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Part III

Statement of Program Service Accomplishments

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

☐ Yes ☒ No

1

Briefly describe the organization's mission

THE MISSION OF ST MARY'S HOSPITAL IS TO REVEAL AND EMBODY CHRIST'S HEALING LOVE FOR ALL PEOPLE THROUGH OUR HIGH QUALITY FRANCISCAN HEALTH CARE MINISTRY

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 \$ 102,115,076 including grants of \$) (Revenue \$ 141,379,984)

SEE SCHEDULE O - STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

4b

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

4c

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

4d

Other program services (Describe in Schedule O)

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

4e

Total program service expenses 102,115,076

Part IV

Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	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? <i>If "Yes," complete Schedule J</i> 	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	24a		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? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, complete Schedule L, Part II</i>	26		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? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> 	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> 	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> 	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? 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.	104	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		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.	1,304	
2b 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).		Yes	
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?		Yes	
3b If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.		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)?			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?			No
5b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			No
5c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?			
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?			No
6b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			
7 Organizations that may receive deductible contributions under section 170(c).			
7a 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?			No
7b If "Yes," did the organization notify the donor of the value of the goods or services provided?			
7c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			No
7d If "Yes," indicate the number of Forms 8282 filed during the year.			
7e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			No
7f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			No
7g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			
7h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			
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?			
9 Sponsoring organizations maintaining donor advised funds.			
9a Did the organization make any taxable distributions under section 4966?			
9b Did the organization make a distribution to a donor, donor advisor, or related person?			
10 Section 501(c)(7) organizations. Enter			
10a Initiation fees and capital contributions included on Part VIII, line 12.			
10b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.			
11 Section 501(c)(12) organizations. Enter			
11a Gross income from members or shareholders.			
11b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).			
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?			
12b If "Yes," enter the amount of tax-exempt interest received or accrued during the year.			
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
13a 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.			
13b 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.			
13c Enter the amount of reserves on hand.			
14a Did the organization receive any payments for indoor tanning services during the tax year?			No
14b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.			

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	12	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	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	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	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
7b	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		
8a	a The governing body?	8a	Yes
8b	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
10b	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
11b	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
12b	b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	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?		
15a	a The organization's CEO, Executive Director, or top management official	15a	Yes
15b	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
16b	b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶SHANE KITCHENS 1800 E LAKE SHORE DRIVE DECATUR,IL 62521 (217) 464-2590

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) BOB WIESEMANN VICE-CHAIRPERSON	1 00 0	X		X				0	0	0
(2) DANIEL PERRYMAN BOARD MEMBER, CHIEF EXECUTIVE OFFICER	1 00 49 00	X		X				0	358,887	95,226
(3) JOHN SKEFFINGTON SECRETARY	1 00 0	X		X				0	0	0
(4) KEVIN BREHENY CHAIRPERSON	1 00 1 00	X		X				0	0	0
(5) ALAN FRIGY MD BOARD MEMBER	1 00 0	X						0	0	0
(6) CLAUDIA MADDING BOARD MEMBER	1 00 0	X						0	0	0
(7) LORI KERANS BOARD MEMBER	1 00 0	X						0	0	0
(8) MARK CHEVIRON BOARD MEMBER	1 00 0	X						0	0	0
(9) MICHAEL W COTTRELL BOARD MEMBER	1 00 59 00	X						0	692,004	156,526
(10) PAT DAWSON BOARD MEMBER	1 00 0	X						0	0	0
(11) REV JOSEPH MOLLOY BOARD MEMBER	1 00 0	X						0	0	0
(12) SR HELEN PLUMMER OSF BOARD MEMBER	1 00 0	X						0	0	0
(13) ANN M CARR TREASURER	25 59 75			X				0	318,955	255,068
(14) DAVID OLEJNICZAK Interim CEO	10 00 65 00			X				0	403,341	89,256
(15) EVERT J KUIPER Central Illinois Division CEO	17 00 58 00			X				0	158,209	0
(16) GERALD PAULE DIVISION CHIEF FINANCIAL OFFICER	10 00 65 00			X				0	0	0
(17) REBECCA COLKER CHIEF FINANCIAL OFFICER	60 00 0			X				280,014	0	68,231

