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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

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

OMB No 1545-0047

2013

Open to Public Inspection

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

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

C Name of organization
MUNSTER MEDICAL RESEARCH FOUNDATION INC

Doing Business As
THE COMMUNITY HOSPITAL

Number and street (or P O box if mail is not delivered to street address) | Room/suite
901 MACARTHUR BOULEVARD
Suite

City or town, state or province, country, and ZIP or foreign postal code
MUNSTER, IN 46321

D Employer identification number
35-1107009

E Telephone number
(219)836-1600

G Gross receipts $ 465,934,980

F Name and address of principal officer
MARY ANN SHACKLETT
10010 DONALD S POWERS DR 201
MUNSTER,IN 46321

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

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

H(c) Group exemption number ▶

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

J Website: ▶ www comhs org

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

L Year of formation 1964

M State of legal domicile IN

Part I Summary

1 Briefly describe the organization's mission or most significant activities
THE COMMUNITY HOSPITAL IS COMMITTED TO PROVIDING THE HIGHEST QUALITY CARE IN THE MOST COST-EFFICIENT MANNER, RESPECTING THE DIGNITY OF THE INDIVIDUAL

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	20
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	9
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	3,445
6	Total number of volunteers (estimate if necessary)	**6**	180
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	2,385,437
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-37,147

		Prior Year	Current Year
Revenue **8**	Contributions and grants (Part VIII, line 1h)	6,810,416	480,129
9	Program service revenue (Part VIII, line 2g)	430,222,270	451,261,577
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	302,984	491,312
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	12,616,068	13,180,674
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	449,951,738	465,413,692
Expenses **13**	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	112,479	106,688
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)	203,119,789	192,868,265
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)	223,143,074	236,118,197
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	426,375,342	429,093,150
19	Revenue less expenses Subtract line 18 from line 12	23,576,396	36,320,542

		Beginning of Current Year	End of Year
Net Assets or Fund Balances **20**	Total assets (Part X, line 16)	263,153,560	289,849,570
21	Total liabilities (Part X, line 26)	162,116,077	112,495,553
22	Net assets or fund balances Subtract line 21 from line 20	101,037,483	177,354,017

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 — 2015-05-14 Date

▶ MARY ANN SHACKLETT SR VP FINANCE & CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Ben Pitchkites				P00362066
Firm's name ▶ ERNST & YOUNG US LLP			Firm's EIN ▶	
Firm's address ▶ 111 MONUMENT CIRCLE SUITE 4000 INDIANAPOLIS, IN 46204			Phone no	

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

Munster Medical Research Foundation, Inc is committed to providing the highest quality care in the most cost-efficient manner, respecting the dignity of the individual, providing for the well-being of the community and serving the needs of all people, including the poor and disadvantaged

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 $ 70,760,702 including grants of $) (Revenue $ 202,966,338)

Munster Medical Research Foundation, Inc performed 23,257 surgeries Munster Medical Research Foundation, Inc offers a wide range of surgical services, including gastroenterology, orthopedics, general surgery, bariatric surgery, urology, cardiovascular and gynecology Our outpatient surgery center also includes services in ophthalmology, pain management, plastics and cosmetic

4b (Code) (Expenses $ 66,443,710 including grants of $) (Revenue $ 123,588,778)

Munster Medical Research Foundation, Inc has a 427 bed capacity Nursing staff work to ensure the delivery of optimal and excellent patient care services in population and acuity specific areas ranging from ICU, IMCU, telemetry, medical, surgical, pediatric, labor and delivery, and neonatology

4c (Code) (Expenses $ 45,800,774 including grants of $) (Revenue $ 191,775,883)

Munster Medical Research Foundation, Inc had 301,862 outpatient visits from its three locations The majority of these visits were for laboratory services and radiology services

See Additional Data Table

4d Other program services (Describe in Schedule O)

(Expenses $ 215,574,488 including grants of $) (Revenue $ -55,982,485)

4e **Total program service expenses** ▶ 398,579,674

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**	Yes	
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	189		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	3,445		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a**	20		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	9		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?			**2** Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .			**3**	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?			**4**	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .			**5**	No
6	Did the organization have members or stockholders?			**6** Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?			**7a** Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?			**7b** Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?			**8a** Yes	
b	Each committee with authority to act on behalf of the governing body?			**8b** Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*			**9**	No

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

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

Section C. Disclosure

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

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

▶ MARY ANN SHACKLETT 10010 DONALD S POWERS DR 201
Munster, IN 46321 (219) 934-8250

Part VII **Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

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

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) THOMAS BRUBAKER MD DIRECTOR	1 0	X						14,406	0	0
(2) STEVE CHOVANEC DIRECTOR	1 0	X						0	0	0
(3) ERIC COMPTON DDS DIRECTOR	1 0	X						0	0	0
(4) FRANKIE FESKO DIRECTOR	1 0 9 0	X						24,000	73,392	0
(5) WILLIAM HASSE III DIRECTOR	1 0 1 0	X						0	34,000	0
(6) R LITCHFIELD DO DIRECTOR	1 0	X						0	0	0
(7) S N MAKAM MD DIRECTOR	1 0	X						46,440	152,220	0
(8) DONNA PANICH DIRECTOR	1 0	X						0	0	0
(9) STEVE PESTIKAS DIRECTOR START 7-1-2013	1 0	X						0	0	0
(10) DONALD S POWERS DIRECTOR	1 0 42 0	X						0	1,087,197	51,140
(11) HON JAMES RICHARDS DIRECTOR	1 0 25 0	X						24,000	48,817	0
(12) NITIN SARDESAI MD DIRECTOR	1 0	X						0	0	0
(13) M NABIL SHABEEB MD FACS DIRECTOR	1 0 2 0	X						0	24,000	0
(14) DONALD TORRENGA DIRECTOR	1 0 2 0	X						0	39,217	0
(15) JAY ZANDSTRA DIRECTOR	1 0 1 0	X						0	22,300	0
(16) DAVID WICKLAND PRESIDENT	1 0 15 0	X		X				24,000	48,817	0
(17) JOSEPH MORROW VICE PRESIDENT	1 0 1 0	X		X				0	10,200	0

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) RICHARD MCCLAUGHRY SECRETARY	1 0 2 0	X		X				0	63,817	0
(19) DAVID BOCHNOWSKI TREASURER	1 0 1 0	X		X				0	20,000	0
(20) DONALD P FESKO ADMINISTRATOR	40 0 2 0	X		X				0	614,975	38,544
(21) MARY ANN SHACKLETT SR VP & SYSTEM CFO	1 0 47 0			X				0	679,421	59,490
(22) LUIS MOLINA VP OF FINANCE/CFO	40 0 1 0			X				569,403	0	63,272
(23) RONDA MCKAY VP & CNO	40 0				X			293,280	0	10,192
(24) RICHARD BERKOWITZ MD PHYSICIAN & MEDICAL DIRECTOR	40 0					X		566,971	0	63,386
(25) PANTHIRUVELIL S MOHAN-THOMAS MD PHYSICIAN	40 0					X		434,923	0	30,342
(26) ROBERT JOSEPH GRONEMEYER MD PHYSICIAN	40 0					X		431,237	0	36,270
(27) AZAD CHALLAPALLI MD PHYSICIAN	40 0					X		437,033	0	55,170
(28) MICHAEL A BRODY MD PHYSICIAN	40 0					X		429,939	0	61,435
(29) WILLIAM SCHENCK DIRECTOR END 4-30-2014							X	0	14,112	0
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								3,295,632	2,932,485	469,241

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 ▶ 175

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Walsh Construction Company LLC, 929 West Adams Street CHICAGO IL 60607	Construction	22,719,457
Rehabcare Group Inc, PO Box 502096 ST LOUIS MO 63150	Rehab Care Services	4,601,041
Alliance Healthcare Services Inc, PO Box 6600 NEWPORT BEACH CA 92658	MRI Imaging	2,032,833
Garlup Construction Company, 3965 Harrison Street GARY IN 46408	Construction	2,020,545
The Pangere Corporation, 4050 West 4th Avenue GARY IN 46406	Construction	1,927,249
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 ▶ 51		

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	283,464			
	e	Government grants (contributions)	1e	161,584			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	35,081			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		480,129			
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE REVENUE	621110	451,261,577	450,833,335	428,242	
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		451,261,577			
	3	Investment income (including dividends, interest, and other similar amounts)		489,212			489,212
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
			(i) Real	(ii) Personal			
	6a	Gross rents	1,903,575				
	b	Less rental expenses	521,288				
	c	Rental income or (loss)	1,382,287	0			
	d	Net rental income or (loss)			1,382,287	1,382,287	
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory		2,100			
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)		2,100			
	d	Net gain or (loss)			2,100		2,100
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events			0		
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities			0		
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory			0		
		Miscellaneous Revenue	Business Code				
	11a	PHARMACY SALES	446110	5,261,836	3,776,991	1,484,845	
	b	FITNESS/SPA POINTE REVENUE	713940	4,171,871	3,699,521	472,350	
	c	CAFETERIA	722212	2,089,950			2,089,950
	d	All other revenue		274,730	270,944		3,786
	e	**Total.** Add lines 11a–11d		11,798,387			
	12	**Total revenue.** See Instructions		465,413,692	459,963,078	2,385,437	2,585,048

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	106,688	106,688		
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	1,089,501		1,089,501	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	213,479	213,479		
7 Other salaries and wages	147,643,757	138,961,959	8,681,798	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	15,154,964	14,169,376	985,588	
9 Other employee benefits	18,075,547	16,970,309	1,105,238	
10 Payroll taxes	10,691,017	9,995,737	695,280	
11 Fees for services (non-employees)				
a Management	1,249,930		1,249,930	
b Legal	479,045		479,045	
c Accounting	245,123		245,123	
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)	22,577,339	17,715,174	4,862,165	
12 Advertising and promotion	1,568,713	1,201,320	367,393	
13 Office expenses	5,284,782	3,972,975	1,311,807	
14 Information technology	246,149	242,924	3,225	
15 Royalties . .	0			
16 Occupancy	4,736,497	4,062,018	674,479	
17 Travel	108,904	99,119	9,785	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	139,502	127,544	11,958	
20 Interest	18,992		18,992	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	19,545,622	18,274,492	1,271,130	
23 Insurance	2,450,369	2,291,012	159,357	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a MEDICAL SUPPLIES	80,669,655	80,669,655		
b CORPORATE ALLOCATION	45,714,664	42,741,657	2,973,007	
c HAF	27,391,749	27,391,749		
d PHYSICIAN ALLOCATION	9,251,497	8,649,835	601,662	
e All other expenses	14,439,665	10,722,652	3,717,013	
25 **Total functional expenses.** Add lines 1 through 24e	429,093,150	398,579,674	30,513,476	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		0	1	0
	2	Savings and temporary cash investments		11,305,828	2	12,655,029
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		56,868,150	4	57,830,114
	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		8,171,911	8	9,873,456
	9	Prepaid expenses and deferred charges		1,217,397	9	1,538,550
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 516,829,502			
	b	Less accumulated depreciation	10b 320,347,362	174,365,289	10c	196,482,140
	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	1,360,000
	15	Other assets See Part IV, line 11		11,224,985	15	10,110,281
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		263,153,560	16	289,849,570
Liabilities	17	Accounts payable and accrued expenses		46,078,983	17	40,508,787
	18	Grants payable		0	18	0
	19	Deferred revenue		366,796	19	572,103
	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	0
	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		115,670,298	25	71,414,663
	26	**Total liabilities.** Add lines 17 through 25		162,116,077	26	112,495,553
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		100,793,125	27	177,084,300
	28	Temporarily restricted net assets		142,012	28	167,371
	29	Permanently restricted net assets		102,346	29	102,346
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		101,037,483	33	177,354,017
	34	Total liabilities and net assets/fund balances		263,153,560	34	289,849,570

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	465,413,692
2	Total expenses (must equal Part IX, column (A), line 25)	2	429,093,150
3	Revenue less expenses Subtract line 2 from line 1	3	36,320,542
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	101,037,483
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	39,995,992
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	177,354,017

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
MUNSTER MEDICAL RESEARCH FOUNDATION INC

Employer identification number
35-1107009

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (see instructions) **12**

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

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2012 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2013.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2012.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2013.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶☐

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Facts And Circumstances Test		
Return Reference	Explanation	

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and (4) organizations and 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

(Code) (Expenses $ 11,255,372 including grants of $) (Revenue $ 83,865,255)

EMERGENCY DEPARTMENT - 60,726 VISITS & ADMISSIONS

(Code) (Expenses $ 9,994,104 including grants of $) (Revenue $ 17,064)

DIETARY - 387,070 IP MEALS

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and (4) organizations and 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

(Code) (Expenses $ 15,474,257 including grants of $) (Revenue $ 156,443,389)

RADIOLOGY - 203,297 PROCEDURES

(Code) (Expenses $ 13,381,803 including grants of $) (Revenue $ 44,626,773)

PT OT SPEECH - 524,908 PROCEDURES

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and (4) organizations and 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

(Code) (Expenses $ 21,749,381 including grants of $) (Revenue $ 166,043,381)

LABORATORY - 1,587,623 SPECIMENS COLLECTED

(Code) (Expenses $ 17,704,414 including grants of $) (Revenue $ 34,511,722)

IMCU - 15,516 PATIENT DAYS

Additional Data

Software ID:
Software Version:
EIN: 35-1107009
Name: MUNSTER MEDICAL RESEARCH FOUNDATION INC

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and (4) organizations and 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

(Code)	(Expenses $	32,766,550	including grants of $	) (Revenue $	119,624,436)

CARDIOLOGY - 16,541 VISITS

(Code)	(Expenses $	31,844,248	including grants of $	) (Revenue $	102,343,512)

PHARMACY - 7,150,635 DOSES

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and (4) organizations and 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

(Code) (Expenses $ 6,811,504 including grants of $) (Revenue $ 9,100,500)

ICU - 4,863 PATIENT DAYS

(Code) (Expenses $ 6,581,564 including grants of $) (Revenue $ 1,647,356)

ADMITTING - 21,915 IP ADMISSIONS

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and (4) organizations and 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

(Code) (Expenses $ 6,267,353 including grants of $) (Revenue $ 30,024,574)
RESPIRATORY THERAPY

(Code) (Expenses $ 6,233,655 including grants of $) (Revenue $)
HIM

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and (4) organizations and 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

(Code) (Expenses $ 6,045,721 including grants of $) (Revenue $ 4,171,871)

FITNESS POINTE - 6,039 MEMBERS

(Code) (Expenses $ 5,983,295 including grants of $) (Revenue $)

CENTRAL STERILIZATION

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and (4) organizations and 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

(Code) (Expenses $ 5,364,887 including grants of $) (Revenue $ 6,549,069)

HOME HEALTH - 36,300 VISITS

(Code) (Expenses $ 3,664,857 including grants of $) (Revenue $ 5,396,583)

CVU - 2,582 PROCEDURES

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and (4) organizations and 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

(Code) (Expenses $ 2,964,871 including grants of $) (Revenue $)

PATIENT SERVICES - 109,629 VISITS

(Code) (Expenses $ 2,681,553 including grants of $) (Revenue $ 15,174,098)

NUCLEAR MEDICINE

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and (4) organizations and 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

(Code	) (Expenses $	2,487,759	including grants of $	) (Revenue $	)
SECURITY					
(Code	) (Expenses $	1,300,573	including grants of $	) (Revenue $	)
PUBLIC RELATIONS					

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and (4) organizations and 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

(Code) (Expenses $ 1,214,624 including grants of $) (Revenue $)

MEDICAL STAFF

(Code) (Expenses $ 1,089,627 including grants of $) (Revenue $)

SOCIAL SERVICES

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and (4) organizations and 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

(Code) (Expenses $ 973,196 including grants of $) (Revenue $)
CENTRAL SUPPLY

(Code) (Expenses $ 794,754 including grants of $) (Revenue $)
CANCER RESEARCH

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and (4) organizations and 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

(Code) (Expenses $ 582,407 including grants of $) (Revenue $)
POB

(Code) (Expenses $ 327,009 including grants of $) (Revenue $ 5,218,473)
EEG - 4,179 PROCEDURES

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and (4) organizations and 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

(Code) (Expenses $ 35,150 including grants of $) (Revenue $)
OCC HEALTH

(Code) (Expenses $ including grants of $) (Revenue $ -17,879,515)
Bad debt

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and (4) organizations and 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

(Code)	(Expenses $	including grants of $	) (Revenue $	-22,706,684)
Charity Care				
(Code)	(Expenses $	including grants of $	) (Revenue $	-800,154,342)
Contractuals				

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
MUNSTER MEDICAL RESEARCH FOUNDATION INC

Employer identification number
35-1107009

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b Assets included in Form 990, Part X ▶ $ _____

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

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

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

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

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

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

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

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

		Amount
c	Beginning balance	1c
d	Additions during the year	1d
e	Distributions during the year	1e
f	Ending balance	1f

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

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

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

		(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	97,154	95,317	96,330	86,723	96,624
b	Contributions					
c	Net investment earnings, gains, and losses	7,972	1,987	-1,163	9,757	-9,751
d	Grants or scholarships					
e	Other expenditures for facilities and programs					
f	Administrative expenses	150	150	-150	150	150
g	End of year balance	104,976	97,154	95,317	96,330	86,723

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 ▶ 100 000 %
- c Temporarily restricted endowment ▶

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		3,403,554		3,403,554
b Buildings		333,092,905	216,664,276	116,428,629
c Leasehold improvements		984,452	974,875	9,577
d Equipment		129,690,552	95,709,408	33,981,144
e Other		49,658,039	6,998,803	42,659,236
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				196,482,140

