeds from issuance of long-term debt	775,759	-
Principal payments on long-term debt	(82,599)	(185,423)
Net advances under line-of-credit agreement	<u>2,500,000</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>4,914,194</u>	<u>(77,070)</u>
Decrease in Cash and Cash Equivalents	<u>(849,011)</u>	<u>(2,051,908)</u>
Cash and Cash Equivalents, Beginning of Year	<u>1,904,550</u>	<u>3,956,458</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,055,539</u>	<u>\$ 1,904,550</u>
Supplemental Cash Flows Information		
Property and equipment in accounts payable	\$ 456,872	\$ 52,711
Capital lease obligations incurred for property and equipment	328,631	18,559

KVC Health Systems, Inc.
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

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

Nature of Operations and Principles of Consolidation

KVC Health Systems, Inc is the sole corporate member of the following affiliates, collectively referred to as the Organization

KVC Behavioral HealthCare, Inc

KVC Behavioral HealthCare, Inc is a Kansas not-for-profit organization headquartered in Olathe, Kansas. It provides an integrated array of programs for emotionally and behaviorally impaired, abused, neglected, runaway and homeless youth, ages birth to twenty-one, and their families

KVC Behavioral Healthcare West Virginia, Inc

KVC Behavioral Healthcare West Virginia, Inc is a West Virginia not-for-profit organization headquartered in Charleston, West Virginia, whose mission and principal activities are to provide an integrated array of programs for emotionally and behaviorally impaired, abused, neglected, runaway and homeless youth, ages birth to twenty-one, and their families

KVC Behavioral Healthcare Kentucky, Inc

KVC Behavioral Healthcare Kentucky, Inc is a Kentucky not-for-profit organization headquartered in Lexington, Kentucky, whose mission and principal activities are to provide mental health, educational and case management services to children with mental health needs who are either placed in out-of-home care, hospitalized or who are facing imminent removal from their biological home in the state of Kentucky

KVC Behavioral Healthcare Nebraska, Inc

KVC Behavioral Healthcare Nebraska, Inc is a Nebraska not-for-profit organization headquartered in Omaha, Nebraska, whose mission and principal activities are to provide service coordination, foster care, family preservation and supportive mental health services to the children and families of Nebraska

KVC Hospitals, Inc

KVC Hospitals, Inc is a Kansas not-for-profit organization headquartered in Olathe, Kansas, whose mission and principal activities are to provide psychiatric care to children and adolescents out of facilities in Kansas City, Kansas and Hays, Kansas

KVC Health Systems, Inc.
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

KVC Real Estate Holdings, Inc

KVC Real Estate Holdings, Inc is a Kansas not-for-profit organization in Olathe, Kansas. The organization was established to own and manage all the buildings and land that help support KVC Health Systems, Inc and its affiliates. During the year ended June 30, 2014, KVC Real Estate Holdings, Inc's assets, liabilities and net assets were transferred to KVC Foundation, Inc as resolved by the KVC Health Systems, Inc Board of Directors and the organization was dissolved in August 2014.

KVC Foundation, Inc

KVC Foundation, Inc is a Kansas not-for-profit organization in Olathe, Kansas. The Foundation was created to establish an endowment and provide fundraising activities to support the programs of KVC Health Systems, Inc and its affiliates.

The accompanying consolidated financial statements include the accounts of KVC Health Systems, Inc and its affiliates. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

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

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2014 and 2013, cash equivalents consisted primarily of money market accounts with banks.

At June 30, 2014, the Organization's cash accounts exceeded federally insured limits by approximately \$1,234,000.

Assets Limited as to Use

Assets limited as to use include cash and cash equivalents restricted by donors. Amounts required to meet current liabilities of the Organization are included in current assets.

KVC Health Systems, Inc.
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

Accounts Receivable

Accounts receivable are stated at the net realizable value, which is the amount management expects to collect from outstanding balances. The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 90 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings and leasehold improvements	5-40 years
Furniture and equipment	5-10 years
Computer equipment and vehicles	5 years

Long-lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. At June 30, 2014 and 2013, temporarily restricted net assets consists of cash and contributions receivable for capital acquisitions.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts having donor stipulations that are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

KVC Health Systems, Inc.
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

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

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

Goodwill

Goodwill is tested annually for impairment. If the implied fair value of goodwill is lower than its carrying amount, a goodwill impairment is indicated and goodwill is written down to its implied fair value. Subsequent increases in goodwill value are not recognized in the financial statements.

In-Kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions of goods and services from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount. For the years ended June 30, 2014 and 2013, \$142,102 and \$100,863, respectively, was received in in-kind contributions.

Deferred Revenue

Revenue from contracts, grants and other miscellaneous fees is deferred and recognized over the periods in which the services are performed.

Income Taxes

The Organizations are exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organizations are subject to federal income tax on any unrelated business taxable income. The Organizations file tax returns in the U.S. federal jurisdiction. With a few exceptions, the Organizations are no longer subject to U.S. federal examinations by tax authorities for years before 2011.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program, management and general and fundraising categories based on time expended, usage and other methods.

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

KVC Health Systems, Inc.
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

Note 2: Revenue Concentrations – KVC Behavioral HealthCare, Inc.

On July 1, 2009, the Organization was awarded a Foster Care Reintegration Services contract from a state agency to provide foster care services to the Kansas City Region of the State of Kansas. The contract is for a term of four years, with an option to extend for additional years. The contract was through June 30, 2013.

On July 1, 2014, the Organization was awarded Foster Care Reintegration Services and Family Preservation Services contracts from a state agency to provide foster care and family preservation services to the Kansas City and East Regions of the State of Kansas. The contracts are for a term of four years, with two additional two-year renewal options.

Revenues for the contracts amounted to \$68,231,022 and \$34,116,643, which represents 57% and 40% of the Organization's unrestricted revenues, gains and support for the years ended June 30, 2014 and 2013, respectively. Accounts receivable related to the foster care reintegration contract amounted to \$5,637,786 and \$2,967,328 at June 30, 2014 and 2013, respectively.

Note 3: Revenue Concentrations – KVC Hospitals, Inc.

KVC Hospitals, Inc. provides a substantial amount of its services under Medicaid billed through a state agency. During the years ended June 30, 2014 and 2013, fees from Medicaid totaled \$9,201,389 and \$11,721,443, which represents 8% and 14% of the Organization's total unrestricted revenue, gains and other support for the years ended June 30, 2014 and 2013, respectively. Accounts receivable related to Medicaid amounted to \$1,776,968 and \$1,044,761 at June 30, 2014 and 2013, respectively.

Note 4: Contributions Receivable

Contributions receivable consisted of the following at a discount rate of 4.25%:

	Temporarily Restricted	
	2014	2013
Due within one year	\$ 1,821,929	\$ 206,782
Due in one to five years	1,598,819	128,124
	<hr/> 3,420,748	<hr/> 334,906
Less		
Allowance for uncollectible contributions	(13,357)	(43,100)
Unamortized discount	(315,539)	(7,709)
	<hr/> \$ 3,091,852	<hr/> \$ 284,097

KVC Health Systems, Inc.
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

Note 5: Property and Equipment

Property and equipment at June 30 consists of

	2014	2013
Land and land improvements	\$ 1,373,701	\$ 1,373,701
Buildings and leasehold improvements	14,354,315	12,402,498
Furniture and equipment	5,045,811	4,765,430
Works of art	95,142	95,141
Computer equipment	4,159,993	3,631,088
Vehicles	183,596	166,709
Construction in progress	753,415	1,097,505
	<hr/> 25,965,973	<hr/> 23,532,072
Less accumulated depreciation and amortization	13,341,295	12,847,562
	<hr/> \$ 12,624,678	<hr/> \$ 10,684,510

Note 6: Lines of Credit

The Organization has \$7,000,000 in revolving bank lines of credit expiring in April 2015. At June 30, 2014 and 2013, there was \$2,500,000 and \$0, respectively, borrowed against these lines. The lines are collateralized by property and equipment. Interest was 4.25% on June 30, 2014 and is payable monthly.

Note 7: Long-term Debt

	2014	2013
Notes payable, bank (A)	\$ 764,997	\$ -
Capital lease obligations (B)	288,821	32,027
Less current maturities	<hr/> 112,692	<hr/> 19,899
	<hr/> \$ 941,126	<hr/> \$ 12,128

- (A) Due February 1, 2017, payable \$6,377 monthly and one irregular last payment including interest at 5.5%, collateralized by real estate. This note was paid off early in August 2014.
- (B) Capital leases include leases with varying imputed interest rates from 4.00% to 7.00%, due through 2016, collateralized by equipment.