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) REBECCA PUCLIK DIVISIONAL CHIEF PEOPLE OFFICER	10 00 65 00			X				0	78,965	32,766
(19) SHERRI A GREENWOOD DIVISION CHIEF NURSING OFFICER	5 00 55 00			X				0	230,068	61,738
(20) BETH MCCOY CRNA	40 00 0					X		227,129	0	88,910
(21) DEANNA HITCHENS CRNA	40 00 0					X		195,513	0	46,577
(22) MARY HARTMAN CRNA	40 00 0					X		259,542	0	112,000
(23) ROBERTA MCBRIDE CRNA	40 00 0					X		220,187	0	140,865
(24) SHEILA HOLLINDEN CRNA	40 00 0					X		219,785	0	173,349
(25) KEVIN KAST CHIEF EXECUTIVE OFFICER	0 00 0 00						X	0	594,630	166,771
(26) THERESA J RUTHERFORD COO	0 00 60 00						X	0	160,594	94,601
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								1,402,170	2,995,653	1,581,884

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▶33

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	Yes	
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		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	
PRAIRIE CARDIOVASCULAR CONSULTING PO BOX 19420 SPRINGFIELD IL 627949420	CONSULTANTS	1,977,573	
SODEXO 488 PAYSPPHERE CIRCLE DECATUR IL 60674	FOOD SERVICE/EVS MANAGEMENT	1,809,715	
ST JOHNS HOSPITAL 800 E CARPENTER STREET SPRINGFIELD IL 62769	SHARED SERVICES/DIVISIONAL FEE	1,549,567	
REHAB CARE 7733 FORSYTH BOULEVARD ST LOUIS MO 63105	CONTRACTOR	919,179	
CENTRAL IL ASSOCIATES 1800 E LAKE SHORE DR DECATUR IL 62521	ANESTHESIA PHY SERV	884,613	
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 ▶29		

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	1,114,178			
	e	Government grants (contributions) 1e				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	261,198			
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f	1,375,376			
Program Service Revenue	Business Code					
	2a	NET PROGRAM SERVICE REVENUE	900099138,095,293	138,095,293		
	b		0			
	c		0			
	d		0			
	e		0			
	f	All other program service revenue	0	0	0	0
	g	Total. Add lines 2a-2f	138,095,293			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	4,725			4,725
	4	Income from investment of tax-exempt bond proceeds	0			
	5	Royalties	0			
	6a	(i) Real				
		(ii) Personal				
		Gross rents	1,859,595			
		b Less rental expenses	1,231,370			
	c	Rental income or (loss)	628,225	0		
	d	Net rental income or (loss)	628,225			628,225
	7a	(i) Securities				
		(ii) Other				
		Gross amount from sales of assets other than inventory	34,034	34,981		
		b Less cost or other basis and sales expenses		18,391		
	c	Gain or (loss)	34,034	16,590		
	d	Net gain or (loss)	50,624			50,624
	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	REFERENCE LAB	62150035,161		35,161	
	b	PHYSICIAN ANSWERING SERVICE	62150025,180		25,180	
	c	GIFT SHOP	900099170,325			170,325
	d	All other revenue	3,284,691	3,284,691	0	0
	e	Total. Add lines 11a-11d	3,515,357			
	12	Total revenue. See Instructions	143,669,600	141,379,984	60,341	853,899