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

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

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

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

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

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

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

1 (a) Description of liability	(b) Book value
Federal income taxes	0
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	71,414,663

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

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

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

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

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

Part XIII **Supplemental Information**

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

Return Reference	Explanation
SUPPLEMENTAL INFORMATION	PT V LINE 4 ENDOWMENT FUNDS ARE TO BE USED TO SUPPORT THE NEEDS OF MUNSTER MEDICAL RESEARCH FOUNDATION, INC

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 35-1107009
Name: MUNSTER MEDICAL RESEARCH FOUNDATION INC

Form 990, Schedule D, Part X, - Other Liabilities

1 (a) Description of Liability	(b) Book Value
NON-CURRENT PENSION LIABILITY	38,907,959
HOSPITAL ASSESSMENT FEE	14,777,049
DUE TO AFFILIATES	7,593,822
RAC LIABILITY	3,136,088
LEGAL CLAIM LIABILITY	2,676,240
CONSTRUCTION RETAINAGE	1,661,856
LEASE OBLIGATIONS	1,171,966
3RD PARTY LIABILITY	1,019,154
ASSET RETIREMENT OBLIGATION	393,899
MISCELLANEOUS LIABILITIES	76,630

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990.*

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
MUNSTER MEDICAL RESEARCH FOUNDATION INC

Employer identification number
35-1107009

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)		2,497	6,006,722	149,548	5,857,174	1 360 %
b Medicaid (from Worksheet 3, column a)		31,092	64,692,536	35,305,369	29,387,167	6 840 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs		33,589	70,699,258	35,454,917	35,244,341	8 200 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	98	5,011	820,660	11,443	809,217	0 190 %
f Health professions education (from Worksheet 5)	24	470	556,985		556,985	0 130 %
g Subsidized health services (from Worksheet 6)	1	801	3,854,939	3,657,965	196,974	0 050 %
h Research (from Worksheet 7)	51	1,885	968,416	255,595	712,821	0 170 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	49		188,319		188,319	0 040 %
j **Total.** Other Benefits	223	8,167	6,389,319	3,925,003	2,464,316	0 580 %
k **Total.** Add lines 7d and 7j	223	41,756	77,088,577	39,379,920	37,708,657	8 780 %

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	1		80,803	2,732	78,071	0 020 %
4	Environmental improvements						
5	Leadership development and training for community members	1	28	9,676		9,676	
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**	2	28	90,479	2,732	87,747	0 020 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	5,082,914		
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	50,829		
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	175,369,630
6	Enter Medicare allowable costs of care relating to payments on line 5	6	206,324,857
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-30,955,227
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☑ Cost accounting system ☐ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

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

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

Part V Facility Information

Section A. Hospital Facilities

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

	Name, address, primary website address, and state license number	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
	See Additional Data Table										

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group MUNSTER MEDICAL RESEARCH FOUNDATION

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

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 13			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) HTTP //WWW COMHS ORG/COMMUNITY			
b	☑ Other website (list url) HTTP //CHSCOMMUNITY HEALTHFORECAST NET			
c	☑ Available upon request from the hospital facility			
d	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 % If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 % If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

Part V Facility Information *(continued)*

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

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

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

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

Form and Line Reference	Explanation

Part V 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? 7

	Name and address	Type of Facility (describe)
1	COMMUNITY SURGERY CENTER 801 MACARTHUR BOULEVARD MUNSTER,IN 46321	OUTPATIENT SURGERY
2	COMMUNITY DIAGNOSTIC CENTER 10020 DONALD S POWERS DRIVE MUNSTER,IN 46321	DIAGNOSTIC CENTER
3	ST JOHN OUTPATIENT CENTER 9660 WICKER AVENUE ST JOHN,IN 46373	OUTPATIENT CENTER
4	COMMUNITY CARDIOLOGY CENTER 801 MACARTHUR BOULEVARD MUNSTER,IN 46321	OUTPATIENT CENTER
5	FITNESS POINTE 9550 COLUMBIA AVENUE MUNSTER,IN 46321	REHABILITATION
6	COMMUNITY HOME HEALTH SERVICES 9104 COLUMBIA AVENUE MUNSTER,IN 46321	HOME HEALTH
7	SCHERERVILLE OUTPATIENT CENTER 7651 HARVEST DRIVE SCHERERVILLE,IN 46375	OUTPATIENT CENTER
8		
9		
10		

Part VI Supplemental Information

Provide the following information

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

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

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

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

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

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

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

Form and Line Reference	Explanation
Part I, Line 3c - Factors other than FPG used to determine FAP eligibility	N/A - FPG is the only factor used

Form and Line Reference	Explanation
PART I, LINE 6A - Was a Community Benefit report prepared	THE STATE OF INDIANA ACCEPTS FORM 990 SCHEDULE H IN LIEU OF A COMMUNITY BENEFIT REPORT Community Hospital makes its 990 available to the public

Form and Line Reference	Explanation
PART I, LINE 7 - Financial assistance & other community benefits at cost	COST ACCOUNTING SYSTEM WAS USED FOR COMPUTATIONS BAD DEBT IS EXCLUDED FROM THE CALCULATION MEDICAID DIRECT OFFSETTING REVENUE INCLUDES THE INCREASED HAF REIMBURSEMENT THE EXPENSE INCLUDES THE HAF FEE

Form and Line Reference	Explanation
PART II - COMMUNITY BUILDING ACTIVITIES	Community Support (line 3) This category can include "disaster readiness and public health emergency activities, such as readiness training beyond what is required by accrediting bodies or government entities " Expenses and revenues relating to the Bio-terrorism department of the hospital have been included in this category Leadership development and training for community member (line 5) This category includes "training in conflict resolution, civic, cultural or language skills, and medical interpreter skills for community residents " The costs reported here relate to the providing of deaf interpretation services to patients

Form and Line Reference	Explanation
PART III, LINE 2 - METHODOLOGY USED TO ESTIMATE BAD DEBT AT COST	THE COST TO CHARGE RATIO PER THE S-10 WORKSHEET OF THE MEDICARE COST REPORT IS USED TO ESTIMATE BAD DEBT AT COST

Form and Line Reference	Explanation
PART III, LINE 3 - BAD DEBT EXPENSE ATTRIBUTABLE TO FAP ELIGIBLE PATIENTS	WE ESTIMATE 1% OF THE BAD DEBT EXPENSE TO BE ATTRIBUTABLE TO PATIENTS ELIGIBLE FOR FINANCIAL ASSISTANCE

Form and Line Reference	Explanation
PART III, LINE 4 - BAD DEBT EXPENSE FOOTNOTE FROM AUDIT	Patient service revenue, net of contractual allowances and discounts, is reduced by the provision for bad debts, and net accounts receivable are reduced by an allowance for uncollectible accounts The provision for bad debts is based upon management's assessment of historical and expected net collections, taking into consideration the trends in health care coverage, economic trends, and other collection indicators Management regularly assesses the adequacy of the allowances based upon historical write-off experience by major payor category and aging bucket The results of the review are then utilized to make modifications, as necessary, to the provision for bad debts to provide for an appropriate allowance for bad debts A significant portion of the hospitals' uninsured patients will be unable or unwilling to pay for services provided, and a significant portion of the hospitals' insured patients will be unable or unwilling to pay for co-payments and deductibles Thus, the hospitals record a significant provision for bad debts related to uninsured patients in the period the services are provided After all reasonable collection efforts have been exhausted in accordance with CFNI's policy, accounts receivable are written off and charged against the allowance for bad debts

Form and Line Reference	Explanation
PART III, LINE 8 - Why Medicare shortfall should be community benefit	WE PROVIDE NECESSARY SERVICES REGARDLESS OF THE PATIENT'S ABILITY TO PAY FOR THE SERVICE PROVIDED OR THE REIMBUSEMENT RECEIVED FROM MEDICARE, QUALIFYING THE SHORTFALL AS A COMMUNITY BENEFIT THE Medicare allowable costs of care were CALCULATED BY USING INFORMATION FROM THE COST ACCOUNTING SYSTEM

Form and Line Reference	Explanation
PART III, LINE 9B - COLLECTION PRACTICES FOR QUALIFYING FA PATIENTS	COLLECTION POLICIES ARE THE SAME FOR ALL PATIENTS PATIENTS ARE SCREENED FOR ELIGIBILITY FOR FINANCIAL ASSISTANCE BEFORE COLLECTION PROCEDURES BEGIN IF AT ANY POINT IN THE COLLECTION PROCESS, DOCUMENTATION IS RECEIVED THAT INDICATES THE PATIENT IS POTENTIALLY ELIGIBLE FOR FINANCIAL ASSISTANCE BUT HAS NOT APPLIED FOR IT, THE ACCOUNT IS REFERRED BACK FOR A FINANCIAL ASSISTANCE REVIEW

Form and Line Reference	Explanation
2 NEEDS ASSESSMENT	IN COLLABORATION WITH COMMUNITY HEALTHCARE SYSTEM, FRANCISCAN ALLIANCE, AND THE METHODIST HOSPITALS, Inc , COMMUNITY HOSPITAL CONTRACTED WITH A THIRD PARTY TO PERFORM OUR COMMUNITY HEALTH NEEDS ASSESSMENT AS PER REGULATION 501(R) The most recent CHNA was conducted in 2013 and is available ON the following websites HTTP//WWW COMHS ORG/COMMUNITY HTTP//WWW CHSCOMMUNITY HEALTHFORECAST NET

Form and Line Reference	Explanation
3 PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	PATIENTS WHO ARE ADMITTED WITHOUT INSURANCE ARE DIRECTED TO THE HOSPITAL'S FINANCIAL COUNSELORS THE FINANCIAL COUNSELORS PERFORM AN INTERVIEW WITH THE PATIENTS TO EXPLAIN TO THEM THE PROCESS NECESSARY TO RECEIVE FINANCIAL ASSISTANCE THIS PROCESS INCLUDES APPLYING FOR MEDICAID OR OTHER GOVERNMENT AID THE APPLICANT THEN MUST FILL OUT A FINANCIAL INFORMATION WORKSHEET AND SUBMIT VARIOUS INFORMATION TO DETERMINE IF THEY QUALIFY FOR FINANCIAL ASSISTANCE IN ACCORDANCE WITH THE FINANCIAL ASSISTANCE POLICY THE POLICY IS POSTED IN THE EMERGENCY ROOM AREA AS WELL AS AT EACH INPATIENT WAITING DESK THE INFORMATION IS ALSO AVAILABLE ON OUR WEBSITE

Form and Line Reference	Explanation
4 COMMUNITY INFORMATION	LOCATED IN MUNSTER, INDIANA, THE COMMUNITY SERVED INCLUDES NORTHWEST INDIANA LATEST U S CENSUS BUREAU DEMOGRAPHIC INFORMATION COMPARING MUNSTER TO THE STATE OF INDIANA Munster Indiana Persons under 18 years, percent, 2010 23 4% 24 8% Persons 65 years and over, percent, 2010 18 7% 13 0% White alone, percent, 2010 (a) 85 6% 84 3% Black or African American alone, percent, 2010 (a) 3 5% 9 1% Hispanic or Latino, percent, 2010 (b) 10 2% 6 0% White alone, not Hispanic or Latino, percent, 2010 79 2% 81 5% High school graduate or higher, age 25+, 2009-2013 94 2% 87 2% Bachelor's degree or higher, age 25+, 2009-2013 40 6% 23 2% Median household income, 2009-2013 $72,583 $48,248 Persons below poverty level, percent, 2009-2013 6 6% 15 4% (a) Includes persons reporting only one race (b) Hispanics may be of any race, so also are included in applicable race categories

Form and Line Reference	Explanation
5 PROMOTION OF COMMUNITY HEALTH	Community Hospital in Munster, Indiana, is a not-for-profit, non-sectarian, acute care facility recognized for meeting this nation's highest health care standards The Joint Commission on Accreditation of Health Care Organizations has awarded Community Hospital Accreditation with Commendation, its highest honor, recognizing the hospital's exemplary performance Community Hospital is the area's first choice in health care, with more admissions than any single hospital in Lake County, Indiana Community Hospital has been selected as the area's most preferred hospital for quality care in each of the last three annual national consumer surveys by Nebraska-based National Research Corporation This unmatched record of quality health care is backed by some of the area's most respected medical professionals and some of the most advanced medical technology available The 427-bed hospital has a medical staff of more than 575 physicians Community Hospital operates among its services a 24-hour Emergency Department, Intensive Care, Intermediate Care, Pediatrics, Obstetrics and Neonatal units, Community Oncology Center, Women's Diagnostic Center, Pain Clinic, Rehabilitation Center, Orthopedics Unit and Outpatient Surgery In November 1998, the hospital opened Fitness Pointe, a health club facility that encompasses general fitness, cardiac rehabilitation, physical therapy and sports medicine This unique, medically-based fitness facility furthers the hospital's mission to improve the health and well-being of our community The first patient was admitted to Community Hospital on Sept 11, 1973, at which time it was a 104-bed medical surgical facility Today, the not-for-profit hospital is the area's busiest, operating the largest heart and cancer programs as well as delivering some 2,400 babies a year Community Hospital has invested since its opening more than $250 million to assemble an impressive network of health care services that span the illness-to-wellness spectrum Community Hospital is a non-profit hospital operating as a part of the Community Healthcare System, which includes St Catherine Hospital, Inc in East Chicago, Indiana and St Mary Medical Center, Inc in Hobart, Indiana The hospitals are committed to providing the highest quality healthcare in the most cost-efficient manner, respecting the dignity of the individual, providing for the well-being of the community and serving the needs of all people, including the poor and disadvantaged Community Hospital takes pride in being responsive to the needs of our community Below, we have listed current programs designed to meet those needs THE DESIGNATED POPULATION THAT COMMUNITY HOSPITAL IS FOCUSING ON INCLUDES THOSE INDIVIDUALS WHOSE LIFE-STYLE BEHAVIORS PUT THEM AT RISK FOR DISEASE AND ILLNESS OUR PRIMARY FOCUS THIS YEAR IS ON DISEASES THAT HAVE BEEN IDENTIFIED AS HEALTH DISCREPANCIES IN LAKE COUNTY, INDIANA - DIABETES, HEART DISEASE & STROKE, AND MATERNAL INFANT & CHILD HEALTH THE INCIDENCE OF THESE DISEASES IN OUR REGION SURPASSED STATE AND NATIONAL AVERAGES, AND THEREFORE DEMANDED OUR PRIMARY FOCUS ALL OF THESE AREAS HAVE A COMMON LINK TO MODIFIABLE LIFESTYLE RISK FACTORS, EDUCATION, PREVENTION AND ACCESS TO MEDICAL SERVICES COMMUNITY HOSPITAL HAS INVESTED GREATLY IN RECENT YEARS IN TREATMENT AND EDUCATION PROGRAMS AND IN OFFERING PATIENTS ACCESS TO TREATMENTS NOT AVAILABLE ELSEWHERE IN THE COUNTY WE ARE EXPANDING BEST PRACTICE EFFORTS THROUGH THE PRIMARY CARE SETTING, IN PARTICULAR OUR EMPLOYED PHYSICIANS GROUP THE FOCUS OF OUR COMMUNITY BENEFIT IS TO USE RESOURCES TO REACH BEYOND THE TREATMENT OF THESE DISEASES TO HELP EDUCATE, SUPPORT AND EMPOWER INDIVIDUALS TO LOWER THEIR RISKS 2013-2014 ANNUAL PROGRESS REPORT A THE COMMUNITY HOSPITAL FITNESS POINTE - THE GOAL OF FITNESS POINTE IS TO PROVIDE OPPORTUNITIES FOR PERSONS OF NORTHWEST INDIANA TO IMPROVE AND MAINTAIN THEIR HEALTHY LIFE-STYLE HABITS, LOWERING THEIR RISKS FOR HEART DISEASE, STROKES, AND DIABETES THE FACILITY WAS DEVELOPED TO ADDRESS FINDINGS OF OUR 1995 HEALTH NEEDS ASSESSMENT THAT IDENTIFIED OPPORTUNITIES TO IMPROVE THE HEALTH STATUS OF OUR COMMUNITY COMMUNITY HOSPITAL OPENED FITNESS POINTE ON NOVEMBER 1, 1998 THE APPROXIMATE 73,000 SQUARE FOOT FACILITY HOUSES THE HOSPITAL'S OUTPATIENT PHYSICAL THERAPY, DIZZINESS AND SPINAL THERAPY, OUTPATIENT DIETARY COUNSELING, OUTPATIENT DIABETIC EDUCATION, CARDIAC REHABILITATION PHASE III AND REHAB PLUS, AND THE FITNESS POINTE DEPARTMENTS FITNESS POINTE PROGRAMS ADDRESS HEALTH EDUCATION/WELLNESS, AND FITNESS-RELATED CONTENT AREAS THE COMMUNITY EDUCATION OFFERINGS AND THE CONTRIBUTIONS OF THE HOSPITAL EMPLOYEES AND MEDICAL STAFF ARE VITAL PIECES IN ADDRESSING THE HEALTH DISPARITIES IN LAKE COUNTY, SUPPORTING A VARIETY OF DISEASE PREVENTION GOALS MANY OF THE COMMUNITY EDUCATION CLASSES ORIGINALLY DEVELOPED AT FITNESS POINTE ARE NOW ALSO OFFERED AT COMMUNITY HOSPITAL OUTPATIENT CENTRE IN ST JOHN, VALPARAISO HEALTH CENTER AND PORTAGE YMCA