KVC Health Systems, Inc.
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

Aggregate annual maturities of long-term debt and payments on capital lease obligations at June 30, 2014 are

	Long-term Debt (Exc. Leases)	Capital Lease Obligations
2015	\$ 34,728	\$ 88,295
2016	36,606	99,428
2017	693,663	97,273
2018	-	24,318
	<u>\$ 764,997</u>	<u>309,314</u>
Less amount representing interest		<u>(20,493)</u>
		<u>\$ 288,821</u>

Property and equipment include the following property under capital leases

	2014	2013
Equipment	\$ 347,181	\$ 801,227
Less accumulated depreciation	<u>75,168</u>	<u>770,585</u>
	<u>\$ 272,013</u>	<u>\$ 30,642</u>

Note 8: Defined Contribution Plan

The Organization has a defined contribution plan (the Plan) covering all full-time employees who have at least one year of service and who are at least 21 years of age. Participants receive 20% vesting for each eligible year of service. Each year, the Board of Directors determines the amount of the contribution to the Plan. Total expenses for the years ended June 30, 2014 and 2013 were approximately \$223,000 and \$276,000, respectively.

Note 9: Operating Leases

Noncancellable operating leases for office space expire in various years through 2020. These leases generally contain renewal options for periods ranging from one to five years and require the Organization to pay all executory costs (property taxes, maintenance and insurance). Total rental expense for property leases for the years ended June 30, 2014 and 2013 was \$3,044,041 and \$2,603,490, respectively.

KVC Health Systems, Inc.
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

Noncancellable operating leases for equipment expire in various years through 2018. Total rental expense for equipment leases for the years ended June 30, 2014 and 2013 was \$1,842,985 and \$608,419, respectively.

Future minimum lease payments at June 30, 2014 were

	Equipment	Property	Total
2015	\$ 1,042,739	\$ 2,632,815	\$ 3,675,554
2016	571,561	1,885,168	2,456,729
2017	438,986	1,556,641	1,995,627
2018	1,085	282,101	283,186
2019	-	173,196	173,196
Thereafter	-	37,044	37,044
	<hr/> \$ 2,054,371	<hr/> \$ 6,566,965	<hr/> \$ 8,621,336

Note 10: Litigation

The Organization is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the Organization. Events could occur that would change this estimate materially in the near term.

Supplementary Information

KVC Health Systems, Inc.
Consolidating Schedule of Financial Position
June 30, 2014

	KVC Health Systems, Inc	KVC Behavioral HealthCare, Inc	KVC Behavioral Healthcare West Virginia, Inc	KVC Behavioral Healthcare Kentucky, Inc	KVC Behavioral Healthcare Nebraska, Inc	KVC Hospitals, Inc	KVC Foundation, Inc	KVC Real Estate Holdings, Inc	Eliminations	Consolidated
Current Assets										
Cash and cash equivalents	\$ 167 370	\$ 84 510	\$ 68 971	\$ 70 390	\$ 100 411	\$ 563 887	\$ -	\$ -		\$ 1 055 539
Accounts receivable, net of allowance of \$2 011 000	101 039	6 302 531	526 994	434 763	1 148 615	5 194 046	-	-		13 707 988
Due to from affiliate	(648 187)	-	-	-	-	-	648 187	-		-
Assets limited as to use - current	648 187	-	-	-	-	-	699 930	-		1 348 117
Contributions receivable	-	-	-	-	-	-	1 816 936	-		1 816 936
Grants receivable	191 466	449 715	20 632	1 358 288	-	-	-	-		2 020 101
Prepaid expenses and other	118 975	152 637	22 264	14 212	36 557	166 477	-	-		511 122
Total current assets	<u>578 850</u>	<u>6 989 393</u>	<u>638 861</u>	<u>1 877 653</u>	<u>1 285 583</u>	<u>5 924 410</u>	<u>3 165 053</u>	<u>-</u>		<u>20 459 803</u>
Property and Equipment, Net	<u>955 791</u>	<u>1 562 781</u>	<u>34 452</u>	<u>28 901</u>	<u>70 111</u>	<u>766 919</u>	<u>9 205 723</u>	<u>-</u>		<u>12 624 678</u>
Contributions Receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1 274 916</u>	<u>-</u>		<u>1 274 916</u>
Other Assets										
Goodwill	-	-	-	545 000	-	-	-	-		545 000
Deposits and other assets	317 538	158 862	9 795	19 645	37 359	5 900	-	-		549 099
	<u>317 538</u>	<u>158 862</u>	<u>9 795</u>	<u>564 645</u>	<u>37 359</u>	<u>5 900</u>	<u>-</u>	<u>-</u>		<u>1 094 099</u>
Total assets	<u>\$ 1 852 179</u>	<u>\$ 8 711 036</u>	<u>\$ 683 108</u>	<u>\$ 2 471 199</u>	<u>\$ 1 393 053</u>	<u>\$ 6 697 229</u>	<u>\$ 13 645 692</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35 453 496</u>

KVC Health Systems, Inc.
Consolidating Schedule of Financial Position (Continued)
June 30, 2014

	KVC Health Systems, Inc	KVC Behavioral HealthCare, Inc	KVC Behavioral Healthcare West Virginia, Inc	KVC Behavioral Healthcare Kentucky, Inc	KVC Behavioral Healthcare Nebraska, Inc	KVC Hospitals, Inc	KVC Foundation, Inc	KVC Real Estate Holdings, Inc	Eliminations	Consolidated
Current Liabilities										
Current maturities of long-term debt	\$ 7 810	\$ 45 370	\$ 6 205	\$ -	\$ 5 608	\$ 12 971	\$ 34 728	\$ -	\$ 112 692	
Lines of credit	2 500 000	-	-	-	-	-	-	-	2 500 000	
Accounts payable	262 708	1 169 825	299 801	48 266	236 955	256 996	271 162	-	2 545 713	
Accrued salaries	227 340	992 640	76 049	320 428	96 035	378 876	-	-	2 091 368	
Accrued compensated absences	226 106	729 824	66 859	214 583	61 209	270 433	-	-	1 569 014	
Other accrued expenses	371 229	2 615 374	35 841	199 490	57 457	645 906	-	-	3 925 297	
Deferred revenue	23 080	646 279	3 000	2 047	-	-	-	-	674 406	
Total current liabilities	3 618 273	6 199 312	487 755	784 814	457 264	1 565 182	305 890	-	13 418 490	
Long-term Debt										
Notes payable	-	-	-	-	-	-	730 270	-	730 270	
Capital lease obligations	22 881	129 157	5 923	-	15 322	37 573	-	-	210 856	
Total liabilities	3 641 154	6 328 469	493 678	784 814	472 586	1 602 755	1 036 160	-	14 359 616	
Net Assets										
Unrestricted	(1 788 975)	2 382 567	189 430	1 686 385	920 467	5 094 474	8 169 563	-	16 653 911	
Temporarily restricted	-	-	-	-	-	-	4 439 969	-	4 439 969	
Total net assets	(1 788 975)	2 382 567	189 430	1 686 385	920 467	5 094 474	12 609 532	-	21 093 880	
Total liabilities and net assets	\$ 1 852 179	\$ 8 711 036	\$ 683 108	\$ 2 471 199	\$ 1 393 053	\$ 6 697 229	\$ 13 645 692	\$ -	\$ 35 453 496	

KVC Health Systems, Inc.
Consolidating Schedule of Activities
Year Ended June 30, 2014