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	0			
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	293,621		293,621	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0		0	
7	Other salaries and wages	39,750,429	35,918,974	3,831,455	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	3,099,038	3,099,038		
9	Other employee benefits	4,125,543	3,712,989	412,554	
10	Payroll taxes	2,905,209	2,905,209		
11	Fees for services (non-employees)				
a	Management	0		0	
b	Legal	320,844		320,844	
c	Accounting	0	0	0	
d	Lobbying	34,058		34,058	
e	Professional fundraising services See Part IV, line 17	0			
f	Investment management fees	0	0	0	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	18,451,973	15,529,342	2,922,631	0
12	Advertising and promotion	436,314		436,314	
13	Office expenses	456,376	189,196	267,180	
14	Information technology	0			
15	Royalties	0			
16	Occupancy	1,571,696	1,545,586	26,110	
17	Travel	105,371	52,378	52,993	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	
19	Conferences, conventions, and meetings	29,278	18,968	10,310	
20	Interest	592,519	592,519		
21	Payments to affiliates	8,743,629		8,743,629	
22	Depreciation, depletion, and amortization	8,452,900	8,452,900		
23	Insurance	1,810,316	153,732	1,656,584	
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	BAD DEBT	10,700,655	10,700,655	0	
b	MEDICAD TAX ASSESSMENT	6,284,072		6,284,072	
c	SUPPLIES	18,543,665	18,390,196	153,469	
d					
e	All other expenses	9,989,331	853,394	9,135,937	0
25	Total functional expenses. Add lines 1 through 24e	136,696,837	102,115,076	34,581,761	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)	0			

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		4,394,511	2	4,730,788
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		23,587,110	4	32,422,536
	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			7	
	8	Inventories for sale or use		3,136,557	8	2,697,578
	9	Prepaid expenses and deferred charges		711,565	9	440,557
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a222,089,508			
	b	Less accumulated depreciation	10b125,630,603	98,542,636	10c	96,458,905
	11	Investments—publicly traded securities		10,536,380	11	7,131,505
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		2,240,654	13	-848,927
	14	Intangible assets			14	250,500
	15	Other assets See Part IV, line 11		219,328	15	206,818
	16	Total assets. Add lines 1 through 15 (must equal line 34)		143,368,741	16	143,490,260
Liabilities	17	Accounts payable and accrued expenses		20,097,528	17	20,624,517
	18	Grants payable			18	
	19	Deferred revenue		97,001	19	74,760
	20	Tax-exempt bond liabilities		35,546,089	20	34,793,980
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		6,000,000	23	5,346,750
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		19,571,012	25	16,619,699
	26	Total liabilities. Add lines 17 through 25		81,311,630	26	77,459,706
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		55,076,341	27	58,899,050
	28	Temporarily restricted net assets		5,779,767	28	5,930,481
	29	Permanently restricted net assets		1,201,003	29	1,201,023
	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		62,057,111	33	66,030,554
	34	Total liabilities and net assets/fund balances		143,368,741	34	143,490,260

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	143,669,600
2	Total expenses (must equal Part IX, column (A), line 25)	2	136,696,837
3	Revenue less expenses Subtract line 2 from line 1	3	6,972,763
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	62,057,111
5	Net unrealized gains (losses) on investments	5	307,124
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	-3,306,444
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	66,030,554

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

2013

Open to Public Inspection

SCHEDULE A

(Form 990 or 990EZ)

Public Charity Status and Public Support

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

- ▶ 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.

Department of the Treasury

Internal Revenue Service

Name of the organization ST MARY'S HOSPITAL DECATUR OF THE HOSPITAL SISTERS OF THE THIRD ORDER OF ST FRANCIS	Employer identification number 37-0661244
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Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

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

1	☐	A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i) .
2	☐	A school described in section 170(b)(1)(A)(ii) . (Attach Schedule E)
3	☒	A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii) .
4	☐	A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii) . Enter the hospital's name, city, and state _____
5	☐	An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv) . (Complete Part II)
6	☐	A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v) .
7	☐	An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi) . (Complete Part II)
8	☐	A community trust described in section 170(b)(1)(A)(vi) (Complete Part II)
9	☐	An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) . (Complete Part III)
10	☐	An organization organized and operated exclusively to test for public safety See section 509(a)(4) .
11	☐	An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See section 509(a)(3) . Check the box that describes the type of supporting organization and complete lines 11e through 11h a ☐ Type I b ☐ Type II c ☐ Type III - Functionally integrated d ☐ Type III - Non-functionally integrated
e	☐	By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
f	☐	If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
g	☐	Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons? (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? (ii) A family member of a person described in (i) above? (iii) A 35% controlled entity of a person described in (i) or (ii) above?
h	☐	Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