Form and Line Reference	Explanation
5 PROMOTION OF COMMUNITY HEALTH	FURTHER EXPANDING THE SCOPE OF SERVICES HEALTH EDUCATION/WELLNESS SERVICES - THE COMMUNI TY HEALTH NEEDS ASSESSMENT INDICATED LAKE COUNTY RESIDENTS HAVE INCREASED RISK FOR HEART D ISEASE AND CANCER COMPARED TO STATE AND NATIONAL STATISTICS A VARIETY OF HEALTH EDUCATION AND WELLNESS PROGRAMS ARE OFFERED TO THE COMMUNITY AT LITTLE OR NO CHARGE TO IMPROVE KNOW LEDGE AND AWARENESS OF LIFE-STYLE RELATED RISKS FOR THESE DISEASES FITNESS POINTE PROVIDE S A SUPPORTIVE ENVIRONMENT FOR AREA RESIDENTS TO MAINTAIN HEALTHY HABITS RESEARCH INDICAT ES CERTAIN INDIVIDUALS ARE AT GREATER RISK FOR LIFE-STYLE RELATED DISEASES SUCH AS HEART D ISEASE AND DIABETES BASED ON PHYSICAL MEASURES FITNESS POINTE SCREENINGS FOR THESE RISKS DURING MANDATORY FITNESS PROFILES ARE PERFORMED ON ALL NEW PROGRAM PARTICIPANTS IN A STUD Y IN CONJUNCTION WITH VALPARAISO UNIVERSITY AND THE HEART CENTER AT COMMUNITY HOSPITAL, FI TNESS POINTE IDENTIFIED 1,321 INDIVIDUALS AT A SIGNIFICANTLY INCREASED RISK FOR DIABETES A ND HEART DISEASE OF THESE INDIVIDUALS, 700 OF THEM AT THE HIGHEST RISK LEVELS FOR HEART D ISEASE AND DIABETES WERE INVITED TO UNDERGO ADDITIONAL SCREENING FOR BLOOD CHOLESTEROL, BO DY MASS INDEX AND BLOOD PRESSURE SOME OTHERS AT MODERATE TO HIGH RISK WERE TARGETED, THRO UGH ADDITIONAL SCREENING AND LIFE-STYLE MODIFICATION, FOR INTERVENTION TO REDUCE THEIR RIS K OF DISEASE WITH 25% OF WHITE CHILDREN AND 33% OF AFRICAN AMERICAN AND HISPANIC CHILDREN BEING OVERWEIGHT ACCORDING TO 2001 STATISTICS, FITNESS POINTE HAS DEVELOPED PROGRAMS TO H ELP ADDRESS THIS ISSUE "FIT TRIP" IS A PROGRAM THAT BRINGS 1ST-3RD GRADE STUDENTS TO FITN ESS POINTE FOR A 90 MINUTE INTRODUCTION AND EXPERIENCE WITH DIFFERENT TYPES OF EXERCISE CO MBINED WITH BASIC NUTRITION TIPS "TAKE 5 FOR LIFE" IS A PROGRAM DEVELOPED FOR 5TH GRADERS TO TEACH GOOD HEALTH, NUTRITION AND FITNESS HABITS WITHIN THE SCHOOL SETTING, AS WELL AS TO ENCOURAGE ACTIVITY BASED ON THE HEALTH NEEDS AND INTERESTS OF THOSE PROGRAM ATTENDEES, PROGRAMS WERE DEVELOPED IN THE AREAS OF WOMEN'S HEALTH, NUTRITION AND HEALTHY COOKING, R ELAXATION, WEIGHT MANAGEMENT, SENIOR HEALTH, BACK AND OTHER ORTHOPEDIC HEALTH ISSUES, DIAB ETES MANAGEMENT, CANCER AWARENESS AND PREVENTION, HEART DISEASE RISK FACTOR AWARENESS AND SCREENING, MENTAL HEALTH, AND SMOKING CESSATION THROUGH THE COLLABORATIVE EFFORTS OF THE COMMUNITY HOSPITAL'S WELLNESS SERVICES, PUBLIC RELATIONS, DIETARY SERVICES THERAPY, REHABI LITATION, EDUCATION DEPARTMENT, NURSING SERVICES AND OTHERS, A QUARTERLY COMMUNITY EDUCATI ON CALENDAR CALLED "TAKE CARE!" IS CREATED THE CALENDAR IS DISTRIBUTED TO MORE THAN 75,00 0 HOUSEHOLDS IN THE HOSPITAL'S SERVICE AREA, AND TO COMMUNITY CENTERS, PHYSICIAN OFFICES, LIBRARIES AND OTHER PUBLIC LOCATIONS IT FEATURES EDUCATIONAL AND SUPPORT PROGRAMS DESIGNE D TO IMPROVE THE PHYSICAL, MENTAL, SAFETY, NUTRITIONAL AND SOCIAL WELL-BEING OF THE COMMUN ITY WELLNESS EDUCATION PROGRAM AREAS 1 HEART DISEASE-RELATED PROGRAMMING INCLUDES ONGOIN G DAILY BLOOD PRESSURE SCREENING BY THE EXERCISE STAFF, BLOOD PRESSURE SCREENING OFFERED D URING PERIODIC EVENTS, A COMPREHENSIVE SERIES ABOUT CHOLESTEROL THAT INCLUDES A SCREENING AND EDUCATION ON CHOLESTEROL MANAGEMENT, SMOKING CESSATION CLASS, A STROKE AWARENESS LECTU RE, A PRESENTATION ON NEW ADVANCED GENETIC TESTING FOR HEART DISEASE, PERIPHERAL ARTERIAL DISEASE SCREENINGS, AND A CLASS THAT HELPS INDIVIDUALS MAINTAIN THEIR HEALTH WHILE ON HEAR T MEDICATIONS HEART DISEASE-RELATED SUPPORT GROUPS INCLUDE A HEART FAILURE SUPPORT GROUP, A GROUP FOR WOMEN WITH HEART DISEASE, AND MENDED HEARTS - A NATIONAL ORGANIZATION WHERE S EASONED HEART DISEASE PATIENTS VISIT NEWLY DIAGNOSED PATIENTS IN THE HOSPITAL AFTER SURGER Y OR A PROCEDURE OTHER COMMUNITY PROGRAMS RELATED TO THE HEART INCLUDED HOW TO RAISE A HE ART-SMART CHILD, PROPER NUTRITION FOR LOWERING CHOLESTEROL, INFANT-CHILD CPR, DIABETES AS IT RELATES TO THE HEART, AND A SERIES OF PROGRAMS FOR WOMEN AND HEART DISEASE 2 CANCER A WARENESS AND PREVENTION PROGRAMS INCLUDE

Form and Line Reference	Explanation
6 AFFILIATED HEALTH CARE SYSTEM	COMMUNITY HOSPITAL IS PART OF AN AFFILIATED SYSTEM EACH HOSPITAL IN THE SYSTEM PROVIDES MEDICAL SERVICES TO THEIR COMMUNITIES AND ADJOINING COMMUNITIES EACH ENTITY'S PURPOSE IS TO PROVIDE HEALTH CARE TO THOSE WHO NEED IT, INCLUDING THE UNINSURED OR UNDERINSURED

Form and Line Reference	Explanation
7 STATE FILING OF COMMUNITY BENEFIT REPORT	INDIANA

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
MUNSTER MEDICAL RESEARCH FOUNDATION INC

Employer identification number
35-1107009

Part I General Information on Grants and Assistance

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

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

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) PURDUE UNIVERSITY CALUMET 2200 169TH STREET HAMMOND,IN 46323	35-6002041	501(C)3	33,000				SPONSORSHIP
(2) CALUMET COUNCIL BOY SCOUTS OF AMERICA 8751 CALUMET AVENUE MUNSTER,IN 46321	35-0867968	501(C)3	10,400				SPONSORSHIP
(3) MUNSTER HIGH SCHOOL 8808 COLUMBIA AVENUE MUNSTER,IN 46321	35-6002675	501(C)3	5,850				SPONSORSHIP

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

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

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

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

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

Return Reference	Explanation
SUPPLEMENTAL INFORMATION	REQUESTS FOR DONATIONS FROM QUALIFIED 501(C)(3) CHARITIES AND UNIVERSITIES ARE EVALUATED AS TO WHETHER THE POTENTIAL DONEE ORGANIZATION WILL USE THE FUNDS IN A MANNER CONSISTENT WITH OUR CHARITABLE MISSION AND THE INTENTION OF THE CONTRIBUTION OUR DONATIONS/CONTRIBUTIONS ARE PRIMARILY MADE TO LOCAL ORGANIZATIONS SINCE THESE ARE NOT GRANTS, THERE IS NO NEED TO MONITOR

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
MUNSTER MEDICAL RESEARCH FOUNDATION INC

Employer identification number
35-1107009

Part I Questions Regarding Compensation

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

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

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

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

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

Part III Supplemental Information

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

Return Reference	Explanation
PART I, LINE 1A	THE ORGANIZATION PAYS HEALTH/SOCIAL CLUB DUES ON BEHALF OF CERTAIN OFFICERS, KEY EMPLOYEES AND FIVE HIGHEST PAID EMPLOYEES, WHICH IS THEN TAXED AS A FRINGE BENEFIT TO THE INDIVIDUAL PART I, LINE 3 MUNSTER MEDICAL RESEARCH FOUNDATION, INC FOLLOWS ITS PARENT, (CFNI), COMPENSATION POLICIES THE CFNI BOARD HAS ADOPTED EXECUTIVE AND BOARD OF DIRECTORS COMPENSATION PHILOSOPHY AND REASONABLENESS STANDARDS THIS IS TO ASCERTAIN THAT THESE STANDARDS ARE ADHERED TO THEIR PROCESS FOR COLLECTING AND ASSEMBLING MARKET DATA IS CONSISTENT WITH THE REBUTTABLE PRESUMPTION CHECKLIST AND GUIDELINES ALONG WITH FAIR MARKET VALUE USED BY THE IRS IN CONDUCTING EXECUTIVE COMPENSATION REVIEWS AS WELL AS CONTEMPORARY COMPENSATION PRACTICES ALL MARKET DATA IS ASSEMBLED FROM REPUTABLE COMMERCIALLY AVAILABLE SURVEYS PART I, LINE 7 DISCRETIONARY BONUS IS PAID BASED ON FINANCIAL PERFORMANCE AND QUALITY INDICATORS TO CERTAIN EXECUTIVES

Additional Data

Software ID:
Software Version:
EIN: 35-1107009
Name: MUNSTER MEDICAL RESEARCH FOUNDATION INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
S N MAKAM MD DIRECTOR	(I) (II)	46,440 152,220	0 0	0 0	0 0	0 0	46,440 152,220	0 0
DONALD S POWERS DIRECTOR	(I) (II)	0 840,009	0 244,372	0 2,816	0 36,490	0 14,650	0 1,138,337	0 0
DONALD P FESKO ADMINISTRATOR	(I) (II)	0 434,516	0 154,414	0 26,045	0 11,325	0 27,219	0 653,519	0 0
MARY ANN SHACKLETT SR VP & SYSTEM CFO	(I) (II)	0 387,425	0 265,149	0 26,847	0 36,490	0 23,000	0 738,911	0 0
LUIS MOLINA VP OF FINANCE/CFO	(I) (II)	349,156 0	208,894 0	11,353 0	43,120 0	20,152 0	632,675 0	0 0
RONDA MCKAY VP & CNO	(I) (II)	203,305 0	88,620 0	1,355 0	7,500 0	2,692 0	303,472 0	0 0
RICHARD BERKOWITZ MD PHYSICIAN & MEDICAL DIRECTOR	(I) (II)	564,649 0	0 0	2,322 0	36,490 0	26,896 0	630,357 0	0 0
PANTHIRUVELIL S MOHAN-THOMAS MD PHYSICIAN	(I) (II)	431,863 0	0 0	3,060 0	11,325 0	19,017 0	465,265 0	0 0
ROBERT JOSEPH GRONEMEYER MD PHYSICIAN	(I) (II)	429,243 0	0 0	1,994 0	11,325 0	24,945 0	467,507 0	0 0
AZAD CHALLAPALLI MD PHYSICIAN	(I) (II)	413,645 0	0 0	23,388 0	36,490 0	18,680 0	492,203 0	0 0
MICHAEL A BRODY MD PHYSICIAN	(I) (II)	429,243 0	0 0	696 0	36,490 0	24,945 0	491,374 0	0 0
WILLIAM SCHENCK DIRECTOR END 4-30- 2014	(I) (II)	0 6,100	0 0	0 8,012	0 0	0 0	0 14,112	0 0

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2013

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Name of the organization
MUNSTER MEDICAL RESEARCH FOUNDATION INC

Employer identification number
35-1107009

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

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

Part V Supplemental Information

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

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 35-1107009
Name: MUNSTER MEDICAL RESEARCH FOUNDATION INC

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

(a) Name of interested person	**(b)** Relationship between interested person and the organization	**(c)** Amount of transaction	**(d)** Description of transaction	**(e)** Sharing of organization's revenues?	
				Yes	**No**
(1) COMMUNITY CARDIOLOGY CENTER	SN MAKAM, MD PRTNR MORE	5,429,532	INDEPENDENT CONTRACTOR		No
(2) COMM CARD CTNR CON'T	THAN 5% OWNED		INDEPENDENT CONTRACTOR		
(3) HASSE CONSTRUCTION	OWNED BY WILLIAM HASSE	791,876	INDEPENDENT CONTRACTOR		No
(4) SARN II	DR SHABEEB PART-OWNER	217,368	RENTAL OF OFFICE SPACE		No
(5) CARDIOLOGY ASSOC OF NW IN	SN MAKAM, MD OFFICER	118,150	INDEPENDENT CONTRACTOR		No
(6) KAY TORRENGA	FAM MEM OF DONALD TORRENG	69,958	EMPLOYMENT		No
(7) GARY MCKAY	FAM MEM OF RONDA MCKAY	66,197	EMPLOYMENT		No
(8) STEVEN PAUL CHOVANEC	FAM MEM STEVEN G CHOVANEC	55,187	EMPLOYMENT		No
(9) RYAN TORRENGA	FAM MEM OF DONALD TORRENG	11,249	EMPLOYMENT		No

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SCHEDULE O (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
MUNSTER MEDICAL RESEARCH FOUNDATION INC

Employer identification number
35-1107009

990 Schedule O, Supplemental Information

Return Reference	Explanation
PART VI, LINE 2 - FAMILY OR BUSINESS RELATIONSHIPS	
PART VI, LINE 7A - WHO HAS THE POWER TO ELECT MEMBERS OF GOVERNING BODY	COMMUNITY FOUNDATION OF NORTHWEST INDIANA, INC (CFNI) IS THE PARENT COMPANY OF MUNSTER ME DICAL RESEARCH FOUNDATION, INC (MMRF) AND HAS CONTROL TO ELECT MEMBERS OF THE GOVERNING B ODY
PART VI, LINE 7B - GOVERNENCE DECISIONS RESERVED OTHER THAN GOVERNING BODY	COMMUNITY FOUNDATION OF NORTHWEST INDIANA, INC IS THE PARENT COMPANY OF MUNSTER MEDICAL R ESEARCH FOUNDATION, INC AND HAS RIGHTS TO APPROVE DECISIONS MADE BY MMRF
PART VI, LINE 11B - GOVERNING BODY 990 REVIEW PROCESS	THE 990 IS SUBMITTED TO THE SENIOR VP AND CFO FOR REVIEW ONCE THIS REVIEW IS COMPLETE THE RETURNS ARE THEN PRESENTED TO SENIOR LEADERSHIP FOR REVIEW THE 990 IS ALSO REVIEWED BY A N INDEPENDENT PUBLIC ACCOUNTING FIRM BEFORE IT IS POSTED TO A SECURE WEBSITE TO ALLOW THE BOARD OF DIRECTORS TO REVIEW PRIOR TO FILING
PART VI, LINE 12C - PROCESS TO MONITOR CONFLICT OF INTEREST	AS PART OF THE ORGANIZATION'S ANNUAL MONITORING & ENFORCEMENT PROCEDURE RELATING TO ITS CO NFLICT OF INTEREST POLICY, ALL CONFLICT OF INTEREST QUESTIONNAIRES ARE REVIEWED BY THE VP OF CORPORATE COMPLIANCE AND THOSE OFFICERS, DIRECTORS, OR KEY EMPLOY EES WHO DO NOT RETURN OR FULLY COMPLETE THE QUESTIONNAIRE ARE CONTACTED TO RECONCILE THE OMISSION
PART VI, LINE 15 - PROCESS TO DETERMINE OFFICER & KEY PERSON COMPENSATION	THE CFNI BOARD ADOPTED EXECUTIVE AND BOARD OF DIRECTORS COMPENSATION PHILOSOPHY AND REASON ABLENESS STANDARDS THIS IS TO ASCERTAIN THAT THESE STANDARDS ARE ADHERED TO THEIR PROCES S FOR COLLECTING AND ASSEMBLING MARKET DATA IS CONSISTENT WITH THE REBUTTABLE PRESUMPTION CHECKLIST AND GUIDELINES ALONG WITH FAIR MARKET VALUE USED BY THE IRS IN CONDUCTING EXECUT IVE COMPENSATION REVIEWS AS WELL AS CONTEMPORARY COMPENSATION PRACTICES ALL MARKET DATA I S ASSEMBLED FROM REPUTABLE COMMERCIALLY AVAILABLE SURVEYS
PART VI, LINE 19 - PUBLIC AVAILABILITY OF FS, COI POLICY, & GOVERNING DOCS	MUNSTER MEDICAL RESEARCH FOUNDATION, INC DOES NOT MAKE ITS GOVERNING DOCUMENTS OR CONFLIC T OF INTEREST POLICY AVAILABLE TO THE PUBLIC IN ACCORDANCE WITH BOND COVENANTS, MMRF THRO UGH CFNI MAKES ITS FINANCIAL STATEMENTS AND DISCLOSURES AVAILABLE TO THE PUBLIC THROUGH TH E EMMA DATABASE
PART XI, LINE 9 - OTHER CHANGES IN NET ASSETS	MINIMUM PENSION LIABILITY ADJUSTMENT 53,624,702 INCOME ON RESTRICTED FUNDS 7,822 TRANSFER TO CFNI(PARENT) (13,556,532) TRANSFER TO TATC (80,000) TOTAL CHANGES IN NET ASSETS 39,995, 992