	KVC Health Systems, Inc	KVC Behavioral HealthCare, Inc	KVC Behavioral Healthcare West Virginia, Inc	KVC Behavioral Healthcare Kentucky, Inc	KVC Behavioral Healthcare Nebraska, Inc	KVC Hospitals, Inc	KVC Foundation, Inc	KVC Real Estate Holdings, Inc	Eliminations	Consolidated
Unrestricted Revenues, Gains and Other Support										
Contract reintegration and adoption services	\$ -	\$ 64 832 866	\$ 4 966 020	\$ 461 573	\$ 9 755 074	\$ -	\$ -	\$ -	\$ -	\$ 64 832 866
Child placing services	-	1 324 556	-	-	-	-	-	-	-	16 507 223
Inpatient services	-	-	-	-	-	18 113 460	-	-	-	18 113 460
Family preservation in-home services	-	4 518 739	347 325	10 090 235	883 435	57 987	-	-	-	15 897 21
Contributions and grants	709 354	1 829 683	86 589	6715	141 571	108 386	105 973	-	-	2 988 271
Interest income	2 179	1 484	-	478	500	696	469	111	-	5 917
Loss on disposition of assets	-	-	-	-	-	-	(9)	-	-	(9)
Miscellaneous	471 486	4 353	2 941	18 758	15 893	19 138	-	-	-	532 569
Management fee	9 361 500	294 000	-	51 000	-	-	-	-	(9 706 500)	-
Intercompany services	-	-	-	-	-	1 450 173	-	-	(1 450 173)	-
Intercompany rent	-	-	-	-	-	-	605 500	672 700	(1 278 200)	-
Total unrestricted revenues gains and other support	10 544 519	72 805 681	5 402 875	10 628 759	10 796 473	19 749 840	711 933	672 811	(12 434 873)	118 878 018
Operating Expenses										
Client care	-	68 324 625	5 136 891	9 943 381	9 794 825	16 688 595	240	-	(2 146 973)	107 741 584
Administrative and general	10 318 188	8 438 044	580 292	1 030 394	934 959	4 130 567	172 917	197 625	(10 281 900)	15 521 086
Fundraising	224 754	-	1 000	-	-	-	36 551	-	(6 000)	256 305
Total operating expenses	10 542 942	76 762 669	5 718 183	10 973 775	10 729 784	20 819 162	209 708	197 625	(12 434 873)	123 518 975
Operating Income (Loss)	1 577	(3 956 988)	(315 308)	(345 016)	66 689	(1 069 322)	502 225	475 186	-	(4 640 957)
Other Income (Expense)										
Intercompany transfers	(3 678 361)	3 482 205	549 915	(416 455)	(608 502)	1 500 895	(354 511)	(475 186)	-	-
Excess (Deficiency) of Revenues Over Expenses	(3 676 784)	(474 783)	234 607	(761 471)	(541 813)	431 573	147 714	-	-	(4 640 957)
Net assets released from restrictions for property acquisitions	-	-	-	-	-	-	481 270	-	-	481 270
Net assets transferred between entities	-	-	-	-	-	-	(540 579)	(540 579)	-	-
Change in Unrestricted Net Assets	(3 676 784)	(474 783)	234 607	(761 471)	(541 813)	431 573	8 169 563	(540 579)	-	(4 159 687)
Temporarily Restricted Net Assets										
Net capital campaign contributions	-	-	-	-	-	-	4 047 519	-	-	4 047 519
Change in Net Assets	(3 676 784)	(474 783)	234 607	(761 471)	(541 813)	431 573	12 217 082	(540 579)	-	(112 168)
Net Assets, Beginning of Year	1 887 809	2 857 350	(45 177)	2 447 856	1 462 280	4 662 901	392 450	(540 579)	-	21 206 048
Net Assets (Deficit), End of Year	\$ (1 788 975)	\$ 2 382 567	\$ 189 430	\$ 1 686 385	\$ 920 467	\$ 5 094 474	\$ 12 609 532	\$ -	\$ -	\$ 21 093 880

KVC Health Systems, Inc.
Consolidating Schedule of Financial Position
June 30, 2013

	KVC Health Systems, Inc	KVC Behavioral HealthCare, Inc	KVC Behavioral Healthcare West Virginia, Inc	KVC Behavioral Healthcare Kentucky, Inc	KVC Behavioral Healthcare Nebraska, Inc	KVC Hospitals, Inc	KVC Foundation, Inc	KVC Real Estate Holdings, Inc	Eliminations	Consolidated
Current Assets										
Cash and cash equivalents	\$ 946 443	\$ 83 898	\$ 19 833	\$ 212 196	\$ 46 008	\$ 503 351	\$ 66 806	\$ 26 015		\$ 1 904 550
Accounts receivable net of allowance of \$969 000	398 336	3 459 484	425 953	539 327	1 906 314	4 602 569	-	-		11 331 983
Due from affiliate	(41 547)	-	-	-	-	-	41 547	-		-
Contributions receivable	-	-	-	-	-	-	186 104	-		186 104
Grants receivable	190 132	331 206	-	1 771 637	-	71 750	-	-		2 364 725
Prepaid expenses and other	64 978	253 473	53 956	33 058	43 120	14 880	-	-		463 465
Total current assets	1 558 342	4 128 061	499 742	2 556 218	1 995 442	5 192 550	294 457	26 015		16 250 827
Property and Equipment, Net	899 838	1 265 359	62 952	7 289	88 970	845 500	-	7 514 602		10 684 510
Contributions Receivable	-	-	-	-	-	-	97 993	-		97 993
Other Assets										
Goodwill	-	-	-	545 000	-	-	-	-		545 000
Deposits and other assets	419 462	158 512	17 988	19 645	104 510	5 900	-	-		726 017
	419 462	158 512	17 988	564 645	104 510	5 900	-	-		1 271 017
Total assets	\$ 2 877 642	\$ 5 551 932	\$ 580 682	\$ 3 128 152	\$ 2 188 922	\$ 6 043 950	\$ 392 450	\$ 7 540 617	\$ -	\$ 28 304 347

KVC Health Systems, Inc.
Consolidating Schedule of Financial Position (Continued)
June 30, 2013

	KVC Health Systems, Inc	KVC Behavioral HealthCare, Inc	KVC Behavioral Healthcare West Virginia, Inc	KVC Behavioral Healthcare Kentucky, Inc	KVC Behavioral Healthcare Nebraska, Inc	KVC Hospitals, Inc	KVC Foundation, Inc	KVC Real Estate Holdings, Inc	Eliminations	Consolidated
Current Liabilities										
Current maturities of long-term debt	\$ -	\$ -	\$ 19 899	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19 899
Accounts payable	\$ 276 245	\$ 1 573 905	\$ 422 714	\$ 59 741	\$ 453 056	\$ 419 496	\$ -	\$ 38		\$ 3 205 195
Accrued salaries	\$ 208 563	\$ 488 316	\$ 70 652	\$ 307 582	\$ 103 164	\$ 295 730	\$ -	\$ -		\$ 1 474 007
Accrued compensated absences	\$ 233 136	\$ 355 552	\$ 67 683	\$ 169 924	\$ 64 733	\$ 203 166	\$ -	\$ -		\$ 1 094 194
Other accrued expenses	\$ 203 624	\$ 276 809	\$ 32 783	\$ 134 528	\$ 98 522	\$ 452 491	\$ -	\$ -		\$ 1 198 757
Deferred revenue	\$ 68 265	\$ -	\$ -	\$ 8 521	\$ 7 167	\$ 10 166	\$ -	\$ -		\$ 94 119
Total current liabilities	\$ 989 833	\$ 2 694 582	\$ 613 731	\$ 680 296	\$ 726 642	\$ 1 381 049	\$ -	\$ 38		\$ 7 086 171
Long-term Debt										
Capital lease obligations	\$ -	\$ -	\$ 12 128	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 12 128
Total liabilities	\$ 989 833	\$ 2 694 582	\$ 625 859	\$ 680 296	\$ 726 642	\$ 1 381 049	\$ -	\$ 38		\$ 7 098 299
Net Assets										
Unrestricted	1 887 809	2 857 350	(45 177)	2 447 856	1 462 280	4 662 901	\$ -	\$ 7 540 579		\$ 20 813 598
Temporarily restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 392 450	\$ -		\$ 392 450
Total net assets	\$ 1 887 809	\$ 2 857 350	(45 177)	\$ 2 447 856	\$ 1 462 280	\$ 4 662 901	\$ 392 450	\$ 7 540 579		\$ 21 206 048
Total liabilities and net assets	\$ 2 877 642	\$ 5 551 932	\$ 580 682	\$ 3 128 152	\$ 2 188 922	\$ 6 043 950	\$ 392 450	\$ 7 540 617	\$ -	\$ 28 304 347

KVC Health Systems, Inc.
Consolidating Schedule of Activities
Year Ended June 30, 2013