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

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

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

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

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

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

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

Facts And Circumstances Test

Return Reference	Explanation	
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SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.**

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

OMB No 1545-0047

2013

Open to Public
Inspection

If the organization answered "Yes" to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes" to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes" to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization ST MARY'S HOSPITAL DECATUR OF THE HOSPITAL SISTERS OF THE THIRD ORDER OF ST FRANCIS	Employer identification number 37-0661244
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Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

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

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

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

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

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

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

Part II-A

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

- A
- Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check ☐ if the filing organization checked box A and "limited control" provisions apply

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

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

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

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		34,058
j	Total. Add lines 1c through 1i.			34,058
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

	Yes	No
1 Were substantially all (90% or more) dues received nondeductible by members?	1	
2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3 Did the organization agree to carry over lobbying and political expenditures from the prior year?	3	

Part III-B

Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
a	Current year	2a	
b	Carryover from last year	2b	
c	Total	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV

Supplemental Information

Provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1. Also, complete this part for any additional information.

Return Reference	Explanation
Schedule C, Part II-B, Line 1, Description of the activities reported on Lines 1a through 1i	ST MARY'S HOSPITAL ("THE HOSPITAL") IS A MEMBER OF THE CATHOLIC HEALTH ASSOCIATION ("CHA"), THE ILLINOIS HEALTH ASSOCIATION ("IHA"), THE NATIONAL ASSOCIATION FOR HOME CARE AND HOSPICE, AND THE AMERICAN HEALTH ASSOCIATION ("AHA") AS A MEMBER OF THESE ORGANIZATIONS, THE HOSPITAL PAYS DUES. A PART OF THESE DUES IS ATTRIBUTABLE TO LOBBYING FEES PAID BY THE ORGANIZATIONS. THE AMOUNT LISTED IS THE AMOUNT ATTRIBUTABLE TO THE HOSPITAL FROM ITS DUES PAID.

Part IV

[illegible]

SCHEDULE D
(Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

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

Name of the organization ST MARY'S HOSPITAL DECATUR OF THE HOSPITAL SISTERS OF THE THIRD ORDER OF ST FRANCIS	Employer identification number 37-0661244
---	--

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

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

1a

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

b

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

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

► \$ _____

(ii) Assets included in Form 990, Part X

► \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

► \$ _____

b

Assets included in Form 990, Part X

► \$ _____

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

- 3

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

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

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

- 1a

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

☐ Yes

☐ No
- b

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

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance
- | | |
|----|--------|
| | Amount |
| 1c | |
| 1d | |
| 1e | |
| 1f | |
- 2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No
- b

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

☐

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

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

- 2

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

Board designated or quasi-endowment
- b

Permanent endowment
- c

Temporarily restricted endowment

The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a

Are there endowment funds not in the possession of the organization that are held and administered for the organization by
- (i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

b

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

3b
- 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 | | 3,295,160 | | 3,295,160 |
| b Buildings | | 90,635,564 | 34,526,605 | 56,108,959 |
| c Leasehold improvements | | 42,348,394 | 27,441,302 | 14,907,092 |
| d Equipment | | 81,785,098 | 63,662,696 | 18,122,402 |
| e Other | | 4,025,292 | 0 | 4,025,292 |
| Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) | | | | 96,458,905 |
- Schedule D (Form 990) 2013