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
MUNSTER MEDICAL RESEARCH FOUNDATION INC

Employer identification number
35-1107009

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
See Additional Data Table							

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) COMMUNITY RESOURCES INC 907 RIDGE ROAD MUNSTER, IN 46321 35-1727711	MGMT SERVICES	IN	NA	C CORP				Yes	

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

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule			
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to related organization(s)	1b	Yes	
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h	Yes	
i Exchange of assets with related organization(s)	1i	Yes	
j Lease of facilities, equipment, or other assets to related organization(s)	1j	Yes	
k Lease of facilities, equipment, or other assets from related organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations for related organization(s)	1l		No
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n		No
o Sharing of paid employees with related organization(s)	1o	Yes	
p Reimbursement paid to related organization(s) for expenses	1p	Yes	
q Reimbursement paid by related organization(s) for expenses	1q	Yes	
r Other transfer of cash or property to related organization(s)	1r		No
s Other transfer of cash or property from related organization(s)	1s		No

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
See Additional Data Table			

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

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

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

Part VII Supplemental Information

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

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 35-1107009
Name: MUNSTER MEDICAL RESEARCH FOUNDATION 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) COMMUNITY FOUNDATION OF NW INDIANA INC 10010 DONALD S POWERS DR 201 MUNSTER, IN 46321 31-1128781	SUPPORTNG ORG	IN	501(c)(3)	11(c)	NA		No
(1) ST CATHERINE HOSPITAL INC 4321 FIR STREET EAST CHICAGO, IN 46312 35-1738708	HOSPITAL	IN	501(c)(3)	3	CFNI	Yes	
(2) ST MARY MEDICAL CENTER INC 1500 South LAKE PARK AVEnue HOBART, IN 46342 35-2007327	HOSPITAL	IN	501(c)(3)	3	CFNI	Yes	
(3) COMMUNITY CANCER RESEARCH FNDN INC 901 MACARTHUR BOULEVARD MUNSTER, IN 46321 35-2146374	CANCER FUNDRA	IN	501(c)(3)	7	MMRF	Yes	
(4) COMMUNITY VILLAGE INC 10000 COLUMBIA AVENUE MUNSTER, IN 46321 35-1956395	RETRMT HOME	IN	501(c)(3)	9	CFNI	Yes	
(5) CVPA HOLDING CORPORATION 1040 RIDGE ROAD MUNSTER, IN 46321 35-1938136	TITLE HLDG CO	IN	501(c)(2)	N/A	CFNI	Yes	
(6) THEATRE AT THE CENTER INC 905 RIDGE ROAD MUNSTER, IN 46321 35-1939427	PLAYS & ARTS	IN	501(c)(3)	9	CFNI	Yes	
(7) COMMUNITY CARE NETWORK INC 901 MACARTHUR BOULEVARD MUNSTER, IN 46321 45-4158203	PHYS SERVICES	IN	501(c)(3)	3	MMRF SCH SMM	Yes	

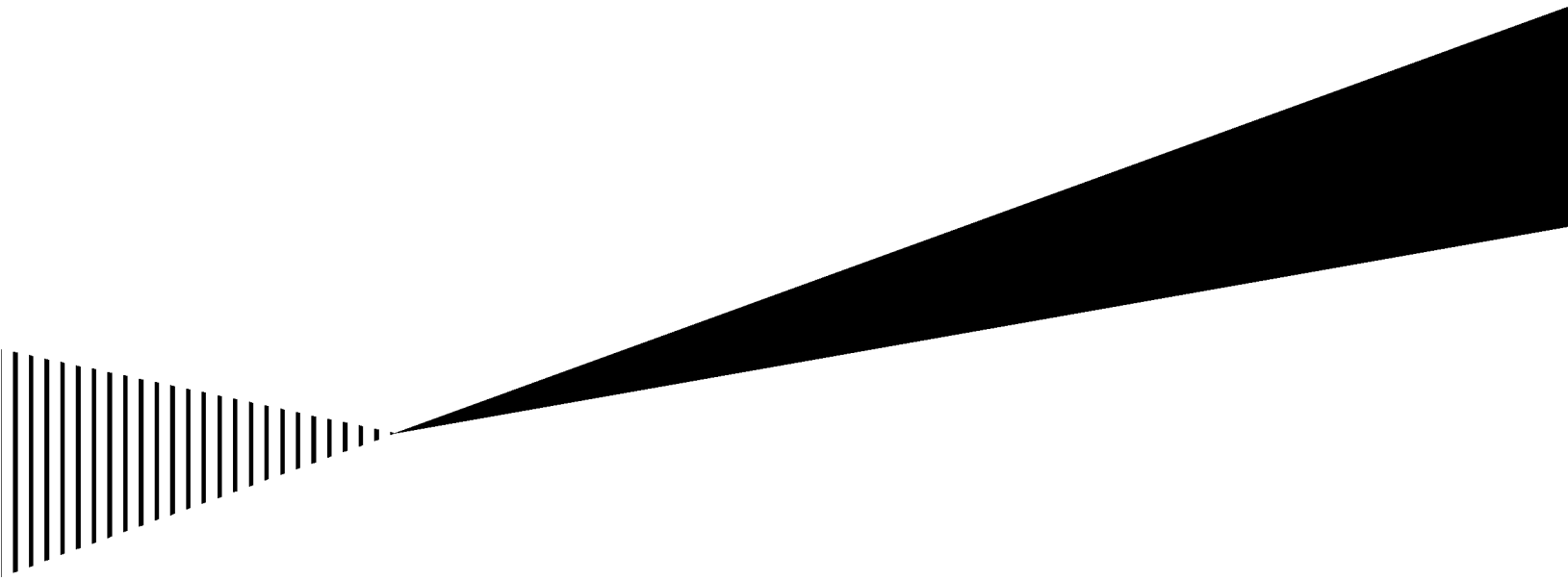
Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
THEATRE AT THE CENTER INC	B	80,000	FMV
COMMUNITY CANCER RESEARCH FOUNDATION INC	C	252,000	FMV
COMMUNITY CARE NETWORK INC	H	466,752	FMV
COMMUNITY CARE NETWORK INC	I	270,000	FMV
COMMUNITY CARE NETWORK INC	J	783,591	FMV
COMMUNITY CARE NETWORK INC	K	59,807	FMV
COMMUNITY CANCER RESEARCH FOUNDATION INC	O	175,185	FMV
COMMUNITY CARE NETWORK INC	O	3,789,997	FMV
ST CATHERINE HOSPITAL INC	O	796,500	FMV
ST MARY MEDICAL CENTER INC	O	647,222	FMV
COMMUNITY CARE NETWORK INC	P	6,024,232	FMV
ST CATHERINE HOSPITAL INC	P	1,664,911	FMV
ST MARY MEDICAL CENTER INC	P	219,879	FMV
COMMUNITY CARE NETWORK INC	Q	280,653	FMV
ST CATHERINE HOSPITAL INC	Q	1,395,825	FMV
ST MARY MEDICAL CENTER INC	Q	1,475,668	FMV

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Community Foundation of Northwest Indiana, Inc and Subsidiaries
Years Ended June 30, 2014 and 2013
With Reports of Independent Auditors

Ernst & Young LLP



Building a better working world

Community Foundation of Northwest Indiana, Inc. and Subsidiaries

Consolidated Financial Statements
and Supplementary Information

Years Ended June 30, 2014 and 2013

Contents

Ernst & Young LLP
155 North Wacker Drive
Chicago, IL 60606-1787

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Building a better working world

Report of Independent Auditors

The Board of Directors
Community Foundation of Northwest Indiana, Inc

We have audited the accompanying consolidated financial statements of Community Foundation of Northwest Indiana, Inc and Subsidiaries, which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Building a better working world

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Community Foundation of Northwest Indiana, Inc and Subsidiaries at June 30, 2014 and 2013, and the consolidated results of their operations and changes in their net assets and their cash flows for the years then ended, in conformity with U S generally accepted accounting principles

Ernst & Young LLP

September 23, 2014

Community Foundation of Northwest Indiana, Inc. and Subsidiaries

Consolidated Balance Sheets

(In Thousands)

	June 30	
	2014	**2013**
Assets		
Current assets		
Cash and cash equivalents	**$ 37,670**	$ 49,622
Patient accounts receivable, net of allowance for bad debts of $19,817 in 2014, $20,473 in 2013	**109,670**	101,931
Estimated settlements due from third-party payors	**8,695**	4,812
Inventories	**20,562**	18,318
Externally designated investments – short-term	**34,078**	68,439
Prepaid expenses and other current assets	**16,791**	18,290
Total current assets	**227,466**	261,412
Assets limited as to use – long-term		
Internally designated investments	**456,362**	388,256
Externally designated investments	**11,114**	11,084
Land, buildings, and equipment net of accumulated depreciation and amortization	**423,192**	399,265
Other assets	**28,999**	23,141
Total assets	**$ 1,147,133**	$ 1,083,158
Liabilities and net assets		
Current liabilities		
Accounts payable	**$ 32,706**	$ 31,949
Accrued salaries, wages, and benefits	**47,102**	50,235
Accrued expenses	**29,548**	27,416
Estimated settlements due to third-party payors	**24,996**	10,051
Current portion of long-term debt	**11,882**	10,405
Other current liabilities	**9**	–
Total current liabilities	**146,243**	130,056
Noncurrent liabilities		
Long term debt, notes payable, and capital leases, less current portion	**382,902**	391,746
Deferred revenue from advance fees	**1,674**	1,828
Resident deposit liability	**17,139**	17,189
Pension liability	**38,908**	92,663
Other long-term liabilities	**20,704**	22,063
Total noncurrent liabilities	**461,327**	525,489
Total liabilities	**607,570**	655,545
Net assets		
Unrestricted	**538,233**	426,287
Temporarily restricted	**1,228**	1,224
Permanently restricted	**102**	102
Total net assets	**539,563**	427,613
Total liabilities and net assets	**$ 1,147,133**	$ 1,083,158

See accompanying notes

Community Foundation of Northwest Indiana, Inc. and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets
(In Thousands)

	June 30	
	2014	**2013**
Revenue		
Net patient and resident service revenue before provision for bad debts	**$ 896,910**	$ 867,869
Provision for bad debts	**(37,452)**	(43,828)
Net patient and resident service revenue	**859,458**	824,041
Capitation program revenue	**24,089**	26,399
Other revenue	**30,408**	40,472
Total operating revenue	**913,955**	890,912
Expense		
Salaries and wages	**347,815**	337,417
Employee benefits	**87,846**	89,767
Medical fees	**3,314**	3,580
Medical and other supplies	**170,121**	164,418
Outside services	**89,007**	84,729
Medicaid assessment fee	**49,328**	38,917
Interest expense	**18,397**	18,213
Depreciation and amortization	**51,355**	51,082
Other expense	**68,201**	65,327
Total operating expense	**885,384**	853,450
Net operating income	**28,571**	37,462
Nonoperating		
Investment income and other	**14,721**	12,924
Loss on early extinguishment of debt	**(488)**	(7,313)
Net change in unrealized gains/losses on investments	**15,295**	(3,196)
Net loss on interest rate swaps	**–**	(63)
Total nonoperating	**29,528**	2,352
Revenue in excess of expenses	**58,099**	39,814

Community Foundation of Northwest Indiana, Inc. and Subsidiaries

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

	June 30	
	2014	**2013**
Unrestricted net assets		
Revenue in excess of expenses	**$ 58,099**	$ 39,814
Pension-related changes other than net periodic pension cost	**53,625**	10,588
Net assets released from restriction used for capital purposes	**222**	267
Other	**–**	(204)
Increase in unrestricted net assets	**111,946**	50,465
Temporarily restricted net assets		
Restricted contributions	**697**	631
Net assets released from restriction used for operating and capital purposes	**(698)**	(537)
Other	**5**	(249)
Increase (decrease) in temporarily restricted net assets	**4**	(155)
Permanently restricted net assets		
Investment income	**5**	–
Other	**(5)**	–
Increase in permanently restricted net assets	**–**	–
Increase in net assets	**111,950**	50,310
Net assets at beginning of year	**427,613**	377,303
Net assets at end of year	**$ 539,563**	$ 427,613

See accompanying notes.

Community Foundation of Northwest Indiana, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

(In Thousands)

	June 30	
	2014	**2013**
Operating activities		
Change in net assets	**$ 111,950**	$ 50,310
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Provision for bad debts	**37,452**	43,828
Depreciation and amortization	**51,355**	51,082
Gain on early capital lease termination	**(732)**	–
Pension-related changes other than net periodic pension cost	**(53,625)**	(10,588)
Change in fair value of interest rate swaps	**–**	(71)
Loss on early extinguishment of debt	**488**	7,313
Unrealized (gains) losses on investments	**(15,295)**	3,196
Restricted contributions	**(697)**	(631)
Amortization of admission fees	**(381)**	(773)
Changes in operating assets and liabilities		
Patient accounts receivable	**(45,191)**	(33,807)
Estimated settlements due to third-party payors	**11,062**	2,303
Inventories, prepaid expenses, and other assets	**(4,206)**	(7,319)
Assets limited as to use	**(19,027)**	(134,579)
Accounts payable, accrued expenses, and other current liabilities	**(14,507)**	7,846
Other long-term liabilities	**(1,567)**	458
Net cash provided by (used in) operating activities	**57,079**	(21,432)
Investing activities		
Purchases of land, buildings, and equipment	**(59,380)**	(36,975)
Net cash used in investing activities	**(59,380)**	(36,975)
Financing activities		
Repayment of long-term debt	**(61,562)**	(123,719)
Borrowing of long-term debt	**51,037**	200,703
Advance fee deposits	**2,760**	2,706
Advance fees refunded	**(2,583)**	(2,416)
Proceeds from restricted contributions	**697**	631
Net cash (used in) provided by financing activities	**(9,651)**	77,905
Net (decrease) increase in cash and cash equivalents	**(11,952)**	19,498
Cash and cash equivalents at beginning of year	**49,622**	30,124
Cash and cash equivalents at end of year	**$ 37,670**	$ 49,622
Supplemental noncash investing and financing activities		
Indirect financing of equipment and prepaid expenses	**$ 5,863**	$ 2,130

See accompanying notes

Community Foundation of Northwest Indiana, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
(In Thousands)

June 30, 2014 and 2013

1. Organization

Community Foundation of Northwest Indiana, Inc. (Foundation) serves as the sole corporate member of Munster Medical Research Foundation, Inc (d/b/a Community Hospital), St Catherine Hospital, Inc (SCH), St Mary Medical Center, Inc (SMMC), Community Care Network, Inc (CCN), Community Village, Inc (CVI), Community Cancer Research Foundation, Inc (CCRF), Theatre at the Center, Inc (TATC), and CVPA Holding Corporation (CVPA) With the addition of Community Resources, Inc (CRI) these entities are collectively referred to as CFNI The Community Foundation of Northwest Indiana, Inc , Community Hospital, St Mary Medical Center, Inc., St. Catherine Hospital, Inc., Community Care Network, Inc., and Community Village, Inc , comprise the members of Community Foundation of Northwest Indiana Obligated Group (Obligated Group) The Foundation and TATC, collectively, own 100% of the outstanding shares of capital stock issued by Community Resources, Inc , a for-profit taxable entity Community Hospital, St Catherine Hospital, Inc , and St Mary Medical Center, Inc (collectively, the hospitals) provide inpatient, outpatient, and emergency care services to residents within their geographic regions of northwest Indiana

CFNI and its wholly owned subsidiaries, except CRI and CVPA, are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (the Code) and are, therefore, not subject to tax on income related to tax-exempt purposes under Section 501(a) of the Code CVPA is tax-exempt under Section 501(c)(2) of the Code

The accompanying consolidated financial statements include the accounts and transactions of CFNI. All significant intercompany accounts and transactions between the CFNI members are eliminated in consolidation The majority of the CFNI expenses are associated with the administration and delivery of health care services to individuals residing in communities throughout northwest Indiana

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with U S generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the corresponding balance sheet dates and the reported amounts of revenue and expense for the reported periods Because such estimates are based upon information available at the time the estimates are made, subsequent changes in associated conditions and circumstances could cause actual results to differ from those estimates

Cash Equivalents

Cash equivalents include highly liquid, short-term investments in securities, not limited as to use, with a maturity of three months or less from the purchase date

Patient Accounts Receivable

Patient accounts receivable (including resident accounts receivable from CVI) balances are stated at net realizable value based upon historical and expected collection patterns that consider the corresponding payor type, the length of time the receivable is outstanding, and other material factors impacting future collectability Patient accounts receivable balances are charged to the allowance for doubtful accounts as amounts are deemed uncollectible. CFNI does not require collateral from patients in connection with provided health care services

Inventories

Inventories primarily consist of medical and other operating supplies and are stated at the lower of cost, based on the first-in, first-out method, or market

Assets Limited as to Use

Assets limited as to use consist primarily of investments internally designated by the Board of Directors for future capital replacement and expansion purposes, which the Board of Directors, at its sole discretion, may subsequently use for other purposes Investments limited as to use also include investments externally designated in connection with the terms of applicable debt agreements

2. Summary of Significant Accounting Policies (continued)

Investments

CFNI's investments are designated as a trading portfolio This classification requires CFNI to recognize unrealized gains and losses on its investments within revenue in excess of expenses in the consolidated statements of operations and changes in net assets Realized gains and losses on the sales of securities are included in investment income and other in the consolidated statements of operations and changes in net assets Investment management fees are netted against investment income and other in the accompanying consolidated statements of operations and changes in net assets and amount to $968 and $795 at June 30, 2014 and 2013, respectively

Investments in equity securities with readily determinable market values and all investments in debt securities are recorded at fair value based on quoted market prices Investment income from these investments is included in revenue in excess of expenses unless income or loss is restricted by donor or law

Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost Depreciation and amortization expense is computed on the straight-line method based upon the estimated useful life of the corresponding asset The useful lives for land improvements range from 5 to 30 years Useful lives for buildings and related improvements range from 15 to 40 years or the term of the related lease, whichever is shorter. The useful lives for equipment range from 3 to 20 years or the term of the equipment lease, whichever is shorter

CFNI has incurred costs to develop internal use computer software related to a significant system-wide information technology and process standardize project, which became fully operational in its original form by October 1, 2011 No new amounts were capitalized in 2014 or 2013 Amounts capitalized, net of accumulated amortization of $13,179, and $9,055, at June 30, 2014 and 2013, amounted to $6,543 and $10,667 and are included in land, buildings, and equipment, net of accumulated depreciation and amortization

CFNI has committed to construction projects in the amount of $26,036, of which $23,995 of the commitment remains outstanding as of June 30, 2014

2. Summary of Significant Accounting Policies (continued)

Other Assets

Other assets consist of deferred issuance costs, land held for future use, insurance recoveries, and goodwill Deferred costs principally consist of charges incurred in connection with the issuance of long-term debt.