	KVC Health Systems, Inc	KVC Behavioral HealthCare, Inc	KVC Behavioral Healthcare West Virginia, Inc	KVC Behavioral Healthcare Kentucky, Inc	KVC Behavioral Healthcare Nebraska, Inc	KVC Hospitals, Inc	KVC Foundation, Inc	KVC Real Estate Holdings, Inc	Eliminations	Consolidated
Unrestricted Revenues, Gains and Other Support										
Contract reintegration and adoption services	\$ -	\$ 34,116,643	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,116,643
Child placing services	-	2,491,820	4,789,098	448,445	11,360,209	-	-	-	-	19,089,572
Inpatient services	-	-	-	-	-	17,346,778	-	-	-	17,346,778
Family preservation in-home services	-	9,789,50	404,470	9,781,98	870,945	165,302	-	-	-	12,201,654
Contributions and grants	796,270	947,902	89,430	3,348	11,087	263,699	116,885	-	-	2,228,621
Capital campaign contributions	-	-	-	-	-	-	23,892	-	-	23,892
Interest income	2,569	1,726	-	527	920	952	210	1,626	-	8,530
Gain (loss) on disposition of assets	-	-	-	-	(153,118)	-	2,200	-	-	(150,918)
Gain on forgiveness of debt	-	-	7,971	-	-	-	-	-	-	7,971
Miscellaneous	797,487	86,990	11,974	18,221	185,871	181,315	164	-	-	1,282,022
Management fee	8,041,250	360,000	-	51,000	-	6,000	-	-	(8,458,250)	-
Intercompany services	-	(6,000)	-	-	-	284,571	-	-	(278,571)	-
Intercompany rent	-	-	-	-	-	-	-	1,153,200	(1,153,200)	-
Total unrestricted revenues gains and other support	<u>9,637,576</u>	<u>38,978,031</u>	<u>5,302,943</u>	<u>10,303,528</u>	<u>12,275,914</u>	<u>18,248,617</u>	<u>143,351</u>	<u>1,154,826</u>	<u>(9,890,021)</u>	<u>86,154,765</u>
Operating Expenses										
Client care	-	30,174,268	5,502,965	9,842,079	11,787,161	16,569,413	793	-	(832,371)	73,051,452
Administrative and general	9,056,779	5,582,392	769,424	1,395,645	1,529,873	2,832,046	-	382,522	(9,056,450)	12,492,231
Fundraising	229,514	-	-	-	-	-	3,281	-	(1,200)	231,595
Total operating expenses	<u>9,286,293</u>	<u>35,756,660</u>	<u>6,272,389</u>	<u>11,237,724</u>	<u>13,317,034</u>	<u>19,401,459</u>	<u>11,218</u>	<u>382,522</u>	<u>(9,890,021)</u>	<u>85,775,278</u>
Operating Income (Loss)	<u>351,283</u>	<u>3,221,371</u>	<u>(969,446)</u>	<u>(934,196)</u>	<u>(1,041,120)</u>	<u>(1,152,842)</u>	<u>132,133</u>	<u>772,304</u>	<u>-</u>	<u>379,487</u>
Other Income (Expense)										
Intercompany transfers	(751,974)	(2,423,881)	891,731	2,177,815	292,613	2,145,114	(175,218)	(2,156,200)	-	-
Excess (Deficiency) of Revenues Over Expenses	<u>(400,691)</u>	<u>797,490</u>	<u>(777,15)</u>	<u>1,243,619</u>	<u>(748,507)</u>	<u>992,272</u>	<u>(43,085)</u>	<u>(1,383,896)</u>	<u>-</u>	<u>379,487</u>
Temporarily Restricted Net Assets										
Capital campaign contributions	-	-	-	-	-	-	392,450	-	-	392,450
Change in Net Assets	<u>(400,691)</u>	<u>797,490</u>	<u>(777,15)</u>	<u>1,243,619</u>	<u>(748,507)</u>	<u>992,272</u>	<u>349,365</u>	<u>(1,383,896)</u>	<u>-</u>	<u>771,937</u>
Net Assets, Beginning of Year	<u>2,288,500</u>	<u>2,059,860</u>	<u>32,538</u>	<u>1,204,237</u>	<u>2,210,787</u>	<u>3,670,629</u>	<u>43,085</u>	<u>8,924,475</u>	<u>-</u>	<u>20,434,111</u>
Net Assets (Deficit), End of Year	<u>\$ 1,887,809</u>	<u>\$ 2,857,350</u>	<u>\$ (45,177)</u>	<u>\$ 2,447,856</u>	<u>\$ 1,462,280</u>	<u>\$ 4,662,901</u>	<u>\$ 392,450</u>	<u>\$ 7,540,579</u>	<u>\$ -</u>	<u>\$ 21,206,048</u>

KVC Health Systems, Inc.
Consolidated Functional Expenses
Year Ended June 30, 2014
(with Comparative Totals for 2013)

	Client Care	Administrative and General	Fund Raising	Total Expenses	2013 Total Expenses
Salaries and wages	\$ 38 231 438	\$ 6 435 813	\$ 128 443	\$ 44 795 694	\$ 33 363 612
Payroll taxes	3 463 877	476 624	10 966	3 951 467	3 036 121
Employee benefits	5 152 679	582 149	17 111	5 732 539	4 319 171
Total salaries, wages and related expenses	46 847 994	7 494 586	157 120	54 499 700	40 718 904
Office supplies and printing	407 654	93 294	7 456	508 404	334 407
Copy and fax expense	233 036	73 345	-	306 381	296 436
Postage	108 522	41 129	81	149 732	110 681
Employee recruitment and advertising	38 988	116 704	-	155 692	202 091
Licenses and dues	263 045	191 706	1 301	456 052	431 311
Insurance	65 078	785 859	-	850 937	667 158
Travel	2 054 331	185 027	-	2 239 358	2 041 403
Telephone	1 343 255	366 399	-	1 709 654	1 280 084
Professional fees	23 199	547 544	-	570 743	583 513
Contract labor	648 208	141 458	14 863	804 529	791 821
Contract physicians	1 865 561	-	-	1 865 561	1 818 038
Consulting and other contractual expenses	1 526 714	675 750	-	2 202 464	2 782 247
Staff development	208 420	293 108	-	501 528	550 623
Promotion	56 858	38 702	5 666	101 226	120 552
Office rent	3 787 952	651 950	9 036	4 448 938	3 771 271
Equipment expenses	423 287	147 707	12 183	583 177	416 636
Maintenance and repairs	372 786	100 060	-	472 846	309 752
Safety services and materials	182 058	20 164	-	202 222	110 631
Food	522 874	2 992	-	525 866	503 531
Food – outings	93 456	115 161	17 859	226 476	198 174
Housekeeping supplies	65 312	6 529	-	71 841	53 461
Miscellaneous housekeeping	455 565	43 739	-	499 304	363 107
Utilities	364 288	163 093	-	527 381	401 879
Payments to foster parents	19 054 407	-	-	19 054 407	17 707 321
Subcontractor – foster home payments	14 688 013	-	-	14 688 013	1 964 667
Foster family training	404 708	131 816	-	536 524	385 139
Subcontractor payments	2 876 657	-	-	2 876 657	1 236 814
Child care payments	3 304 685	-	-	3 304 685	1 337 607
Incidentals	16 618	-	-	16 618	8 067
Medical supplies	923 101	-	-	923 101	566 658
Vehicle expenses and repairs	818 394	21 334	-	839 728	273 775
Vehicle rental	1 711 602	27 622	-	1 739 224	496 309
General program supplies	265 552	35 433	-	300 985	188 603
Clothing	815 821	-	-	815 821	429 846
Miscellaneous	60 475	17 124	30 740	108 339	83 441
Interest	2 360	77 432	-	79 792	15 251
Bad debts	-	2 689 770	-	2 689 770	1 175 138
Property tax expense	671	-	-	671	22 769
Cost of in-kind donated goods	-	142 102	-	142 102	93 801
Medicaid assessments	14 643	-	-	14 643	14 643
Flex fund	926 173	-	-	926 173	542 535
Kids activity fund	86 866	-	-	86 866	32 810
Expenses before depreciation, amortization and intercompany fees	107 929 187	15 438 639	256 305	123 624 131	85 432 905
Depreciation and amortization	485 197	687 847	-	1 173 044	1 495 573
Intercompany management and residential fees	1 474 173	9 676 500	6 000	11 156 673	8 736 821
Eliminations	(2 146 973)	(10 281 900)	(6 000)	(12 434 873)	(9 890 021)
Totals Year Ended June 30, 2014	\$ 107 415 584	\$ 15 521 086	\$ 256 305	\$ 123 518 975	\$ 85 775 278
Totals Year Ended June 30, 2013	\$ 73 051 452	\$ 12 492 231	\$ 231 595	\$ 85 775 278	