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
Schedule D, Part X, Line 2, FIN 48 (ASC 740) footnote	HSBS AND THE FOUNDATION ARE ILLINOIS NOT FOR PROFIT ORGANIZATIONS AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE (THE CODE) AND ARE EXEMPT FROM FEDERAL INCOME TAXES ON RELATED INCOME PURSUANT TO SECTION 501 (A) OF THE CODE. DEFERRED TAX ASSETS AND LIABILITIES ARE RECOGNIZED FOR THE FUTURE TAX CONSEQUENCES ATTRIBUTABLE TO DIFFERENCES BETWEEN THE CONSOLIDATED FINANCIAL STATEMENT CARRYING AMOUNTS OF EXISTING ASSETS AND LIABILITIES AND THEIR RESPECTIVE TAX BASIS AND OPERATING LOSS AND TAX CREDIT CARRYFORWARDS. DEFERRED TAX ASSETS AND LIABILITIES ARE MEASURED USING THE ENACTED TAX RATES EXPECTED TO APPLY TO TAXABLE INCOME IN THE YEARS IN WHICH THOSE TEMPORARY DIFFERENCES ARE EXPECTED TO BE RECOVERED OR SETTLED. THE EFFECT ON DEFERRED TAX ASSETS AND LIABILITIES OF A CHANGE IN TAX RATES IS RECOGNIZED IN INCOME IN THE PERIOD THAT INCLUDES THE ENACTMENT DATE. IN ASSESSING THE REALIZABILITY OF DEFERRED TAX ASSETS, MANAGEMENT CONSIDERS WHETHER IT IS MORE LIKELY THAN NOT THAT SOME PORTION OR ALL OF THE DEFERRED TAX ASSETS WILL NOT BE REALIZED. THE ULTIMATE REALIZATION OF DEFERRED TAX ASSETS IS DEPENDENT UPON THE GENERATION OF FUTURE TAXABLE INCOME DURING THE PERIODS IN WHICH THOSE TEMPORARY DIFFERENCES BECOME DEDUCTIBLE. MANAGEMENT CONSIDERS PROJECTED FUTURE TAXABLE INCOME AND TAX PLANNING STRATEGIES IN MAKING THIS ASSESSMENT. BASED UPON THE LEVEL OF HISTORICAL TAXABLE LOSSES AND PROJECTIONS FOR FUTURE TAXABLE LOSSES OVER THE PERIODS FOR WHICH THE DEFERRED TAX ASSETS ARE DEDUCTIBLE, MANAGEMENT BELIEVES IT IS MORE LIKELY THAN NOT THAT KIARA, INC. WILL NOT REALIZE THE MAJORITY OF THE BENEFITS OF THESE DEDUCTIBLE DIFFERENCES. THE DEFERRED TAX ASSETS ATTRIBUTABLE TO THE NET OPERATING LOSS CARRYFORWARDS NOT REALIZED AS OF JUNE 30, 2014 AND 2013 HAVE BEEN FULLY RESERVED IN THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS DUE TO THE UNCERTAINTY OF REALIZATION. HSBS RECOGNIZES THE TAX BENEFIT FROM AN UNCERTAIN TAX POSITION ONLY IF IT IS MORE LIKELY THAN NOT THAT THE TAX POSITION WILL BE SUSTAINED ON EXAMINATION BY THE TAXING AUTHORITIES, BASED ON THE TECHNICAL MERITS OF THE POSITION. AS OF JUNE 30, 2014 AND 2013, HSBS DOES NOT HAVE ANY LIABILITIES FOR UNRECOGNIZED TAX BENEFITS.