Deferred Issuance Costs

Deferred issuance costs are amortized over the term to maturity of the associated financing using the effective interest method Deferred costs at June 30, 2014 and 2013, net of accumulated amortization of $1,673 and $1,471 amount to $4,892 and $5,167, respectively, and are included in noncurrent other assets in the accompanying consolidated balance sheets

Goodwill

CFNI records goodwill arising from a business combination as the excess of purchase price and related costs over the fair value of identifiable tangible and intangible assets acquired and liabilities assumed Beginning in 2011, CFNI annually reviews, as of the first day of the fourth fiscal quarter, the carrying value of goodwill for impairment In addition, a goodwill impairment assessment is performed if an event occurs or circumstances change that would make it more likely than not that the fair value of a reporting unit is below its carrying amount. Management has determined that each hospital is a reporting unit at which fair value is measured. The balance of goodwill at June 30, 2014 and 2013, is $3,763 is $2,403, respectively, and is included in noncurrent other assets in the accompanying consolidated balance sheets Goodwill of $1,360 was recorded in 2014 related to physician acquisitions and represents the synergies expected from utilizing an employed physician model There were no additions to goodwill recorded in 2013 No impairments were taken in 2014 or 2013

Asset Impairment

CFNI periodically considers whether indicators of possible impairment are present and performs annual analyses to determine whether or not an impairment charge is warranted Impairment write-downs are recognized in operating income at the time the impairment is identified Management has determined that there was no impairment of long-lived assets in either 2014 or 2013

2. Summary of Significant Accounting Policies (continued)

Employee Medical Claims Payable

CFNI provides its employees with medical benefits and self-insures for any claims incurred through its health plans Medical claims payable represent the estimated liability for employee expenses associated with claims that were reported, but not paid, and claims that were incurred, but not reported, at the balance sheet dates Gross medical claims payable balances were $5,270 and $4,406 at June 30, 2014 and 2013, respectively, and are included in accrued expenses and other in the accompanying consolidated balance sheets. Each health plan contains a maximum benefit payable for any individual within a lifetime The maximum benefit applies separately to each covered family member and terminates coverage when exhausted The Obligated Group is self-insured for employee health claims with a stop-loss limit of $2,000 per employee per occurrence CVI is self-insured for employee health claims with a stop-loss limit of $100 per employee per occurrence There was no stop-loss receivable to CFNI at June 30, 2014 or 2013

Deferred Revenue From Advance Fees

CVI offers a return of capital plan This plan provides for a refund of advance residency fees of 90% for double occupancy and 95% for single occupancy within 90 days of termination of the residency contract CVI also offers reduced refundability of advance fee plans with alternative refund amounts of 70%, 50%, and 30% These plans offer a reduced refund of advance fee option with a lower monthly service fee CVI received $2,760 and $2,706 of deposits during 2014 and 2013, respectively. CVI refunded residency fees of $2,583 and $2,416 during 2014 and 2013, respectively

The refundable amount of the residency fees paid in advance by residents of CVI under residency contracts is recorded as resident deposit liability The balance of refundable residency fees at June 30, 2014 and 2013, was $17,139 and $17,189, respectively The nonrefundable portion of the residency fees paid in advance is recorded as deferred revenue and is accreted to income over the estimated life of the resident based on an actuarial valuation. The remaining balance of nonrefundable residency fees at June 30, 2014 and 2013, net of related accumulated accretion of $4,409 and $3,991, was $1,674 and $1,828, respectively

2. Summary of Significant Accounting Policies (continued)

Obligation to Provide Future Services

CVI annually calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from admission fees If the present value of the net cost of future services and use of facilities to be provided to current residents exceeds the deferred revenue from admission fees, a liability (obligation to provide future services) is recorded with a corresponding charge to operations. At June 30, 2014 and 2013, utilizing an annual discount rate of 5.5% and 6.0%, respectively, CVI determined that there was no such excess that required accrual

Restricted Net Assets and Contributions

Temporarily and permanently restricted net asset classifications are used to differentiate resources, the use of which is restricted by donors or grantors to a specific time period or purpose, from resources on which no restrictions have been placed or that arise from the general operation of CFNI

Unconditional promises of others to contribute cash or other assets to CFNI are reported at fair value at the date the promises are made, to the extent estimated to be collectible Contributions received with donor restrictions that limit the use of the contributed assets are reported as increases in temporarily or permanently restricted net assets When a donor restriction expires – that is, when a stipulated time restriction ends or the purpose for which the contributed assets were restricted is fulfilled – temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restriction used for operating purposes Net assets released from restriction that are used for the purchase of fixed assets or for capital purposes when the corresponding capital project is placed into service, in accordance with donor restrictions, are reported in the consolidated statements of operations and changes in net assets as net assets released from restriction used for capital purposes. Net assets released from restrictions that are used for operating purposes are reported in the consolidated statements of operations and changes in net assets as other revenue when the restriction has been met

Resources restricted by donors or grantors for specific operating purposes are reported as other revenue to the extent they are expended within the same period Earnings on restricted resources, if also restricted by the donor, are reported as additions to temporarily restricted net assets until such amounts are expended as specified by the donor.

2. Summary of Significant Accounting Policies (continued)

Related-Party Transactions

CFNI purchases insurance, other professional and management services, and rents certain facilities and equipment, in the ordinary course of business, from companies owned by certain members of its Board of Directors and other related parties Expenses incurred related to these arrangements amount to $30,296 and $26,089 in 2014 and 2013, respectively The amounts due to such parties at June 30, 2014 and 2013, were $182 and $306, respectively, and are included in accounts payable. There were no amounts due from such related parties at June 30, 2014 or 2013

Net Patient and Resident Revenue

The hospitals and CVI have agreements with third-party payors that provide for payment in connection with services provided at amounts different from their established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem amounts Net patient and resident revenue from patients, third-party payors, and others is reported at the estimated net realizable amounts for services rendered, including retroactive adjustments under reimbursement arrangements with third-party payors, which are subject to audit by administering agencies These arrangements are estimated and adjusted when final settlements are determined

Bad Debt

Patient service revenue, net of contractual allowances and discounts, is reduced by the provision for bad debts, and net accounts receivable are reduced by an allowance for uncollectible accounts The provision for bad debts is based upon management's assessment of historical and expected net collections, taking into consideration the trends in health care coverage, economic trends, and other collection indicators Management regularly assesses the adequacy of the allowances based upon historical write-off experience by major payor category and aging bucket. The results of the review are then utilized to make modifications, as necessary, to the provision for bad debts to provide for an appropriate allowance for bad debts A significant portion of the hospitals' uninsured patients will be unable or unwilling to pay for services provided, and a

(In Thousands)

2. Summary of Significant Accounting Policies (continued)

significant portion of the hospitals' insured patients will be unable or unwilling to pay for co-payments and deductibles Thus, the hospitals record a significant provision for bad debts related to uninsured patients in the period the services are provided After all reasonable collection efforts have been exhausted in accordance with CFNI's policy, accounts receivable are written off and charged against the allowance for bad debts

The allowances for bad debts recognized at June 30, were as follows

	2014	2013
Third-party	**$ 6,370**	$ 6,410
Self-pay	**13,447**	14,063
Total allowance	**$ 19,817**	$ 20,473

The hospitals' allowances for bad debts for self-pay as a percent of self-pay accounts receivable for June 30, 2014 and 2013, were 34 4% and 39 0%, respectively The allowances for bad debts for third-party payors as a percent of third-party accounts receivable for June 30, 2014 and 2013, were 4.0% and 4 6%, respectively Collections, particularly related to self-pay, have been stronger leading to these changes

Capitation Revenue

SCH provides services to Medicaid members under its contract with MDwise, Inc a provider-owned insurance company based in Indianapolis, Indiana MDwise, Inc is one of three health plans in the State of Indiana providing services to eligible residents through two separate plans Hoosier Healthwise, a health care program for low income families, pregnant women and children, and Healthy Indiana Plan, a health care program for uninsured low income adult residents aged 19-64 whose income levels do not otherwise qualify for other Medicaid programs SCH provides services to members in both programs through its contract with MDwise, Inc For these patients, this hospital recognizes prepaid capitation revenue each month during the period in which it is obligated to provide medical care services, which is typically one year Under the terms of these capitation agreements, SCH is obligated to provide specified medically necessary services to covered HMO members without regard to the underlying standard charges or actual costs of such services, up to $175 per member Costs incurred in excess of this amount are

2. Summary of Significant Accounting Policies (continued)

reimbursed through reinsurance contracts at the rate of 80% of charges. The recorded receivables due from reinsurance contracts were $127 and $154 at June 30, 2014 and 2013, respectively, and are included in prepaid expenses and other current assets Under this capitation arrangement, this hospital assumes financial responsibility for the appropriate and effective utilization of hospital and other health care resources

Capitated program revenue reported under the program totaled $24,089 and $26,399 for the years ended June 30, 2014 and 2013, respectively. At June 30, 2014 and 2013, SCH recorded receivables under these arrangements amounting to $695 and $1,042, respectively, and the amounts are included in prepaid expenses and other current assets Expenses incurred related to these arrangements amounted to $25,788 and $25,439 in 2014 and 2013, respectively, and are included in other expense Liabilities estimated for associated incurred, but not reported, claims are actuarially determined based upon claims experience At June 30, 2014 and 2013, the recorded liabilities payable to third parties were $2,511 and $3,626, respectively, and are included in accrued expenses and other expense. The capitation program operates with stop-loss insurance coverage The total claim stop-loss threshold is $175 for the Hoosier Healthwise plan and $100 for the Healthy Indiana plan per member, per calendar year As of June 30, 2014 and 2013, the stop-loss receivables recorded were $127 and $154, respectively, and are included in prepaid expenses and other current assets

Electronic Health Record Incentive Payments

The American Recovery and Reinvestment Act of 2009 provides for Medicare and Medicaid incentive payments beginning in calendar year 2011 for eligible hospitals and professionals that implement and achieve meaningful use of certified electronic health record (EHR) technology CFNI utilizes a grant accounting model to recognize revenues for EHR incentive payments received during the year Under this accounting policy, EHR incentive payments were recognized as revenues when there was attestation that the EHR system was in place Accordingly, CFNI recognized $1,792 and $15,038 in EHR revenues during the years ended June 30, 2014 and 2013, respectively, which are included in other revenue in the accompanying consolidated statements of operations and changes in net assets

CFNI's attestation of compliance with the meaningful-use criteria is subject to audit by the federal government or its designee Additionally, Medicare EHR incentive payments received are subject to retrospective adjustment upon final settlement of the applicable cost report from which payments were calculated.

2. Summary of Significant Accounting Policies (continued)

Revenue in Excess of Expenses

The consolidated statements of operations and changes in net assets include revenue in excess of expenses Changes in unrestricted net assets, which are excluded from revenue in excess of expenses, include pension-related changes other than net periodic pension cost, net assets released from restriction used for capital purposes, and other

Professional Liability

CFNI's medical malpractice coverage considers limitations in claims and damages prescribed by the Indiana Medical Malpractice Act, as amended (Act) The Act limits the amount of individual claims to $1,250, of which $1,000 would be paid by the State of Indiana Patient Compensation Fund (the Fund) and $250 by CFNI The Act also requires that health care providers meet certain requirements, including funding of the Fund and maintaining certain insurance levels CFNI has met these requirements and is a qualified provider under the Act, retaining risk of $250 per occurrence and up to $7,500 in aggregate annually for the hospitals, and $250 and $750, respectively, for its physicians

CFNI maintains malpractice insurance coverage provided under a claims-made policy with coverage up to $250 per occurrence for primary professional liability for qualified self-insured hospitals with a $7,500 aggregate limit, and up to $250 per occurrence for primary professional liability for CFNI physicians and a $750 aggregate limit in accordance with the Act. Should the claims-made policy be terminated, the hospitals have the option to purchase insurance for claims having occurred during the term, but reported subsequently The undiscounted professional liabilities at June 30, 2014, were $1,454 (current) and $5,772 (long-term), and are included in accrued expenses and other long-term liabilities, respectively At June 30, 2013, these liabilities were $1,538 (current) and $6,406 (long-term), respectively The undiscounted insurance recoverable receivables at June 30, 2014, were $1,354 (current) and $4,061 (long-term), and are included in prepaid expenses and other assets, and in other assets, respectively. At June 30, 2013, these receivables were $1,455 (current) and $4,900 (long-term), respectively

2. Summary of Significant Accounting Policies (continued)

Charity Care and Community Benefit

The hospitals provide health care services and other financial support to the communities they serve and focus on those individuals whose lifestyle behaviors put them at risk for disease and illness The hospitals provide services intended to benefit the poor, including persons who are uninsured or underinsured Costs for providing services under the hospitals' policy were approximately $22,392 and $24,656 for years ended 2014 and 2013, respectively These costs were calculated using the financial statement cost-to-charge ratio. Health care services to patients under government programs, such as Medicare and Medicaid, are also considered part of the benefit the hospitals provide to their community, since a significant portion of these services are reimbursed below cost These additional services are not included in the costs for providing services noted above

The hospitals also provide education for the community, including heart, cancer, maternal, child care, and health and wellness classes. Most classes are provided free of charge in order to educate and enhance the quality of life for these individuals Community Hospital also promotes physical education through its health and fitness facility, Fitness Pointe This facility houses Community Hospital's outpatient physical therapy, occupational therapy, dietary counseling, cardiac rehabilitation, and other patient-related programs These additional services are not included in the costs for providing services noted above

Interest Expense

CFNI records interest expense as incurred consisting of interest on debt, capital leases, other liabilities, amortization of bond issue costs, net of accretion of bond premiums and discounts Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component cost of acquiring those assets Interest capitalized for the years ended June 30, 2014 and 2013, were $1,014 and $76, respectively

Advertising Expense

CFNI expenses advertising costs as incurred Advertising expenses for the years ended June 30, 2014 and 2013, were $3,046 and $3,143, respectively, and are included in other expenses on the accompanying consolidated statements of operations and changes in net assets

(In Thousands)

2. Summary of Significant Accounting Policies (continued)

Reclassifications

Certain amounts in the 2013 consolidated financial statements have been reclassified to conform to the 2014 presentation The reclassifications had no effect on revenue in excess of expenses or on net assets previously reported.