KVC Health Systems, Inc.
Functional Expenses – KVC Health Systems, Inc.
Year Ended June 30, 2014

	Client Care	Administrative and General	Fund Raising	Total Expenses
Salaries and wages	\$ -	\$ 5,231.176	\$ 128.443	\$ 5,359.619
Payroll taxes	- -	371.837	10.966	382.803
Employee benefits	- -	399.347	17.711	417.058
Total salaries, wages and related expenses	- -	6,002,360	157.120	6,159.480
Office supplies and printing	- -	73.968	4.008	77.976
Copier and fax expense	- -	49.922	- -	49.922
Postage	- -	30.883	- -	30.883
Employee recruitment and advertising	- -	112.203	- -	112.203
Licenses and dues	- -	128.337	- -	128.337
Insurance	- -	66.848	- -	66.848
Travel	- -	159.902	- -	159.902
Telephone	- -	307.015	- -	307.015
Professional fees	- -	536.439	- -	536.439
Contract labor	- -	141.458	14.863	156.321
Contract physicians	- -	- -	- -	- -
Consulting and other contractual expenses	- -	651.397	- -	651.397
Staff development	- -	279.527	- -	279.527
Promotion	- -	36.671	5.666	42.337
Office rent	- -	575.525	9.036	584.561
Equipment expenses	- -	138.772	12.183	150.955
Maintenance and repairs	- -	93.557	- -	93.557
Safety services and materials	- -	16.673	- -	16.673
Food	- -	- -	- -	- -
Food – outings	- -	100.868	17.859	118.727
Housekeeping supplies	- -	6.238	- -	6.238
Miscellaneous housekeeping	- -	42.936	- -	42.936
Utilities	- -	161.132	- -	161.132
Payments to foster parents	- -	- -	- -	- -
Subcontractor – foster home payments	- -	- -	- -	- -
Foster family training	- -	126.496	- -	126.496
Subcontractor payments	- -	- -	- -	- -
Child care payments	- -	- -	- -	- -
Incidentals	- -	- -	- -	- -
Medical supplies	- -	- -	- -	- -
Vehicle expenses and repairs	- -	15.877	- -	15.877
Vehicle rental	- -	27.417	- -	27.417
General program supplies	- -	29.113	- -	29.113
Clothing	- -	- -	- -	- -
Miscellaneous	- -	10.555	4.019	14.574
Interest	- -	56.041	- -	56.041
Bad debts	- -	- -	- -	- -
Property tax expense	- -	- -	- -	- -
Cost of in-kind donated goods	- -	- -	- -	- -
Medicaid assessments	- -	- -	- -	- -
Flex fund	- -	- -	- -	- -
Kids activity fund	- -	- -	- -	- -
Expenses before depreciation, amortization and intercompany fees	- -	9,978.130	224.754	10,202.884
Depreciation and amortization	- -	340.058	- -	340.058
Intercompany management and residential fees	- -	- -	- -	- -
Eliminations	- -	- -	- -	- -
Totals, Year Ended June 30, 2014	\$ - -	\$ 10,318.188	\$ 224.754	\$ 10,542.942

KVC Health Systems, Inc.
Functional Expenses – KVC Behavioral HealthCare, Inc.
Year Ended June 30, 2014

	Client Care	Administrative and General	Fund Raising	Total Expenses
Salaries and wages	\$ 20,016,802	\$ 697,580	\$ -	\$ 20,714,382
Payroll taxes	1,890,918	66,962	-	1,957,880
Employee benefits	2,790,926	108,251	-	2,899,177
Total salaries, wages and related expenses	24,698,646	872,793	-	25,571,439
Office supplies and printing	324,064	5,264	-	329,328
Copier and fax expense	151,696	4,146	-	155,842
Postage	98,915	2,273	-	101,188
Employee recruitment and advertising	12,569	-	-	12,569
Licenses and dues	56,695	410	-	57,105
Insurance	64,149	435,622	-	499,771
Travel	1,164,407	1,914	-	1,166,321
Telephone	704,220	1,781	-	706,001
Professional fees	1,707	-	-	1,707
Contract labor	73,444	-	-	73,444
Contract physicians	-	-	-	-
Consulting and other contractual expenses	606,701	333	-	607,034
Staff development	20,981	613	-	21,594
Promotion	37,586	1,000	-	38,586
Office rent	2,157,871	39,000	-	2,196,871
Equipment expenses	265,859	1,547	-	267,406
Maintenance and repairs	121,244	-	-	121,244
Safety services and materials	131,128	-	-	131,128
Food	41,974	36	-	42,010
Food – outings	55,743	3,186	-	58,929
Housekeeping supplies	41,308	-	-	41,308
Miscellaneous housekeeping	162,957	-	-	162,957
Utilities	164,347	-	-	164,347
Payments to foster parents	10,259,462	-	-	10,259,462
Subcontractor – foster home payments	14,688,013	-	-	14,688,013
Foster family training	294,434	-	-	294,434
Subcontractor payments	2,876,657	-	-	2,876,657
Child care payments	3,304,685	-	-	3,304,685
Incidentals	12,492	-	-	12,492
Medical supplies	80,740	-	-	80,740
Vehicle expenses and repairs	769,172	-	-	769,172
Vehicle rental	1,677,645	-	-	1,677,645
General program supplies	148,913	-	-	148,913
Clothing	783,525	-	-	783,525
Miscellaneous	34,027	1,025	-	35,052
Interest	2,360	3,533	-	5,893
Bad debts	-	143,328	-	143,328
Property tax expense	239	-	-	239
Cost of in-kind donated goods	-	123,383	-	123,383
Medicaid assessments	-	-	-	-
Flex fund	449,253	-	-	449,253
Kids activity fund	86,366	-	-	86,366
Expenses before depreciation, amortization and intercompany fees	66,626,194	1,641,187	-	68,267,381
Depreciation and amortization	248,258	10,857	-	259,115
Intercompany management and residential fees	1,450,173	6,786,000	-	8,236,173
Eliminations	-	-	-	-
Totals, Year Ended June 30, 2014	\$ 68,324,625	\$ 8,438,044	\$ -	\$ 76,762,669

KVC Health Systems, Inc.
Functional Expenses – KVC Behavioral HealthCare, Inc.
Year Ended June 30, 2014

	Client Care	Administrative and General	Fund Raising	Total Expenses
Salaries and wages	\$ 1,435,947	\$ 156,197	\$ -	\$ 1,592,144
Payroll taxes	134,345	10,996	-	145,341
Employee benefits	180,332	21,395	-	201,727
Total salaries, wages and related expenses	1,750,624	188,588	-	1,939,212
Office supplies and printing	12,773	9,294	-	22,067
Copier and fax expense	2,326	14,343	-	16,669
Postage	2,493	3,160	-	5,653
Employee recruitment and advertising	11,787	1,284	-	13,071
Licenses and dues	24,930	46,351	-	71,281
Insurance	929	38,106	-	39,035
Travel	185,855	10,856	-	196,711
Telephone	102,587	17,780	-	120,367
Professional fees	-	-	-	-
Contract labor	-	-	-	-
Contract physicians	5,682	-	-	5,682
Consulting and other contractual expenses	1,029	16,403	-	17,432
Staff development	7,709	6,160	-	13,869
Promotion	7,674	-	-	7,674
Office rent	258,683	15,825	-	274,508
Equipment expenses	6,340	803	-	7,143
Maintenance and repairs	2,434	1,134	-	3,568
Safety services and materials	4,591	1,803	-	6,394
Food	9,208	2,956	-	12,164
Food – outings	-	-	-	-
Housekeeping supplies	337	291	-	628
Miscellaneous housekeeping	20,961	-	-	20,961
Utilities	26,366	-	-	26,366
Payments to foster parents	2,580,506	-	-	2,580,506
Subcontractor – foster home payments	-	-	-	-
Foster family training	57,440	5,320	-	62,760
Subcontractor payments	-	-	-	-
Child care payments	-	-	-	-
Incidentals	-	-	-	-
Medical supplies	-	-	-	-
Vehicle expenses and repairs	7,704	2,981	-	10,685
Vehicle rental	10,653	165	-	10,818
General program supplies	3,664	6,273	-	9,937
Clothing	30,348	-	-	30,348
Miscellaneous	937	4,376	1,000	6,313
Interest	-	939	-	939
Bad debts	-	12,926	-	12,926
Property tax expense	321	-	-	321
Cost of in-kind donated goods	-	17,673	-	17,673
Medicaid assessments	-	-	-	-
Flex fund	-	-	-	-
Kids activity fund	-	-	-	-
Expenses before depreciation, amortization and intercompany fees	5,136,891	425,790	1,000	5,563,681
Depreciation and amortization	-	28,502	-	28,502
Intercompany management and residential fees	-	126,000	-	126,000
Eliminations	-	-	-	-
Totals, Year Ended June 30, 2014	\$ 5,136,891	\$ 580,292	\$ 1,000	\$ 5,718,183