[illegible]

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
ST MARY'S HOSPITAL DECATUR OF THE HOSPITAL SISTERS OF THE THIRD ORDER OF ST FRANCIS

Employer identification number
37-0661244

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 <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care ☐ 100% ☒ 150% ☐ 200% ☐ Other _____ % b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☒ 300% ☐ 350% ☐ 400% ☐ Other _____ % c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	3a Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4 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 eligible for free or discounted care?	5a Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b Yes	
b	If "Yes," did the organization make it available to the public?	5c	No
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	6a Yes	
		6b Yes	

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)	1		3,661,299		3,661,299	2 910 %
b Medicaid (from Worksheet 3, column a)	1		7,372,778		7,372,778	5 850 %
c Costs of other means-tested government programs (from Worksheet 3, column b)	1	2,035	289,740	243,059	46,681	0 040 %
d Total Financial Assistance and Means-Tested Government Programs	3	2,035	11,323,817	243,059	11,080,758	8 800 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,105,543	489,711	615,832	0 490 %
f Health professions education (from Worksheet 5)	1		116,658	11,425	105,233	0 080 %
g Subsidized health services (from Worksheet 6)	4		36,411,342	33,999,120	2,412,222	1 910 %
h Research (from Worksheet 7)			0	0	0	0 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			24,332		24,332	0 020 %
j Total Other Benefits	5	0	37,657,875	34,500,256	3,157,619	2 500 %
k Total . Add lines 7d and 7j	8	2,035	48,981,692	34,743,315	14,238,377	11 300 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing					0	0 %
2Economic development					0	0 %
3Community support					0	0 %
4Environmental improvements					0	0 %
5Leadership development and training for community members					0	0 %
6Coalition building					0	0 %
7Community health improvement advocacy	2		38,278		38,278	0 020 %
8Workforce development					0	0 %
9Other					0	0 %
10Total	2	0	38,278	0	38,278	0 020 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

1Yes

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

210,700,655

3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

331,950

4Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

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

546,926,855

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

643,354,809

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

73,572,046

8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.

☐ Cost accounting system

☒ Cost to charge ratio

☐ Other

Section C. Collection Practices

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

9aYes

9bIf "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.

9bYes

Part IVManagement Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

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

												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)

ST MARY'S HOSPITAL

Name of hospital facility or facility reporting group

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

1

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1 Yes	
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 <u>11</u>		
3 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3 Yes	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	No
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5 Yes	
a ☒ Hospital facility's website (list url) <u>www.stmarysdecaturn.com</u>		
b ☐ Other website (list url) _____		
c ☒ Available upon request from the hospital facility		
d ☐ Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)		
a ☒ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b ☒ Execution of the implementation strategy		
c ☒ Participation in the development of a community-wide plan		
d ☐ Participation in the execution of a community-wide plan		
e ☒ Inclusion of a community benefit section in operational plans		
f ☒ Adoption of a budget for provision of services that address the needs identified in the CHNA		
g ☒ Prioritization of health needs in its community		
h ☒ Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i ☐ Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	No
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	No
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No		
9	Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	Yes		
10	Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 150% If "No," explain in Part VI the criteria the hospital facility used	10	Yes		
11	Used FPG to determine eligibility for providing discounted care? 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	11	Yes		
12	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	12	Yes		
a ☒ 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? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			14	Yes
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? If "Yes," check all actions in which the hospital facility or a third party engaged			17	No
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? If "No," indicate why	Yes	
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? If "Yes," explain in Part VI		No
22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Part VI		No

Part V

Facility Information *(continued)*

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

Form and Line Reference	Explanation
See Additional Data Table	

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? **0**

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

Part VI

Supplemental Information

Provide the following information

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Form and Line Reference	Explanation
SCHEDULE H, PART I, LINE 3C, METHODS OTHER THAN FPG	NOT APPLICABLE THE ORGANIZATION FOLLOWS FPG TO DETERMINE ELIGIBILITY FOR PROVIDING CHARITY AND DISCOUNTED CARE TO LOW-INCOME UNINSURED AND UNDERINSURED INDIVIDUALS

Form and Line Reference	Explanation
SCHEDULE H, PART I, LINE 6A, COMMUNITY BENEFIT REPORT	THE HOSPITAL'S COMMUNITY BENEFIT REPORT CAN BE ACCESSED AT WWW.STMARYSDECATUR.COM