3. Contractual Arrangements With Third-Party Payors

CFNI provides care to certain patients and residents under Medicare and Medicaid reimbursement arrangements Services provided under those arrangements are paid at predetermined rates and/or reimbursable costs, as defined Reported costs and/or services provided under certain of the arrangements are subject to audit by the administering agencies Changes in Medicare and Medicaid programs and reduction in funding levels could have an adverse effect on the future amounts recognized as net patient and resident service revenue

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to varying interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted when final settlements are determined Changes in estimates that relate to prior years' payment arrangements, which resulted in an increase in revenue in excess of expenses, amounted to $7,696 and $10,239 for the years ended June 30, 2014 and 2013, respectively. The Obligated Group's concentration of credit risk related to accounts receivable is limited due to the diversity of patients and payors

The net patient service revenue for years ended June 30, by payer group, was as follows

	2014	2013
Net patient and resident service revenue		
Medicare	**$ 351,601**	$ 329,790
Medicaid	**90,580**	104,144
Managed care	**390,570**	373,184
Welfare/Hospital care for the indigent/self-pay	**40,369**	34,715
Commercial	**23,790**	26,036
Revenues before provision for bad debts	**896,910**	867,869
Provision for bad debts	**(37,452)**	(43,828)
Net patient and resident service revenue	**$ 859,458**	$ 824,041

(In Thousands)

3. Contractual Arrangements With Third-Party Payors (continued)

The percentages of net patient service revenue and receivable applicable to Medicare, Medicaid, and managed care contractual arrangements as of and for the years ended June 30, were as follows:

	2014	2013
Net patient and resident service revenue		
Medicare	**38%**	38%
Medicaid	**10**	12
Managed care	**44**	43
Welfare/Hospital care for the indigent/self-pay	**5**	4
Commercial	**3**	3
Total	**100%**	100%

	2014	2013
Patient accounts receivable, net of allowance for bad debts		
Medicare	**27%**	26%
Medicaid	**13**	9
Managed care	**35**	37
Welfare/Hospital care for the indigent/self-pay	**20**	22
Commercial	**5**	6
Total	**100%**	100%

Under Indiana law (IC 12-15-16 (1-3)), health care providers qualifying as State of Indiana Medicaid Acute Disproportionate Share and Medicaid Safety Net Hospitals (DSH Providers) are eligible to receive Indiana Medicaid Disproportionate Share Hospital (State DSH) payments SCH qualified for State DSH for the state fiscal years ended June 30, 2014 and June 30, 2013 The amount of the State DSH funds is dependent upon regulatory approval by applicable agencies of the federal and state governments and is determined by the level, extent, and cost of uncompensated care (as defined) and various other factors State DSH payments made by the state of Indiana are paid according to its fiscal year and are based upon the cost of uncompensated care provided by DSH Providers, as well as the provider's Medicaid shortfall experienced during the state's fiscal year

(In Thousands)

3. Contractual Arrangements With Third-Party Payors (continued)

Upon final settlements in fiscal 2014 and 2013, SCH qualified for an additional Indiana Medicaid Partial Safety Net Payment of $5,950 and $14,928, respectively, and is included in net patient and resident service revenue before provision for bad debts The following summary presents the effect of State DSH payments, according to the state's fiscal year to which the payments relate, on SCH's operating results for the years ended June 30, based upon the amount of State DSH payments recognized as revenue for the periods

	2014	2013
Revenue (less than) in excess of expenses, excluding State DSH Revenue	**$ (11,029)**	$ 347
Plus State DSH Revenue recognized relating to the State's fiscal year ended June 30,		
2014	**6,120**	–
2013	**(85)**	6,206
2012	**(85)**	6,206
2011	**–**	1,142
2010	**–**	1,374
Revenue (less than) in excess of expenses	**$ (5,079)**	$ 15,275

The 2011 Session of the Indiana General Assembly enacted Public Law 229-2011, Section 281, which required implementation of a hospital assessment fee (HAF) program for the period from July 1, 2011 to June 30, 2013 This assessment fee, which was collected from eligible hospitals, was used to increase reimbursement to eligible hospitals for services and as the State's share of DSH payments Increased reimbursements from the HAF program are included in net patient and resident service revenue before provision for bad debts, and expenses incurred are included in Medicaid assessment fee in the accompanying consolidated statements of operations and changes in net assets The assessment fee for the year ended June 30, 2014, amounted to $49,328 and includes $4,259 related to settlement of the fiscal year 2013 program The assessment fee for the year ended June 30, 2013, amounted to $38,917 and includes $1,065 related to settlement of the fiscal year 2012 program

In March 2014 the HAF program was resumed retroactive to July 1, 2013, and continues through June 30, 2015

(In Thousands)

4. Assets Limited as to Use

The compositions of assets limited as of use at June 30 are summarized as follows.

	2014	2013
Cash and short-term investments	**$ 68,669**	$ 111,837
Equity securities		
Equity securities – consumer discretionary	**7,879**	4,487
Equity securities – energy	**6,170**	3,440
Equity securities – financial	**11,067**	6,397
Equity securities – health care	**9,556**	4,648
Equity securities – information technology	**13,063**	6,572
Equity securities – industrials	**7,569**	3,959
Equity securities – consumer staples	**4,547**	3,210
Equity securities – other equity investments	**5,553**	3,768
Total equity securities	**65,404**	36,481
U S. government and agency obligations	**77,952**	78,275
Corporate and foreign bonds	**113,218**	96,436
Mutual funds – U S and international equities	**71,541**	21,573
Mutual funds – fixed income	**45,417**	59,378
Commingled funds – fixed income	**58,902**	62,786
Other fixed income investments	**451**	1,013
Total assets limited as to use	**$ 501,554**	$ 467,779

The presentations of assets limited as to use at June 30 are summarized as follows

	2014	2013
Assets limited as to use – short-term		
Externally designated investments	**$ 34,078**	$ 68,439
Assets limited as to use – long-term.		
Internally designated investments	**456,362**	388,256
Externally designated investments	**11,114**	11,084
	$ 501,554	$ 467,779

(In Thousands)

4. Assets Limited as to Use (continued)

The compositions of investment income and other in the consolidated statements of operations and changes in net assets for the years ended June 30, were as follows

	2014	2013
Dividend and interest income	**$ 9,998**	$ 9,466
Net realized gain on the sale of investments	**4,723**	3,458
Net change in unrealized gains/losses on investments	**15,295**	(3,196)
	$ 30,016	$ 9,728

The presentations of investment income for the years ended June 30, were as follows

	2014	2013
Nonoperating:		
Investment income and other realized return	**$ 14,721**	$ 12,924
Net change in unrealized gains/losses on investments	**15,295**	(3,196)
	$ 30,016	$ 9,728

5. Fair Value Measurements

The carrying values of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and other current liabilities, and short-term borrowings are reasonable estimates of their fair values due to the short-term nature

The estimated fair value of the long-term debt portfolio, including the current portion, was $398,000 and $395,000 at June 30, 2014 and 2013, respectively The fair value of this Level 2 liability is based on quoted market prices for the same or similar issues and the relationship of those bond yields with various market indices The market data used to determine yield and calculate fair value represents rated tax-exempt A- municipal healthcare bonds The effect of third-party credit valuation adjustments, if any, is immaterial

5. Fair Value Measurements (continued)

The methodologies used to determine the fair value of assets and liabilities reflect market participant objectives and are based on the application of a three-level valuation hierarchy that prioritizes observable market inputs over unobservable inputs The three levels are defined as follows:

- Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identified assets or liabilities

- Level 2 Inputs to the valuation methodology include other quoted prices for similar assets or liabilities in active markets and inputs that are observable either directly or indirectly

- Level 3 Inputs to the valuation methodology are unobservable, but reflect the assumptions market participants would use in pricing the asset or liability

(In Thousands)

5. Fair Value Measurements (continued)

Financial instruments measured at fair value on a recurring basis as of June 30 are summarized as follows

	2014			
Assets Measured at Fair Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments				
Cash and short-term investments	$ 68,669	$ –	$ –	$ 68,669
Equity securities				
Equity securities – consumer discretionary	7,879	–	–	7,879
Equity securities – energy	6,170	–	–	6,170
Equity securities – financial	11,067	–	–	11,067
Equity securities – health care	9,556	–	–	9,556
Equity securities – information technology	13,063	–	–	13,063
Equity securities – industrials	7,569	–	–	7,569
Equity securities – consumer staples	4,547	–	–	4,547
Equity securities – other equity investments	5,553	–	–	5,553
Total equity securities	65,404	–	–	65,404
U S government and agency obligations	77,952	–	–	77,952
Corporate and foreign bonds	–	113,218	–	113,218
Mutual funds – U S and international equities	71,541	–	–	71,541
Mutual funds – fixed income	45,417	–	–	45,417
Commingled funds – fixed income	–	58,902	–	58,902
Other fixed income investments	–	451	–	451
Total assets measured at fair value	$ 328,983	$ 172,571	$ –	$ 501,554
As reported				
Internally designated assets limited as to use				$ 456,362
Externally designated assets limited as to use				45,192
Total assets limited as to use				$ 501,554

(In Thousands)

5. Fair Value Measurements (continued)

	2013			
Assets Measured at Fair Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments				
Cash and Short-term investments	$ 111,837	$ –	$ –	$ 111,837
Equity securities				
Equity securities – consumer discretionary	4,487	–	–	4,487
Equity securities – energy	3,440	–	–	3,440
Equity securities – financial	6,397	–	–	6,397
Equity securities – health care	4,648	–	–	4,648
Equity securities – information technology	6,572	–	–	6,572
Equity securities – industrials	3,959	–	–	3,959
Equity securities – consumer staples	3,210	–	–	3,210
Equity securities – other equity investments	3,768	–	–	3,768
Total equity securities	36,481	–	–	36,481
U S government and agency obligations	78,275	–	–	78,275
Corporate and foreign bonds	–	96,436	–	96,436
Mutual funds – U S and international equities	21,573	–	–	21,573
Mutual funds – fixed income	59,378	–	–	59,378
Commingled funds – fixed income	–	62,786	–	62,786
Other fixed income investments	–	1,013	–	1,013
Total assets measured at fair value	$ 307,544	$ 160,235	$ –	$ 467,779
As reported				
Internally designated assets limited as to use				$ 388,256
Externally designated assets limited as to use				79,523
Total assets limited as to use				$ 467,779

(In Thousands)

5. Fair Value Measurements (continued)

The fair value of Level 1 investments is based on quoted market prices and is valued on a daily basis The fair value of Level 2 investments is based on a combination of quoted market prices of identical or similar securities and matrix pricing, provided by third-party pricing services, of investment securities having similar quality and maturities

CFNI's investments are exposed to various kinds and levels of risk. Equity securities and equity mutual funds expose CFNI to market risk, performance risk, and liquidity risk Fixed income securities and fixed income mutual funds expose CFNI to interest rate risk, credit risk, and liquidity risk Market risk is the risk associated with major movements of the equity markets Performance risk is the risk associated with the corresponding issuer's operating performance As market interest rates change, the value of fixed income securities, including those with fixed interest rates, is affected Credit risk is the risk that the issuer of the security will not fulfill its obligations Liquidity risk is affected by the willingness of market participants to buy and sell particular securities Liquidity risk tends to be higher for equity securities issued by companies having relatively small capital structures. Due to the volatility in the capital markets, there is a reasonable possibility of subsequent changes in fair value resulting in additional gains and losses in the near term

6. Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following at June 30

	2014	2013
Land and improvements	**$ 37,924**	$ 33,948
Buildings and components	**547,713**	527,405
Leasehold improvements	**4,716**	5,255
Software development costs	**19,722**	19,722
Furniture and equipment	**324,996**	310,699
Construction-in-progress	**50,768**	22,279
	985,839	919,308
Less allowances for depreciation and amortization	**562,647**	520,043
	$ 423,192	$ 399,265

6. Land, Buildings, and Equipment (continued)

During 2012, an unconsolidated venture of CFNI entered into an agreement to purchase real estate and construct an outpatient health facility that is leased by SMMC CFNI guaranteed the line of credit used to fund the construction, and therefore was considered the owner of the property during construction Because of its continued investment in the venture subsequent to construction, CFNI is still considered the owner of the asset As a result of its ownership interest in the venture owner, the real estate asset will continue to be recorded in CFNI's financial statements along with related liabilities and operating expenses, through the lease term ending in 2023. The long-term portion of the related liability at June 30, 2014 and 2013, was $13,789 and $13,571, respectively, and is included in other long-term liabilities The short-term portion at June 30, 2014 and 2013, was $9 and $0, respectively, and is included in other current liabilities

(In Thousands)

7. Long-Term Debt

Long-term debt, notes payable, and capital leases consist of the following at June 30.

	2014	2013
$25,412 commercial loan dated October 31, 2013, the loan bears fixed interest at 3 80% through October 1, 2031, with monthly interest and principal payments	**$ 25,015**	$ –
$5,863 vendor financing dated September 3, 2013, the loan bears interest at 0% with principal payments through September 2016	**4,283**	–
Indiana Finance Authority Revenue Bonds, Series 2012, maturing in varying installments through 2025, bearing interest at fixed annual rates ranging from 2 0% to 5 0%	**171,130**	171,130
$1,950 vendor financing dated June 29, 2012, the loan bears interest at 0% with monthly principal payments through June 1, 2015	**650**	1,246
$40,065 commercial term loan dated October 28, 2011, the loan bears interest at 3 50% through October 28, 2023, with monthly interest and annual principal payments Principal payments are amortized through August 1, 2025	**35,965**	38,320
$20,845 commercial term loan dated October 28, 2011, the loan bears interest at 5 40% through August 1, 2025, with semiannual interest and annual principal payments	**18,785**	19,975
$4,941 commercial term loan dated December 18, 2008, interest charged at one-month (LIBOR) plus 2 00% (LIBOR was 0 16% at June 30, 2014 and 0 21% at June 30, 2013, respectively) with a floor of 4.00% and a ceiling of 7.00%, payable in fixed quarterly payments, maturing on January 1, 2014	–	493
Indiana Health and Educational Facility Financing Authority Hospital Revenue Bonds, Series 2007, maturing in varying installments through 2037, bearing interest at fixed annual rates ranging from 5 00% to 5 50%	**124,215**	149,765
Capital leases	**2,525**	7,929
	382,568	388,858
Less current portion of long-term debt, notes payable, and capital leases	**11,882**	10,405
Add unamortized bond premiums	**12,216**	13,293
	$ 382,902	$ 391,746

7. Long-Term Debt (continued)

Effective October 1, 2013, CFNI secured a loan from a financial institution in the principal amount of $25,412 The private placement loan is fixed-rate through maturity of October 1, 2031 The proceeds were used to refund a portion of CFNI's Hospital Revenue Bond Series 2007

Effective September 3, 2013, CFNI secured a vendor financing loan in the principal amount of $5,863 secured by the data networking equipment, which the proceeds were used to acquire

Effective November 9, 2012, the Indiana Finance Authority, formerly known as the Indiana Health and Education Finance Authority (the Authority), on behalf of the Obligated Group, issued Fixed Rate Revenue Bonds, Series 2012 in the principal amount of $175,020 A portion of the proceeds from the issuance of the bonds, once deposited in an escrow account, were used to defease the 2004A Series bonds and refund the 2006A, 2006B, and 2008 Series bonds The remaining proceeds from the issuance will be used for expansion projects at the Obligated Group members' facilities.

Effective June 29, 2012, CFNI secured a vendor financing loan in the principal amount of $1,950 secured by certain computer network switching equipment, which the proceeds were used to acquire

Effective February 8, 2012, CFNI guaranteed a portion of the outstanding construction line of credit for Valparaiso Medical Development, LLC, (VMD), an unconsolidated venture. The guarantee expired on January 1, 2013, when VMD's line of credit converted to a mortgage The proceeds of the line, which CFNI guaranteed, were used to fund construction Therefore, CFNI was deemed the owner of the project during construction Given its continuing involvement in the venture subsequent to construction, CFNI failed to meet the criteria for sale leaseback accounting Accordingly, the full value of the asset was recorded at $16,612 with accumulated depreciation of $623 at June 30, 2014, and was included in land, buildings, and equipment net of accumulated depreciation and amortization. The liability was recorded in other current liabilities and other long-term liabilities in the consolidated financial statements of CFNI The liabilities for the next five years are $9 in 2015, $35 in 2016, $69 in 2017, $107 in 2018, $150 in 2019, and $13,428 thereafter

7. Long-Term Debt (continued)

Effective October 28, 2011, CFNI secured a loan from a financial institution in the principal amount of $40,065 The private placement loan is fixed-rate and the proceeds were used to refund the Series 2001 Indiana Health Facility Financing Authority Hospital Revenue Bonds On December 30, 2013, the loan was amended to extend the term and adjust the interest rate

Effective October 28, 2011, CFNI secured a loan from a financial institution in the principal amount of $20,845 The private placement loan is fixed-rate and the proceeds were used to refund the Series 2001 Indiana Health Facility Financing Authority Hospital Revenue Bonds.