KVC Health Systems, Inc.
Functional Expenses – KVC Behavioral Healthcare Kentucky, Inc.
Year Ended June 30, 2014

	Client Care	Administrative and General	Fund Raising	Total Expenses
Salaries and wages	\$ 6,377,501	\$ 288,142	\$ -	\$ 6,665,643
Payroll taxes	527,595	22,704	-	550,299
Employee benefits	908,968	39,249	-	948,217
Total salaries, wages and related expenses	7,814,064	350,095	-	8,164,159
Office supplies and printing	13,385	4,349	-	17,734
Copier and fax expense	4,247	4,934	-	9,181
Postage	1,968	3,268	-	5,236
Employee recruitment and advertising	5,797	24	-	5,821
Licenses and dues	36,414	275	-	36,689
Insurance	-	46,275	-	46,275
Travel	440,736	9,635	-	450,371
Telephone	252,543	18,484	-	271,027
Professional fees	-	-	-	-
Contract labor	-	-	-	-
Contract physicians	124,057	-	-	124,057
Consulting and other contractual expenses	21,896	3,498	-	25,394
Staff development	139,981	6,768	-	146,749
Promotion	3,625	1,531	-	5,156
Office rent	264,985	21,600	-	286,585
Equipment expenses	3,322	3,255	-	6,577
Maintenance and repairs	1,931	5,230	-	7,161
Safety services and materials	655	1,688	-	2,343
Food	-	-	-	-
Food – outings	6,116	10,834	-	16,950
Housekeeping supplies	172	-	-	172
Miscellaneous housekeeping	4,927	803	-	5,730
Utilities	15,050	1,961	-	17,011
Payments to foster parents	246,414	-	-	246,414
Subcontractor – foster home payments	-	-	-	-
Foster family training	7,622	-	-	7,622
Subcontractor payments	-	-	-	-
Child care payments	-	-	-	-
Incidentals	-	-	-	-
Medical supplies	-	-	-	-
Vehicle expenses and repairs	8,692	2,476	-	11,168
Vehicle rental	6,481	40	-	6,521
General program supplies	17,014	-	-	17,014
Clothing	-	-	-	-
Miscellaneous	24,367	825	-	25,192
Interest	-	-	-	-
Bad debts	-	12,500	-	12,500
Property tax expense	-	-	-	-
Cost of in-kind donated goods	-	1,046	-	1,046
Medicaid assessments	-	-	-	-
Flex fund	476,920	-	-	476,920
Kids activity fund	-	-	-	-
Expenses before depreciation, amortization and intercompany fees	9,943,381	511,394	-	10,454,775
Depreciation and amortization	-	12,000	-	12,000
Intercompany management and residential fees	-	507,000	-	507,000
Eliminations	-	-	-	-
Totals, Year Ended June 30, 2014	\$ 9,943,381	\$ 1,030,394	\$ -	\$ 10,973,775

KVC Health Systems, Inc.
Functional Expenses – KVC Behavioral Healthcare Kentucky, Inc.
Year Ended June 30, 2014

	Client Care	Administrative and General	Fund Raising	Total Expenses
Salaries and wages	\$ 2 278 481	\$ 62 718	\$ -	\$ 2 341 199
Pavroll taxes	181 764	4 125	-	185 889
Employee benefits	331 550	13 907	-	345 457
Total salaries, wages and related expenses	2 791 795	80 750	-	2 872 545
Office supplies and printing	13 871	419	-	14 290
Copier and fax expense	47 101	-	-	47 101
Postage	2 844	1 545	-	4 389
Employee recruitment and advertising	7 908	3 193	-	11 101
Licenses and dues	3 684	16 293	-	19 977
Insurance	-	65 413	-	65 413
Travel	232 572	2 720	-	235 292
Telephone	113 929	21 339	-	135 268
Professional fees	4 225	-	-	4 225
Contract labor	-	-	-	-
Contract physicians	-	-	-	-
Consulting and other contractual expenses	458	4 119	-	4 577
Staff development	17 347	40	-	17 387
Promotion	2 529	(500)	-	2 029
Office rent	395 713	-	-	395 713
Equipment expenses	49 128	3 330	-	52 458
Maintenance and repairs	2 690	139	-	2 829
Safety services and materials	3 637	-	-	3 637
Food	891	-	-	891
Food – outings	6 750	273	-	7 023
Housekeeping supplies	20	-	-	20
Miscellaneous housekeeping	1 431	-	-	1 431
Utilities	-	-	-	-
Payments to foster parents	5 968 025	-	-	5 968 025
Subcontractor – foster home payments	-	-	-	-
Foster family training	45 212	-	-	45 212
Subcontractor payments	-	-	-	-
Child care payments	-	-	-	-
Incidentals	-	-	-	-
Medical supplies	-	-	-	-
Vehicle expenses and repairs	1 366	-	-	1 366
Vehicle rental	143	-	-	143
General program supplies	9 456	47	-	9 503
Clothing	155	-	-	155
Miscellaneous	250	123	-	373
Interest	-	716	-	716
Bad debts	-	-	-	-
Property tax expense	-	-	-	-
Cost of in-kind donated goods	-	-	-	-
Medicaid assessments	-	-	-	-
Flex fund	-	-	-	-
Kids activity fund	-	-	-	-
Expenses before depreciation, amortization and intercompany fees	9 723 130	199 959	-	9 923 089
Depreciation and amortization	71 695	-	-	71 695
Intercompany management and residential fees	-	735 000	-	735 000
Eliminations	-	-	-	-
Totals Year Ended June 30, 2014	\$ 9 794 825	\$ 934 959	\$ -	\$ 10 729 784

KVC Health Systems, Inc.
Functional Expenses – KVC Hospitals, Inc.
Year Ended June 30, 2014

	Client Care	Administrative and General	Fund Raising	Total Expenses
Salaries and wages	\$ 8,122,707	\$ -	\$ -	\$ 8,122,707
Payroll taxes	729,255	-	-	729,255
Employee benefits	940,903	-	-	940,903
Total salaries, wages and related expenses	9,792,865	-	-	9,792,865
Office supplies and printing	43,561	-	-	43,561
Copier and fax expense	27,666	-	-	27,666
Postage	2,302	-	-	2,302
Employee recruitment and advertising	927	-	-	927
Licenses and dues	141,322	-	-	141,322
Insurance	-	109,984	-	109,984
Travel	30,761	-	-	30,761
Telephone	169,976	-	-	169,976
Professional fees	17,267	5,150	-	22,417
Contract labor	574,764	-	-	574,764
Contract physicians	1,735,822	-	-	1,735,822
Consulting and other contractual expenses	896,630	-	-	896,630
Staff development	22,402	-	-	22,402
Promotion	5,444	-	-	5,444
Office rent	710,700	-	-	710,700
Equipment expenses	98,638	-	-	98,638
Maintenance and repairs	244,487	-	-	244,487
Safety services and materials	42,047	-	-	42,047
Food	470,801	-	-	470,801
Food – outings	24,847	-	-	24,847
Housekeeping supplies	23,475	-	-	23,475
Miscellaneous housekeeping	265,289	-	-	265,289
Utilities	158,525	-	-	158,525
Payments to foster parents	-	-	-	-
Subcontractor – foster home payments	-	-	-	-
Foster family training	-	-	-	-
Subcontractor payments	-	-	-	-
Child care payments	-	-	-	-
Incidentals	4,126	-	-	4,126
Medical supplies	842,361	-	-	842,361
Vehicle expenses and repairs	31,460	-	-	31,460
Vehicle rental	16,680	-	-	16,680
General program supplies	86,505	-	-	86,505
Clothing	1,793	-	-	1,793
Miscellaneous	654	220	-	874
Interest	-	1,697	-	1,697
Bad debts	-	2,521,016	-	2,521,016
Property tax expense	111	-	-	111
Cost of in-kind donated goods	-	-	-	-
Medicaid assessments	14,643	-	-	14,643
Flex fund	-	-	-	-
Kids activity fund	500	-	-	500
Expenses before depreciation, amortization and intercompany fees	16,499,351	2,638,067	-	19,137,418
Depreciation and amortization	165,244	-	-	165,244
Intercompany management and residential fees	24,000	1,492,500	-	1,516,500
Eliminations	-	-	-	-
Totals, Year Ended June 30, 2014	\$ 16,688,595	\$ 4,130,567	\$ -	\$ 20,819,162