Form and Line Reference	Explanation
Schedule H, Part I, Line 7, Costing Methodology used to calculate financial assistance	THE COMMON METHOD FOR ESTIMATING THE TRUE ECONOMIC COST OF MEDICAL SERVICES IS TO ADJUST THE CHARGES THROUGH THE USE OF COST-TO-CHARGE RATIOS. COST-TO-CHARGE RATIOS CONVERT CHARGES FOR MEDICAL SERVICES TO THEIR TRUE ECONOMIC COSTS. APPLYING COST-TO-CHARGE RATIOS TO MEDICAL SERVICE CHARGES PRODUCES AVERAGE ESTIMATES OF TRUE COSTS. THE COST-TO-CHARGE RATIO REPRESENTS TOTAL HOSPITAL OPERATING COSTS DIVIDED BY TOTAL GROSS BILLED CHARGES. THE EXCEPTION TO THE COSTING METHODOLOGY DESCRIBED IN THE PRECEDING PARAGRAPH IS FOR THE AMOUNT FOR SUBSIDIZED SERVICES ON LINE 7G, FOR WHICH A COSTING INFORMATION SYSTEM WAS UTILIZED. MORE ACCURATE ALLOCATIONS OF DIRECT COSTS ARE AVAILABLE THROUGH THE USE OF THAT SYSTEM, AND WERE APPLIED FOR THE SUBSIDIZED HEALTH SERVICES.

Form and Line Reference	Explanation
Schedule H, Part I, Line 7, col(f), Bad Debt Expense excluded from financial assistance calculation	10,700,655

Form and Line Reference	Explanation
Schedule H, Part II, Community Building Activities	DECATUR HEALTH COALITION ST MARY'S HOSPITAL PARTNERS WITH LOCAL PROVIDERS TO PROMOTE THE "LEARN MORE BREATHE BETTER" CAMPAIGN, IN COORDINATION WITH THE NATIONAL HEART, LUNG AND BLOOD INSTITUTE (NHLBI), TO EDUCATE THE COMMUNITY ABOUT COPD AND OTHER BREATHING ISSUES, AND TO PROMOTE BEHAVIORS THAT IMPROVE HEALTH BREATHING ISSUES ARE PREVALENT IN THE DECATUR COMMUNITY DUE TO THE LARGE MANUFACTURING INDUSTRY IN MACON COUNTY AND POOR AIR QUALITY RESEARCH SHOWS SIGNIFICANT TOXIC AGENTS IN THE AIR AND A CORRELATION BETWEEN A HIGH PERCENTAGE OF BLUE-COLLAR WORKERS AND A HIGH RATE OF OCCURRENCE FOR COPD ST MARY'S HAS RESEARCHED AND COMPILED ADMISSIONS DATA RELATED TO COPD AND HAS INCREASED EDUCATION TO PROMOTE IMPROVED HEALTH OF COMMUNITY MEMBERS WITH BREATHING ISSUES ST MARY'S HOSPITAL COPD CORE MEASURES WERE IMPLEMENTED, AND HAVE BEEN SHARED AT NATIONAL BEST-PRACTICE SEMINARS TO BENEFIT OTHER COMMUNITIES THE COALITION BRINGS TOGETHER REPRESENTATIVES FROM ST MARY'S HOSPITAL, THE AMERICAN LUNG ASSOCIATION, COMMUNITY HEALTH IMPROVEMENT CENTER, DECATUR MEMORIAL HOSPITAL, DECATUR COMMUNITY PARTNERSHIP, HERITAGE BEHAVIORAL HEALTH AND MACON COUNTY HEALTH DEPARTMENT AS PARTNERS IN COMMUNITY OUTREACH AND EDUCATION FOR A BETTER QUALITY OF LIFE FOR PEOPLE LIVING WITH COPD EDUCATION IS THE KEY COMPONENT OF OUR OUTREACH PROGRAM FOR BOTH HEALTH PROVIDERS AND THE COMMUNITY AND THROUGH COORDINATION OF CARE ACROSS THE CONTINUUM FOR BETTER PATIENT OUTCOMES THE DECATUR HEALTH COALITION ORGANIZES TWO MAJOR COMMUNITY HEALTH EVENTS EACH YEAR TO PROVIDE FREE COMMUNITY HEALTH EDUCATION AND SCREENINGS, SUCH AS GENETIC COPD, BLOOD PRESSURE, BMI, OXYGEN SATURATION, CHOLESTEROL AND SLEEP APNEA MACON COUNTY CARE COORDINATION MACON COUNTY CARE COORDINATION (MCCC) IS COMPRISED OF COMMUNITY HEALTH PROVIDERS FROM THE MACON COUNTY MENTAL HEALTH BOARD, COMMUNITY HEALTH IMPROVEMENT CENTER, DECATUR MEMORIAL HOSPITAL, HERITAGE BEHAVIORAL HEALTH CENTER, THE MACON COUNTY HEALTH DEPARTMENT AND ST MARY'S HOSPITAL MCCC PROVIDES AN INDIVIDUAL/FAMILY/CAREGIVER-CENTERED TEAM APPROACH TO HEALTH CARE FOR MEDICAID RECIPIENTS WITH CHRONIC HEALTH CONDITIONS LAKE SHORE CONNECTION THE LAKE SHORE CONNECTION PROGRAM FOCUSES ON INDIVIDUALS AGE 55 AND ABOVE AND PROVIDES EMPOWERING INFORMATION, ENLIVENING CONNECTIONS AND A NEW COMMUNITY OF FRIENDS THE PROGRAM OFFERS PARTICIPANTS FREE QUARTERLY HEALTH SCREENINGS, DISCOUNTS ON MONTHLY LUNCH AND LEARN PROGRAMS, AND OTHER RESOURCES TO ASSIST PARTICIPANTS IN STAYING PRODUCTIVE, HEALTHY AND INDEPENDENT WELL INTO THE FUTURE