Effective December 18, 2008, CFNI secured a commercial loan in the principal amount of $4,941, which is secured by subdivided residential real estate lots The proceeds were used to refinance the commercial draw loan dated June 30, 2007

Effective June 28, 2007, the Authority, on behalf of the Obligated Group, issued Hospital Revenue Bonds, Series 2007, in the principal amount of $150,835. A portion of the proceeds from the issuance of the bonds, once deposited in an escrow account, was used in connection with a partial defeasance of the Series 2001A Bonds The remaining proceeds were used to reimburse CFNI for costs related to certain capital improvements and the purchase of operating equipment at the Obligated Group members' facilities, to pay or reimburse CFNI for costs associated with the issuance of the bonds, and to finance the future construction of projects and the purchase of additional operating equipment at the Obligated Group members' facilities

In February 2011, CFNI acquired $12,700 of its Hospital Revenue Bonds Series 2007 in the open market for a purchase price of $11,011 As a result, CFNI reduced the amount of its long-term debt by $12,700 and recognized a gain on the transaction in the amount of $1,649, net of associated bond premiums and the write-off of associated closing costs In September 2012, the bonds were reissued at market value for $13,224 CFNI recorded the proceeds over par as premium

CFNI maintains a $40,000 revolving line of credit expiring August 18, 2018 The revolving line of credit bears interest at one-month LIBOR plus 0 65% There was no amount outstanding as of June 30, 2014

(In Thousands)

7. Long-Term Debt (continued)

The terms of certain loan agreements require that various amounts be held on deposit, that certain financial ratios be maintained, and that compliance with debt covenants, including restrictions involving asset transfers, the incurrence of additional debt, and other transactions, as well as maintenance of specified levels of insurance coverage, is maintained. At June 30, 2014, the Obligated Group was in compliance with these provisions The bonds are collateralized by certain assets of the Obligated Group, totaling approximately $1,140,482 at June 30, 2014

Annual principal maturities of long-term debt and notes payable for each of the next five fiscal years are as follows

2015	$	9,500
2016		9,787
2017		9,051
2018		9,061
2019		9,466

The amounts of interest paid during 2014 and 2013, net of amounts capitalized, were $19,291 and $16,460, respectively

8. Capital Lease Obligations

CFNI leases certain medical and operating equipment under various capital lease arrangements expiring through December 2019 Certain lease agreements, having initial terms up to five years, provide renewable options for additional periods Future minimum lease payments for the remaining terms of the lease agreements at June 30, 2014, are as follows for each of the years ending June 30

2015	$	1,533
2016		887
2017		147
2018 and thereafter		8
Total minimum lease payments		2,575
Less amount representing interest		50
Present value of net minimum lease payments	$	2,525

8. Capital Lease Obligations (continued)

Included in equipment were assets capitalized under lease agreements totaling approximately $16,098 and $20,779 at June 30, 2014 and 2013, respectively, with accumulated amortization of approximately $10,689 and $9,841 at June 30, 2014 and 2013, respectively Amortization on capital leases is included in depreciation and amortization expense in the consolidated statements of operations and changes in net assets and amounted to $2,669 and $4,215 for the years ended June 30, 2014 and 2013, respectively

9. Derivatives

CFNI had an interest rate-related derivative instrument to manage its exposure on its variable rate debt instruments and does not enter into derivative instruments for any purpose other than risk management These bonds exposed CFNI to variability in interest payments due to the changes in interest rates By using derivative financial instruments to manage the fluctuations in cash flows resulting from the risk of change in interest rates, CFNI exposed itself to credit risk and market risk. Credit risk is the risk that the counterparty will fail to perform under the terms of the derivative contracts When the fair value of a derivative contract is positive, the counterparty owes CFNI, which creates credit risk for CFNI When the fair value of a derivative contract is negative, CFNI owes the counterparty CFNI does not require collateral for credit risk Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. Management also mitigates risk through periodic reviews of its derivative positions in the context of its total blended cost of capital

CFNI maintained an interest rate swap program on its Series 2006A Variable Rate Demand Revenue Bonds These bonds exposed CFNI to variability in interest payments due to changes in interest rates Management believes that it is prudent to limit the variability of its interest payments To meet this objective and to take advantage of low interest rates, CFNI entered into an interest rate swap agreement to manage fluctuations in cash flows resulting from interest rate risk The swap limited the variable rate cash flow exposure on the Variable Rate Demand Revenue Bonds to synthetically fixed cash flows The derivative was terminated by CFNI in November 2012

(In Thousands)

9. Derivatives (continued)

The notional amount under the interest rate swap agreement was reduced over the term of the respective agreement to correspond with the reduction in the outstanding bond series The derivative was terminated on November 9, 2012, in conjunction with the related debt Management had determined that the interest rate swap agreement associated with the Series 2006A Bonds did not qualify for hedge accounting treatment, and as such, the change in the fair value of the instrument was recognized in nonoperating as a net loss on interest rate swap in the consolidated statements of operations and changes in net assets

The fair value of derivative instruments at June 30, was as follows

		Liability Derivatives	
	Balance Sheet Location	**2014**	**2013**
Derivative not designated as a hedging instrument	Noncurrent liabilities – Interest rate swap	**$** –	$ –

The effect of the derivative instrument on the consolidated statements of operations and changes in net assets for the years ended June 30, 2014 and 2013, was as follows

	Statements of Operations and Changes in Net Assets Location	**Amount of Loss 2014**	**2013**
Derivative not designated as a hedging instrument	Swap differential payment	**$** –	$ (134)
	Unrealized (loss) gain on interest rate swap	–	71
	Net loss on interest rate swap	**$** –	$ (63)

(In Thousands)

10. Employee Benefit Plans

Defined-Benefit Plan

Community Hospital maintains a defined-benefit pension plan that is principally limited to certain current and former employees of the Foundation and Community Hospital who were employed prior to January 1, 2003 This defined-benefit pension plan was curtailed or soft frozen on January 1, 2003, such that no new participants were permitted after this date On April 15, 2014, the plan underwent a hard freeze with no new benefits accruing subsequent to December 31, 2014. Pension benefits are actuarially determined based upon years of service and compensation of participants (as defined) Where applicable, the funding policy is to annually contribute the amount required to comply with applicable regulations under the Employee Retirement Income Security Act of 1974 (ERISA)

CFNI recognizes the funded status of the defined-benefit pension plan, which is the difference between the fair value of plan assets and the projected benefit obligation, at June 30 in the accompanying consolidated balance sheets.

A summary of changes in the projected benefit obligation of the defined-benefit pension plan for the years ended June 30, was as follows

	2014	2013
Change in projected benefit obligation		
Benefit obligation at beginning of year	**$ 256,680**	$ 248,203
Service cost	**9,749**	10,594
Interest cost	**10,797**	10,573
Actuarial losses (gains)	**15,365**	(824)
Benefits paid	**(14,770)**	(11,866)
Curtailments	**(46,827)**	–
Projected benefit obligation at end of year	**$ 230,994**	$ 256,680

(In Thousands)

10. Employee Benefit Plans (continued)

A summary of the changes in plan assets and the resulting funded status of the defined-benefit pension plan for the years ended June 30, was as follows

	2014	2013
Change in plan assets		
Plan assets at fair value at beginning of year	**$ 164,017**	$ 149,157
Actual return on plan assets	**29,639**	14,726
Employer contributions	**13,200**	12,000
Benefits paid	**(14,770)**	(11,866)
Plan assets at fair value at end of year	**$ 192,086**	$ 164,017

Employer contributions made to the defined-benefit pension plan were paid from employer assets. All benefits paid under the defined-benefit pension plan were paid from the plan's assets.

The following table sets forth the plan's funded status as well as recognized amounts in the consolidated balance sheets as of June 30

	2014	2013
Plan assets at fair value	**$ 192,086**	$ 164,017
Projected benefit obligation	**(230,994)**	(256,680)
Unfunded status recognized	**$ (38,908)**	$ (92,663)

Included in unrestricted net assets were the plan's amounts that have not yet been recognized as a component of net periodic benefit cost at June 30, as follows.

	2014	2013
Unrecognized net actuarial loss	**$ (25,732)**	$ (79,200)
Unrecognized prior service cost	**–**	(156)
	$ (25,732)	$ (79,356)

(In Thousands)

10. Employee Benefit Plans (continued)

The estimated prior service cost and net loss that will be amortized from unrestricted net assets into net periodic benefit cost during the year ending June 30, 2015, are $0 and $267, respectively

The components of net periodic benefit cost and other amounts recognized in unrestricted net assets for the years ended June 30 are summarized as follows

	2014	2013
Net periodic benefit cost		
Service cost	**$ 9,749**	$ 10,594
Interest cost	**10,797**	10,573
Expected return on plan assets	**(11,722)**	(11,243)
Amortization of prior service cost	**57**	71
Amortization of actuarial net loss	**4,090**	6,210
Loss due to curtailment	**99**	–
	$ 13,070	$ 16,205

CFNI anticipates that contributions of $6,000, the minimum requirement, to plan assets will be made during 2015 from Obligated Group assets Expected employer benefit payments for the next five years are $13,938 in 2015, $15,404 in 2016, $16,166 in 2017, $15,519 in 2018 $17,067 in 2019, and $76,960 for the years 2020 through 2024 Prior service costs are amortized using a straight-line method over the average remaining working lifetime of active participants at the time of the amendment

(In Thousands)

10. Employee Benefit Plans (continued)

The weighted-average assumptions for the defined-benefit pension plan benefit costs and obligations as of and for the years ended June 30, were as follows

	2014	2013
Benefit costs		
Discount rate	***4.53/4.25%**	4 36%
Rate of increase in future compensation	**3.75**	3 75
Benefit obligations		
Discount rate	**3.95%**	4 53%
Rate of increase in future compensation	**3.75**	3 75

*Expense from July 1, 2013 to April 15, 2014, the date of the hard freeze, based upon 4 53% and from April 16, 2014 to June 30, 2014, based on 4 25%

Assumption changes in the weighted-average discount rate increased the projected benefit obligation at June 30, 2014, by $13,007

CFNI evaluates its assumptions regarding the estimated long-term rate of return on plan assets based on historical experience and future expectations of investment returns

The defined-benefit pension plan's target allocation and corresponding actual asset allocation percentages by major asset category at June 30, were as follows

		Actual Asset Allocation Percentage	
Major Asset Category	**Target Allocation**	**2014**	**2013**
Equity securities	65 00%	**57.30%**	60 80%
Debt securities	35 00	**42.70**	39 20
Cash equivalents	–	–	–
	100 00%	**100.00%**	100 00%

(In Thousands)

10. Employee Benefit Plans (continued)

Assets of the defined-benefit pension plan are invested solely for the benefit of plan beneficiaries and participants Investment decisions are made after giving appropriate consideration to prevailing facts and circumstances that a prudent person acting in a similar capacity would use in a similar situation and following the guidelines of the investment policy statement for the plan The plan diversifies its investments among various asset classes in order to reduce risk and enhance returns Long-term weightings for the plan of 34% large cap equity, 9% small cap equity, 15% international equity, and 42% fixed income are within the target asset allocation ranges. The target ranges specified in the investment policy statement are 36% to 54% for large cap equity, 5% to 15% for small cap equity, 5% to 15% for international equity, and 28% to 45% for fixed income investments All investment returns are reviewed on an ongoing basis and evaluated with considerations focusing on performance of the individual investments, the ability to exceed the return of the appropriate benchmark index, and the ability to meet or exceed the median performance of a peer group of managers with similar styles of investing

The fair value of the defined-benefit pension plan's assets, based upon the three-tier fair value hierarchy, which prioritizes the inputs in measuring fair value (see Note 5), consists of the following investments at June 30.

	2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash equivalents	**$ 323**	**$ –**	**$ –**	**$ 323**
U S small/mid cap growth equity collective trust	**–**	**8,203**	**–**	**8,203**
U S small/mid cap value equity collective trust	**–**	**8,594**	**–**	**8,594**
Non-U S core equity collective trust	**–**	**28,840**	**–**	**28,840**
Long-duration investment-grade fixed income collective trust	**–**	**45,442**	**–**	**45,442**
Emerging markets equity	**–**	**1,761**	**–**	**1,761**
U S large cap passive equity collective trust	**–**	**62,530**	**–**	**62,530**
U S passive fixed income collective trust	**–**	**9,247**	**–**	**9,247**
Long-duration passive fixed income collective trust	**–**	**27,146**	**–**	**27,146**
Total defined-benefit plan assets	**$ 323**	**$ 191,763**	**$ –**	**$ 192,086**

(In Thousands)

10. Employee Benefit Plans (continued)

	2013			
	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 772	$ –	$ –	$ 772
U S small/mid cap growth equity collective trust	–	7,217	–	7,217
U S small/mid cap value equity collective trust	–	6,969	–	6,969
Non-U S core equity collective trust	–	24,435	–	24,435
Long-duration investment-grade fixed income collective trust	–	34,403	–	34,403
Emerging markets equity	–	1,580	–	1,580
U S large cap passive equity collective trust	–	58,982	–	58,982
U S passive fixed income collective trust	–	8,861	–	8,861
Long-duration passive fixed income collective trust	–	20,798	–	20,798
Total defined-benefit plan assets	$ 772	$ 163,245	$ –	$ 164,017

Fair value methodologies for Level 1 and Level 2 are consistent with the inputs described in Note 5

The Plan was selected for an Internal Revenue Service audit during fiscal year 2013 The audit was concluded in 2014 with no material impact on the consolidated financial statements of CFNI

Other Postretirement Benefit Plans

CFNI sponsors a deferred compensation plan under Section 457 of the Code, whereby employees are allowed to defer income taxation on retirement savings into future years Participants are allowed to contribute income through salary reductions up to the allowed limit ($17 in 2014 and 2013) Contributions to the plan and earnings on the retirement income are tax deferred As of June 30, 2014 and 2013, the liability amounted to $2,103 and $1,979, respectively, and is included in accrued salaries, wages, and benefits

(In Thousands)

10. Employee Benefit Plans (continued)

Defined-Contribution Plans

CFNI sponsors a noncontributory, defined-contribution plan covering substantially all eligible employees of SMMC and SCH hired prior to January 1, 2003 Total benefit plan expense recognized for this plan amounted to approximately $2,990 and $2,992 in 2014 and 2013, respectively, and are included in employee benefit expense in the consolidated statements of operations and changes in net assets

CFNI sponsors a defined-contribution plan covering substantially all eligible Obligated Group employees hired on or after January 1, 2003 There are three types of employer contributions under this plan fixed retirement, discretionary, and matching The contributions are described and provided to eligible employees as defined in the plan document Plan expenses were $5,932 and $5,831 in 2014 and 2013, respectively, and are included in employee benefit expense in the consolidated statements of operations and changes in net assets

11. Lease and Operating Commitments

Future minimum payments under noncancelable operating leases and service arrangements with terms of one year or more are as follows

Year ending June 30		
2015	$	1,776
2016		1,161
2017		872
2018		384
2019		338
Thereafter		887
Total	$	5,418

CFNI incurred rental expenses of $9,528 and $9,684 in 2014 and 2013, respectively

12. Litigation

CFNI is from time to time subject to claims and litigation arising in the ordinary course of business CFNI intends to vigorously defend any such litigation that may arise under all defenses that would be available to CFNI In the opinion of management, the ultimate outcome of proceedings of which management is aware will not have a material effect on the consolidated financial position or results of operations of CFNI

On or about August 24, 2011, Community Hospital was notified that the U S Attorney's Office for the Western District of New York was conducting a civil investigation regarding a confidential matter involving Community Hospital. Community Hospital received no further inquiries related to this matter until May 5, 2014 At that time Community Hospital received a request for information from the US Attorney's Office, related to its investigation of a medical device manufacturer and possible billing practices by hospitals that utilized the manufacturer's products Community Hospital submitted its response on June 26, 2014. No further inquiry has been made At this time, management cannot determine what impact, if any, this investigation will have on the consolidated financial statements of CFNI, and Community Hospital has received no indication from the Assistant U S Attorney that Community Hospital is a target of the investigation

On or about July 29, 2014, Community Hospital and St Mary Medical Center were each served with notice of a lawsuit filed in the United States District Court, Northern District of Illinois, Eastern Division, captioned United States of America ex rel John M Kalec, M D and Loreta Kalec, and The State of Illinois ex rel. John M. Kalec, M.D., and Loreta Kalec v. NuWave Monitoring, LLC (NuWave), Thomas Becker, Greg Lesiak, et al This qui tam complaint names Community Hospital, St Mary Medical Center, and 27 other hospitals and surgery centers as defendants, in addition to NuWave and its two individual owners The United States Department of Justice declined to intervene in this case following its original filing under seal in January 2012 At this time, management cannot determine what impact, if any, this lawsuit will have on the consolidated financial statements

13. Subsequent Events

CFNI evaluated events and transactions occurring subsequent to June 30, 2014 through September 23, 2014, the issuance date of these consolidated financial statements During this period, it is management's determination that there were no subsequent events requiring recognition that have not been recorded in the accompanying consolidated financial statements, and no subsequent events requiring disclosure within these consolidated financial statements other than the matter discussed in Note 12

Supplementary Information

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Building a better working world

Report of Independent Auditors on Supplementary Information

The Board of Directors
Community Foundation of Northwest Indiana, Inc

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole The accompanying Community Foundation of Northwest Indiana, Inc and Subsidiaries details of consolidated balance sheet, details of consolidated statements of operations and changes in net assets, the accompanying Community Foundation of Northwest Indiana Obligated Group details of combined balance sheet, details of combined statements operations and changes in net assets, and the accompanying Theatre at the Center, Inc balance sheets, statements of operations and changes in net assets, statements of cash flows, and supplemental note to the financial statements are presented for purposes of additional analysis and are 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 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 themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

Ernst & Young LLP

September 23, 2014

Community Foundation of Northwest Indiana, Inc. and Subsidiaries

Details of Consolidated Balance Sheet

(In Thousands)

June 30, 2014

	Consolidated	Eliminations	Community Foundation of Northwest Indiana Obligated Group	Community Hospital Cancer Research Foundation, Inc.	Community Resources, Inc.	Theatre at the Center, Inc.	CVPA Holding Corportation
Assets							
Current assets							
Cash and cash equivalents	$ 37.670	$ –	$ 36.366	$ 623	$ 151	$ 107	$ 423
Patient accounts receivable, net	109.670	–	109.670	–	–	–	–
Due from affiliates	–	(521)	482	1	2	22	14
Estimated settlements due from third-party payors	8.695	–	8.695	–	–	–	–
Inventories	20.562	–	20.552	–	10	–	–
Externally designated investments – short-term	34.078	–	34.078	–	–	–	–
Prepaid expenses and other current assets	16.791	–	15.968	552	63	203	5
Total current assets	227.466	(521)	225.811	1.176	226	332	442
Assets limited as to use							
Internally designated investments	456.362	–	456.362	–	–	–	–
Externally designated investments	11.114	–	11.114	–	–	–	–
Land, buildings, and equipment net of accumulated depreciation and amortization	423.192	–	417.547	10	146	–	5.489
Other assets	28.999	(10.691)	32.656	–	6.884	150	–
Total assets	$ 1.147.133	$ (11.212)	$ 1.143.490	$ 1.186	$ 7.256	$ 482	$ 5.931

Community Foundation of Northwest Indiana, Inc. and Subsidiaries

Details of Consolidated Balance Sheet (continued)

(In Thousands)