KVC Health Systems, Inc.
Functional Expenses – KVC Foundation, Inc.
Year Ended June 30, 2014

	Client Care	Administrative and General	Fund Raising	Total Expenses
Salaries and wages	\$ -	\$ -	\$ -	\$ -
Payroll taxes	- -	- -	- -	- -
Employee benefits	- -	- -	- -	- -
Total salaries, wages and related expenses	- -	- -	- -	- -
Office supplies and printing	- -	- -	3,448	3,448
Copier and fax expense	- -	- -	- -	- -
Postage	- -	- -	81	81
Employee recruitment and advertising	- -	- -	- -	- -
Licenses and dues	- -	- -	1,301	1,301
Insurance	- -	9,838	- -	9,838
Travel	- -	- -	- -	- -
Telephone	- -	- -	- -	- -
Professional fees	- -	5,955	- -	5,955
Contract labor	- -	- -	- -	- -
Contract physicians	- -	- -	- -	- -
Consulting and other contractual expenses	- -	- -	- -	- -
Staff development	- -	- -	- -	- -
Promotion	- -	- -	- -	- -
Office rent	- -	- -	- -	- -
Equipment expenses	- -	- -	- -	- -
Maintenance and repairs	- -	- -	- -	- -
Safety services and materials	- -	- -	- -	- -
Food	- -	- -	- -	- -
Food – outings	- -	- -	- -	- -
Housekeeping supplies	- -	- -	- -	- -
Miscellaneous housekeeping	- -	- -	- -	- -
Utilities	- -	- -	- -	- -
Payments to foster parents	- -	- -	- -	- -
Subcontractor – foster home payments	- -	- -	- -	- -
Foster family training	- -	- -	- -	- -
Subcontractor payments	- -	- -	- -	- -
Child care payments	- -	- -	- -	- -
Incidentals	- -	- -	- -	- -
Medical supplies	- -	- -	- -	- -
Vehicle expenses and repairs	- -	- -	- -	- -
Vehicle rental	- -	- -	- -	- -
General program supplies	- -	- -	- -	- -
Clothing	- -	- -	- -	- -
Miscellaneous	240	- -	25,721	25,961
Interest	- -	14,506	- -	14,506
Bad debts	- -	- -	- -	- -
Property tax expense	- -	- -	- -	- -
Cost of in-kind donated goods	- -	- -	- -	- -
Medicaid assessments	- -	- -	- -	- -
Flex fund	- -	- -	- -	- -
Kids activity fund	- -	- -	- -	- -
Expenses before depreciation, amortization and intercompany fees	240	30,299	30,551	61,090
Depreciation and amortization	- -	130,118	- -	130,118
Intercompany management and residential fees	- -	12,500	6,000	18,500
Eliminations	- -	- -	- -	- -
Totals, Year Ended June 30, 2014	\$ 240	\$ 172,917	\$ 36,551	\$ 209,708

KVC Health Systems, Inc.
Functional Expenses – KVC Real Estate Holdings, Inc.
Year Ended June 30, 2014

	Client Care	Administrative and General	Fund Raising	Total Expenses
Salaries and wages	\$ -	\$ -	\$ -	\$ -
Payroll taxes	- -	- -	- -	- -
Employee benefits	- -	- -	- -	- -
Total salaries, wages and related expenses	- -	- -	- -	- -
Office supplies and printing	- -	- -	- -	- -
Copier and fax expense	- -	- -	- -	- -
Postage	- -	- -	- -	- -
Employee recruitment and advertising	- -	- -	- -	- -
Licenses and dues	- -	40	- -	40
Insurance	- -	13,773	- -	13,773
Travel	- -	- -	- -	- -
Telephone	- -	- -	- -	- -
Professional fees	- -	- -	- -	- -
Contract labor	- -	- -	- -	- -
Contract physicians	- -	- -	- -	- -
Consulting and other contractual expenses	- -	- -	- -	- -
Staff development	- -	- -	- -	- -
Promotion	- -	- -	- -	- -
Office rent	- -	- -	- -	- -
Equipment expenses	- -	- -	- -	- -
Maintenance and repairs	- -	- -	- -	- -
Safety services and materials	- -	- -	- -	- -
Food	- -	- -	- -	- -
Food – outings	- -	- -	- -	- -
Housekeeping supplies	- -	- -	- -	- -
Miscellaneous housekeeping	- -	- -	- -	- -
Utilities	- -	- -	- -	- -
Payments to foster parents	- -	- -	- -	- -
Subcontractor – foster home payments	- -	- -	- -	- -
Foster family training	- -	- -	- -	- -
Subcontractor payments	- -	- -	- -	- -
Child care payments	- -	- -	- -	- -
Incidentals	- -	- -	- -	- -
Medical supplies	- -	- -	- -	- -
Vehicle expenses and repairs	- -	- -	- -	- -
Vehicle rental	- -	- -	- -	- -
General program supplies	- -	- -	- -	- -
Clothing	- -	- -	- -	- -
Miscellaneous	- -	- -	- -	- -
Interest	- -	- -	- -	- -
Bad debts	- -	- -	- -	- -
Property tax expense	- -	- -	- -	- -
Cost of in-kind donated goods	- -	- -	- -	- -
Medicaid assessments	- -	- -	- -	- -
Flex fund	- -	- -	- -	- -
Kids activity fund	- -	- -	- -	- -
Expenses before depreciation, amortization and intercompany fees	- -	13,813	- -	13,813
Depreciation and amortization	- -	166,312	- -	166,312
Intercompany management and residential fees	- -	17,500	- -	17,500
Eliminations	- -	- -	- -	- -
Totals, Year Ended June 30, 2014	\$ -	\$ 197,625	\$ -	\$ 197,625

KVC Health Systems, Inc.
Schedule of Revenue and Expenses for
Kansas Department for Children and Families
Reintegration/Foster Care/Adoption Services
Year Ended June 30, 2014

	Region 1	Region 2	Total
Revenue			
DCF contract	\$ 30,507,057	\$ 34,325,809	\$ 64,832,866
Contributions	138,103	122,615	260,718
Miscellaneous	980	1,191	2,171
Total revenue	<u>30,646,140</u>	<u>34,449,615</u>	<u>65,095,755</u>
Expenses			
Salaries and wages (including taxes and benefits)			
Administration	1,570,487	1,820,743	3,391,230
Case management	7,250,513	8,264,059	15,514,572
Total administration	<u>8,821,000</u>	<u>10,084,802</u>	<u>18,905,802</u>
Placement costs			
Related party Child Placing Agency	8,279,539	4,193,754	12,473,293
Nonrelated party Child Placing Agency (maintenance)	2,227,256	7,030,088	9,257,344
Nonrelated party Child Placing Agency (administration)	1,347,187	4,072,070	5,419,257
Residential and other	2,668,286	2,776,393	5,444,679
Total placement costs	<u>14,522,268</u>	<u>18,072,305</u>	<u>32,594,573</u>
Other costs			
Operating expenses	4,081,564	4,536,404	8,617,968
Mental health	577,699	179,422	757,121
Independent living	12,715	9,156	21,871
Child care	1,721,475	1,583,211	3,304,686
Clothing	378,414	405,111	783,525
Transportation	1,775,646	2,022,834	3,798,480
Other - flex funds & miscellaneous	269,031	248,677	517,708
Total other	<u>8,816,544</u>	<u>8,984,815</u>	<u>17,801,359</u>
Total expenses	<u>32,159,812</u>	<u>37,141,922</u>	<u>69,301,734</u>
Revenues under expenses	<u>\$ (1,513,672)</u>	<u>\$ (2,692,307)</u>	<u>\$ (4,205,979)</u>