	Consolidated	Eliminations	Community Foundation of Northwest Indiana Obligated Group	Community Hospital Cancer Research Foundation, Inc.	Community Resources, Inc.	Theatre at the Center, Inc.	CVPA Holding Corportation
Liabilities and net assets							
Current liabilities							
Accounts payable	$ 32.706	$ –	$ 32.465	$ 103	$ 79	$ 17	$ 42
Accrued salaries, wages, and benefits	47.102	–	46.989	–	1	108	4
Accrued expenses	29.548	–	28.817	2	156	540	33
Estimated settlements due to third-party payors	24.996	–	24.996	–	–	–	–
Due to affiliates	–	(521)	6	301	35	98	81
Current portion of long-term debt	11.882	–	11.882	–	–	–	–
Other current liabilities	9	–	9	–	–	–	–
Total current liabilities	146.243	(521)	145.164	406	271	763	160
Noncurrent liabilities							
Long-term debt, notes payable, and capital leases, less current portion	382.902	–	382.902	–	–	–	–
Deferred revenue from advance fees	1.674	–	1.674	–	–	–	–
Resident deposit liability	17.139	–	17.139	–	–	–	–
Pension liability	38.908	–	38.908	–	–	–	–
Other long-term liabilities	20.704	–	20.617	–	87	–	–
Total noncurrent liabilities	461.327	–	461.240	–	87	–	–
Total liabilities	607.570	(521)	606.404	406	358	763	160
Net assets							
Unrestricted	538.233	(10.691)	535.910	697	6.898	(352)	5.771
Temporarily restricted	1.228	–	1.074	83	–	71	–
Permanently restricted	102	–	102	–	–	–	–
Total net assets	539.563	(10.691)	537.086	780	6.898	(281)	5.771
Total liabilities and net assets	$ 1.147.133	$ (11.212)	$ 1.143.490	$ 1.186	$ 7.256	$ 482	$ 5.931

Community Foundation of Northwest Indiana, Inc. and Subsidiaries

Details of Consolidated Statement of Operations and Changes in Net Assets

(In Thousands)

June 30, 2014

	Consolidated	Eliminations	Community Foundation of Northwest Indiana Obligated Group	Community Hospital Cancer Research Foundation, Inc	Community Resources, Inc	Theatre at the Center, Inc	CVPA Holding Corportation
Revenue							
Net patient and service revenue before provision for bad debts	$ 896 910	$ –	$ 896,910	$ –	$ –	$ –	$ –
Provision for bad debts	(37 452)	–	(37 452)	–	–	–	–
Net patient and resident service revenue	859 458	–	859 458	–	–	–	–
Capitation program revenue	24 089	–	24 089	–	–	–	–
Other revenue	30 408	(820)	26 722	780	1 334	1 921	471
Total operating revenue	913 955	(820)	910 269	780	1 334	1 921	471
Expenses							
Salaries and wages	347 815	–	346 090	176	93	1 246	210
Employee benefits	87 846	–	87 448	49	19	271	59
Medical fees	3 314	–	3 314	–	–	–	–
Medical and other supplies	170 121	–	169 807	24	56	188	46
Corporate allocations	–	–	–	–	–	–	–
Physician allocations	–	–	–	–	–	–	–
Outside services	89 007	(192)	87 547	194	742	471	245
Medicaid assessment fee	49 328	–	49 328	–	–	–	–
Interest expense	18 397	–	18 389	–	8	–	–
Depreciation and amortization	51 355	–	51 078	3	10	–	264
Other expenses	68 201	(667)	67 525	334	426	281	302
Total expenses	885 384	(859)	880 526	780	1 354	2 457	1 126
Operating income (loss)	28 571	39	29 743	–	(20)	(536)	(655)
Nonoperating							
Investment income and other	14 721	–	14 721	–	–	–	–
Loss on early extinguishment of debt	(488)	–	(488)	–	–	–	–
Net change in unrealized gain losses on investments	15 295	–	15 295	–	–	–	–
Net loss on interest rate swap	–	–	–	–	–	–	–
Total nonoperating	29 528	–	29 528	–	–	–	–
Revenues in excess of (less than) expenses	58 099	39	59 271	–	(20)	(536)	(655)

Community Foundation of Northwest Indiana, Inc. and Subsidiaries

Details of Consolidated Statement of Operations and Changes in Net Assets (continued)

(In Thousands)

	Consolidated	Eliminations	Community Foundation of Northwest Indiana Obligated Group	Community Hospital Cancer Research Foundation, Inc	Community Resources, Inc	Theatre at the Center, Inc	CVPA Holding Corportation
Unrestricted net assets							
Revenue in excess of (less than) expenses	$ 58 099	$ 39	$ 59,271	$ –	$ (20)	$ (536)	$ (655)
Pension-related changes other than net periodic pension cost	53 625	–	53,625	–	–	–	–
Net assets transferred from(to) affiliates	–	(503)	(1 175)	–	503	454	721
Net assets released from restriction used for capital purposes	222	–	222	–	–	–	–
Other	–	–	–	–	–	–	–
Increase (decrease) in unrestriced assets	111 946	(464)	111 943	–	483	(82)	66
Temporarily restricted net assets							
Restricted contributions	697	–	552	97	–	48	–
Net assets released from restriction used for capital and operating purposes	(698)	–	(393)	(195)	–	(110)	–
Other	5	–	5	–	–	–	–
(Decrease) increase in temporarily restricted net assets	4	–	164	(98)	–	(62)	–
Permanently restricted net assets							
Investment income	5	–	5	–	–	–	–
Other	(5)	–	(5)	–	–	–	–
Increase in permanently restricted net assets	–	–	–	–	–	–	–
Increase (decrease) in net assets	111 950	(464)	112 107	(98)	483	(144)	66
Net assets at the beginning of the period	427 613	(10 227)	424,979	878	6 415	(137)	5 705
Net assets at the end of the period	$ 539 563	$ (10 691)	$ 537 086	$ 780	$ 6 898	$ (281)	$ 5 771

Community Foundation of Northwest Indiana Obligated Group

Details of Combined Balance Sheet

(In Thousands)

June 30, 2014

	Combined	Eliminations	Community Foundation of Northwest Indiana, Inc.	Munster Medical Research Foundation, Inc. – The Community Hospital	St. Catherine Hospital, Inc.	St. Mary Medical Center, Inc.	Community Care Network, Inc.	Community Village Inc.
Assets								
Current assets								
Cash and cash equivalents	$ 36.366	$ –	$ 6.817	$ 12.655	$ 6.173	$ 6.361	$ 2.277	$ 2.083
Patient accounts receivable, net	109.670	(846)	–	57.830	17.137	29.625	4.964	960
Due from affiliates	482	(39.548)	37.405	504	6	60	2.051	4
Estimated settlements due from third-party payors	8.695	–	–	1.034	7.331	330	–	–
Inventories	20.552	–	–	9.873	5.082	5.551	–	46
Externally designated investments – short-term	34.078	–	34.078	–	–	–	–	–
Prepaid expenses and other current assets	15.968	–	7.633	3.070	2.546	1.429	413	877
Total current assets	225.811	(40.394)	85.933	84.966	38.275	43.356	9.705	3.970
Assets limited as to use								
Internally designated investments	456.362	–	456.362	–	–	–	–	–
Externally designated investments	11.114	–	11.114	–	–	–	–	–
Land, buildings, and equipment net of accumulated depreciation and amortization	417.547	–	40.621	196.482	27.295	115.775	3.497	33.877
Other assets	32.656	(16.958)	34.913	8.400	1.687	4.274	340	–
Total assets	$ 1.143.490	$ (57.352)	$ 628.943	$ 289.848	$ 67.257	$ 163.405	$ 13.542	$ 37.847

Community Foundation of Northwest Indiana Obligated Group

Details of Combined Balance Sheet (continued)

(In Thousands)

	Combined	Eliminations	Community Foundation of Northwest Indiana, Inc.	Munster Medical Research Foundation, Inc. – The Community Hospital	St. Catherine Hospital, Inc.	St. Mary Medical Center, Inc.	Community Care Network, Inc.	Community Village Inc.
Liabilities and net assets								
Current liabilities								
Accounts payable	$ 32.465	$ –	$ 3.191	$ 15.570	$ 3.479	$ 9.304	$ 491	$ 430
Accrued salaries, wages, and benefits	46.989	–	7.810	19.715	5.285	6.576	7.078	525
Accrued expenses	28.817	(846)	11.442	7.500	4.947	5.046	266	462
Estimated settlements due to third-party payors	24.996	–	–	18.931	466	5.599	–	–
Due to affiliates	6	(39.548)	–	7.594	22.984	8.290	438	248
Current portion of long-term debt	11.882	–	10.570	536	12	764	–	–
Other current liabilities	9	–	–	–	–	9	–	–
Total current liabilities	145.164	(40.394)	33.013	69.846	37.173	35.588	8.273	1.665
Noncurrent liabilities								
Long-term debt, notes payable, and capital leases, less current portion	382.902	(16.958)	381.865	636	–	401	–	16.958
Interest rate swap	–	–	–	–	–	–	–	–
Deferred revenue from advance fees	1.674	–	–	–	–	–	–	1.674
Resident deposit liability	17.139	–	–	–	–	–	–	17.139
Pension liability	38.908	–	–	38.908	–	–	–	–
Other long-term liabilities	20.617	–	–	3.105	1.526	15.378	608	–
Total long-term liabilities	461.240	(16.958)	381.865	42.649	1.526	15.779	608	35.771
Total liabilities	606.404	(57.352)	414.878	112.495	38.699	51.367	8.881	37.436
Net assets								
Unrestricted	535.910	–	213.647	177.084	28.181	111.926	4.661	411
Temporarily restricted	1.074	–	418	167	377	112	–	–
Permanently restricted	102	–	–	102	–	–	–	–
Total net assets	537.086	–	214.065	177.353	28.558	112.038	4.661	411
Total liabilities and net assets	$ 1.143.490	$ (57.352)	$ 628.943	$ 289.848	$ 67.257	$ 163.405	$ 13.542	$ 37.847

Community Foundation of Northwest Indiana Obligated Group

Details of Combined Statement of Operations and Changes in Net Assets

(In Thousands)

June 30, 2014

	Combined	Eliminations	Community Foundation of Northwest Indiana, Inc	Munster Medical Research Foundation, Inc – The Community Hospital	St Catherine Hospital, Inc	St Mary Medical Center, Inc	Community Care Network, Inc	Community Village Inc
Revenue								
Net patient and service revenue before provision for bad debts	$ 896 910	$ (4 670)	$ –	$ 469 141	$ 135 575	$ 232 451	$ 45 317	$ 19 096
Provision for bad debts	(37 452)	–	–	(17 879)	(8 974)	(9 073)	(1 447)	(79)
Net patient and resident service revenue	859 458	(4 670)	–	451 262	126 601	223 378	43 870	19 017
Capitation program revenue	24 089	–	–	–	24 089	–	–	–
Other revenue	26 722	(2 105)	1 974	14 383	7 082	3 446	1 858	84
Total operating revenue	910 269	(6 775)	1 974	465 645	157 772	226 824	45 728	19 101
Expenses								
Salaries and wages	346 090	–	32 709	148 847	51 334	61 101	44 444	7 655
Employee benefits	87 448	–	6 991	44 021	12 845	15 462	6 182	1 947
Medical fees	3 314	–	–	1 428	704	1 158	–	24
Medical and other supplies	169 807	–	2 644	89 199	21 584	51 528	2 879	1 973
Corporate allocations	–	–	(84 957)	45 715	17 778	21 164	–	300
Physician allocations	–	–	–	9 252	4 932	4 825	(19 009)	–
Outside services	87 547	(62)	24 012	25 134	14 063	18 374	3 703	2 323
Medicaid assessment fee	49 328	–	–	27 392	5 638	16 298	–	–
Interest expense	18 389	–	16 022	19	–	1 601	3	744
Depreciation and amortization	51 078	–	12 432	19 855	5 268	10 586	570	2 367
Other expenses	67 525	(6 713)	7 594	18 973	28 824	10 192	6 956	1 699
Total expenses	880 526	(6 775)	17 447	429 835	162 970	212 289	45 728	19 032
Operating income (loss)	29 743	–	(15 473)	35 810	(5 198)	14 535	–	69
Nonoperating								
Investment income and other	14 721	–	13 848	489	119	255	7	3
Loss on early extinguishment of debt	(488)	–	(488)	–	–	–	–	–
Net change in unrealized gain losses on investments	15 295	–	15 295	–	–	–	–	–
Net loss on interest rate swap	–	–	–	–	–	–	–	–
Total nonoperating	29 528	–	28 655	489	119	255	7	3
Revenues in excess of (less than) expenses	59 271	–	13 182	36 299	(5 079)	14 790	7	72

Community Foundation of Northwest Indiana Obligated Group

Details of Combined Statement of Operations and Changes in Net Assets (continued)

(In Thousands)

	Combined	Eliminations	Community Foundation of Northwest Indiana, Inc	Munster Medical Research Foundation, Inc – The Community Hospital	St Catherine Hospital, Inc	St Mary Medical Center, Inc	Community Care Network, Inc	Community Village Inc
Unrestricted net assets								
Revenue in excess of (less than) expenses	$ 59 271	$ –	$ 13 182	$ 36 299	$ (5,079)	$ 14 790	$ 7	$ 72
Pension-related changes other than net periodic pension cost	53 625	–	–	53 625	–	–	–	–
Net assets transferred from(to) affiliates	(1 175)	–	18 482	(13 636)	387	(9 952)	3 544	–
Net assets released from restriction used for capital purposes	222	–	–	5	116	101	–	–
Other	–	–	–	–	–	–	–	–
Increase (decrease) in unrestriced assets	111 943	–	31 664	76 293	(4,576)	4 939	3 551	72
Temporarily restricted net assets								
Restricted contributions	552	–	17	88	262	185	–	–
Net assets released from restriction used for capital and operating purposes	(393)	–	(14)	(70)	(159)	(150)	–	–
Other	5	–	–	5	–	–	–	–
Increase in temporarily restricted net assets	164	–	3	23	103	35	–	–
Permanently restricted net assets								
Investment income	5	–	–	5	–	–	–	–
Other	(5)	–	–	(5)	–	–	–	–
Increase in permanently restricted net assets	–	–	–	–	–	–	–	–
Increase (decrease) in net assets	112 107	–	31 667	76 316	(4,473)	4 974	3 551	72
Net assets at the beginning of the period	424 979	–	182 398	101 037	33,031	107 064	1 110	339
Net assets at the end of the period	$ 537 086	$ –	$ 214 065	$ 177 353	$ 28,558	$ 112 038	$ 4 661	$ 411

Theatre at the Center, Inc.

Balance Sheets
(In Thousands)

	June 30	
	2014	**2013**
Assets		
Current assets		
Cash and cash equivalents	**$ 107**	$ 260
Due from affiliates	**22**	26
Prepaid expenses and other current assets	**203**	196
Total current assets	**332**	482
Investment in unconsolidated affiliates	**150**	150
Total assets	**$ 482**	$ 632
Liabilities and deficiency in net assets		
Current liabilities		
Accounts payable	**$ 17**	$ 9
Accrued salaries, wages, and benefits	**108**	114
Accrued expenses	**540**	601
Due to affiliate	**98**	45
Total current liabilities	**763**	769
Deficiency in net assets		
Deficiency in unrestricted net assets	**(352)**	(270)
Temporarily restricted	**71**	133
Total deficiency in net assets	**(281)**	(137)
Total liabilities and deficiency in net assets	**$ 482**	$ 632

Theatre at the Center, Inc.

Statements of Operations and Changes in Net Assets
(In Thousands)

	June 30	
	2014	**2013**
Revenue		
Ticket sales	**$ 1,503**	$ 1,544
Other revenue	**418**	384
Total operating revenue	**1,921**	1,928
Expense		
Salaries and wages	**1,246**	1,270
Employee benefits	**271**	323
Supplies	**188**	328
Outside services	**471**	318
Interest expense	**–**	28
Other expense	**281**	321
Total operating expense	**2,457**	2,588
Net operating loss	**(536)**	(660)
Deficit of expense over revenue	**(536)**	(660)
Net assets transferred from affiliates	**454**	454
Other	**–**	–
Decrease in unrestricted net assets	**(82)**	(206)
Temporarily restricted net assets		
Restricted contributions	**48**	52
Net assets released from restriction used for operating purposes	**(110)**	(66)
Increase in temporarily restricted net assets	**(62)**	(14)
Decrease in net assets	**(144)**	(220)
(Deficiency in) net assets at beginning of year	**(137)**	83
Deficiency in net assets at end of year	**$ (281)**	$ (137)

See accompanying notes.

Theatre at the Center, Inc.

Statements of Cash Flows
(In Thousands)

	June 30 2014	2013
Operating activities		
Change in net assets	**$ (144)**	$ (220)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Transfers from affiliates	**(454)**	(454)
Restricted contributions and gains on investments, net of assets released from restriction	**62**	14
Changes in operating assets and liabilities		
Prepaid expenses and other assets	**(3)**	14
Accounts payable, accrued salaries and wages, and accrued expenses	**(6)**	146
Net cash used in operating activities	**(545)**	(500)
Financing activities		
Transfers from affiliates	**454**	454
Proceeds from restricted contributions and gains on investments, net of assets released from restriction	**(62)**	(14)
Net cash provided by financing activities	**392**	440
Net decrease in cash and cash equivalents	**(153)**	(60)
Cash and cash equivalents at beginning of year	**260**	320
Cash and cash equivalents at end of year	**$ 107**	$ 260

See accompanying notes.

Theatre at the Center, Inc.

Supplemental Note to Financial Statements

June 30, 2014 and 2013

Organization and Description of Business

Community Foundation of Northwest Indiana, Inc (the Foundation) is the sole member of Theatre at the Center, Inc. (TATC). The Foundation and TATC own the outstanding shares of capital stock issued by Community Resources, Inc (CRI), a for-profit taxable entity TATC accounts for its investment in CRI under the cost method The Foundation and TATC are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code

TATC is organized to support the Center for Visual and Performing Arts (CVPA) and to promote the cultural, educational, and charitable community of Northwest Indiana The CVPA consists of banquet facilities, a theater, an art gallery, and meeting rooms.

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