KVC Health Systems, Inc.
Schedule of Revenue and Expenses for
Kansas Department for Children and Families
Family Preservation Services
Year Ended June 30, 2014

	Region 1	Region 2	Total
Revenue			
DCF contract	\$ 1,702,156	\$ 1,696,000	\$ 3,398,156
Contributions	3,130	3,065	6,195
Miscellaneous	816	-	816
Total revenue	<u>1,706,102</u>	<u>1,699,065</u>	<u>3,405,167</u>
Expenses			
Salaries and wages (including taxes and benefits)			
Administration	80,309	69,349	149,658
Case management	1,195,690	1,035,649	2,231,339
Total administration	<u>1,275,999</u>	<u>1,104,998</u>	<u>2,380,997</u>
Other costs			
Operating expenses	433,441	404,820	838,261
Other - flex funds & miscellaneous	31,889	73,704	105,593
Total other	<u>465,330</u>	<u>478,524</u>	<u>943,854</u>
Total expenses	<u>1,741,329</u>	<u>1,583,522</u>	<u>3,324,851</u>
Revenues over (under) expenses	<u>\$ (35,227)</u>	<u>\$ 115,543</u>	<u>\$ 80,316</u>

KVC Health Systems, Inc.
Schedule of Revenue and Expenses for
Kansas Department for Children and Families
Kansas Child Placing Services
Year Ended June 30, 2014

Revenue

Child placing revenue - intercompany	\$ 12,473,293
Child placing revenue - other	1,206,248
Contributions	50,523
Miscellaneous	120,195
Total revenue	<u>13,850,259</u>

Expenses

Salaries and wages (including taxes and benefits)	
Administration	607,672
Case management	<u>2,362,685</u>
Total administration	<u>2,970,357</u>
Placement costs	
Kansas City region	5,380,500
East region	2,887,469
Noncontract	851,714
Total placement costs	<u>9,119,683</u>
Other Costs	
Operating expenses	1,185,608
Independent living	200
Transportation	37,171
Other - flex funds & miscellaneous	7,040
Total other	<u>1,230,019</u>
Total expenses	<u>13,320,059</u>
Revenues over expenses	<u>\$ 530,200</u>

KVC Health Systems, Inc.
Schedule of System of Care Grant
Agreement Number – G140030
Year Ended June 30, 2014

Revenue

Grant revenue	\$ <u>60,000</u>
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Expenses

Salaries and wages	47,403
Taxes and benefits	10,384
Office supplies	120
Travel	3,344
Rent	600
Telephone	663
Indirect administrative expenses	<u>6,602</u>
Total expenses	<u><u>69,116</u></u>

Revenues under expenses	\$ <u><u>(9,116)</u></u>
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KVC Health Systems, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Cluster / Program	Federal Agency/Pass-Through Entity	CFDA Number	Grant or Identifying Number	Amount
Child Nutrition Cluster				
School Breakfast Program	U S Department of Agriculture passed through the Kansas State Department of Education	10 553	X0925	\$ 48.709
National School Lunch Program	U S Department of Agriculture passed through the Kansas State Department of Education	10 555	X0925	83.731
After School Snack Program	U S Department of Agriculture passed through the Kansas State Department of Education	10 555	X0925	<u>4.274</u>
Total child nutrition cluster				136.714
Distance Learning and Telemedicine Grant	U S Department of Agriculture	10 855	KS 728-A17	4.670
Initiative to Reduce Long-Term Foster Care	U S Department of Health and Human Services passed through the University of Kansas Center for Research, Inc	93 648	90CT0152 01	1,139.159
Kansas Adoption Permanency Project	U S Department of Health and Human Services passed through the University of Kansas Center for Research, Inc	93 652	90CO1120-01-01	41.981
Promoting Safe and Stable Families	U S Department of Health and Human Services passed through the Kentucky Cabinet for Health and Family Services	93 556	PON2 736 1200003288 1	1,375.437
Substance Abuse and Mental Health Services	U S Department of Health and Human Services passed through New York University School of Medicine	93 243	1 U79 SM061280-01	46.997
Temporary Assistance for Needy Families Block Grant	U S Department of Health and Human Services passed through Kansas State Department for Children and Families	93 558	EV T001558 EV T0001559	9,701.344
Title IV -E Foster Care	U S Department of Health and Human Services passed through Kansas State Department for Children and Families	93 658	EV T001558 EV T0001559	7,484.467
Social Services Block Grant	U S Department of Health and Human Services passed through Kansas State Department for Children and Families	93 667	EV T001558 EV T0001559	<u>6,220.710</u>
				<u>\$ 26,151.479</u>

Notes to Schedule

- 1 This schedule includes the federal awards activity of KVC Health Systems, Inc., KVC Behavioral HealthCare, Inc and KVC Behavioral Healthcare Kentucky, Inc and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements
- 2 The Organization did not provide federal awards to subrecipients during the year ended June 30, 2014

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards

Board of Directors
KVC Health Systems, Inc
Olathe, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of KVC Health Systems, Inc., which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 17, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

We noted certain matters that we reported to the Organization's management in a separate letter dated December 17, 2014.

Purpose of this Report

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

BKD, LLP

Kansas City, Missouri
December 17, 2014

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Directors
KVC Health Systems, Inc
Olathe, Kansas

Report on Compliance for Each Major Federal Program

We have audited the compliance of KVC Health Systems, Inc with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

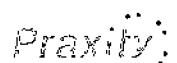
Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of KVC Health Systems, Inc's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.



Opinion on Each Major Federal Program

In our opinion, KVC Health Systems, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014-001. Our opinion on each major federal program is not modified with respect to this matter.

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

The management of KVC Health Systems, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

Board of Directors
KVC Health Systems, Inc
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The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Kansas City, Missouri
December 17, 2014

KVC Health Systems, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Summary of Auditor's Results

1 The opinion expressed in the independent auditor's report was

Unmodified Qualified Adverse Disclaimer

2 The independent auditor's report on internal control over financial reporting disclosed

Significant deficiency(ies)⁹ Yes None reported

Material weakness(es)⁹ Yes No

3 Noncompliance considered material to the financial statements
was disclosed by the audit⁹ Yes No

4 The independent auditor's report on internal control over compliance disclosed

Significant deficiency(ies)⁹ Yes None reported

Material weakness(es)⁹ Yes No

5 The opinion expressed in the independent auditor's report on compliance for each major federal program was

Unmodified Qualified Adverse Disclaimer

6 The audit disclosed findings required to be reported by OMB
Circular A-133⁹ Yes No

7 The Organization's major programs were

Program	CFDA Number
Temporary Assistance for Needy Families Block Grant	93 558
Title IV-E Foster Care	93 658
Social Services Block Grant	93 667

8 The threshold used to distinguish between Type A and Type B programs as those terms are defined in
OMB Circular A-133 was \$784,544

9 The Organization qualified as a low-risk auditee as that term is
defined in OMB Circular A-133⁹ Yes No

KVC Health Systems, Inc.
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2014

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
	No matters are reportable	

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
2014-001	<p>U.S. Department of Health and Human Services passed through Kansas State Department for Children and Families; Temporary Assistance for Needy Families Block Grant – 93.558, Title IV-E Foster Care – 93.658 and Social Services Block Grant – 93.667 Program Year 2014</p> <p>Criteria or Specific Requirement – Allowable costs</p> <p>Condition – The Organization did not maintain reports reflecting the distribution of actual activity for employees that work on multiple programs</p> <p>Context – The Organization has six employees that work on the programs in addition to others. We tested all six employees' payroll for the year and noted that allocation records were not maintained</p> <p>Effect – Potential incorrect allocation of expenses to the program</p> <p>Recommendation – We recommend that management implement procedures to maintain these records for each pay period</p> <p>Management's Response – Management concurs with the finding and processes have been put in place subsequent to year end to assure corroborating evidence of percentage allocations to various programs of personnel who perform services for more than one program is available</p>	\$307,303

KVC Health Systems, Inc.
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2014

Reference Number	Finding	Questioned Costs
	No matters are reportable	