Form and Line Reference	Explanation
Schedule H, Part III, Line 2, Bad debt expense - methodology used to estimate amount	SELF-PAY PATIENTS ARE SCREENED FOR VERIFICATION OF NO INSURANCE COVERAGE ONCE VERIFICATION OF NO COVERAGE HAS BEEN COMPLETED, THE GUARANTORS WILL BE SCREENED FOR CHARITY OR UNINSURED DISCOUNTS BASED ON INCOME LEVELS THOSE GUARANTORS THAT DO NOT QUALIFY FOR CHARITY THROUGH THE SCREENING PROCESS WILL BE ASKED TO PROVIDE PROOF OF INCOME IN THE FORM OF A RECENT PAY STUB AND/OR RECENT TAX RETURN TO DETERMINE THE LEVEL OF UNINSURED DISCOUNTING IF NO PROOF OF INCOME IS PROVIDED OR A GUARANTOR'S INCOME IS GREATER THAN 201% OF THE FEDERAL POVERTY LEVEL, THE APPROPRIATE DISCOUNT ACCORDING TO THE ESTABLISHED CRITERIA WILL BE APPLIED THAT AMOUNT OF MONEY NOT COLLECTED FROM THOSE SELF-PAY PATIENTS WHO ARE NOT ELIGIBLE FOR CHARITY CARE IS REPORTED AS BAD DEBT ALLOWANCES FOR DOUBTFUL ACCOUNTS HAVE BEEN RECORDED BASED ON AN HISTORICAL MATRIX, USING COLLECTABILITY PERCENTAGES BY PAYOR AND AGING CATEGORY IN ACCORDANCE WITH HSHS EXECUTIVE POLICY #F-23, VALUATION OF NET ACCOUNTS RECEIVABLE PERCENTAGES ARE BASED ON HISTORICAL EXPERIENCE AT THE HOSPITAL AND ADJUSTED FOR KNOWN LIMITATIONS EACH MATRIX IN USE HAS BEEN UPDATED WITHIN THE PAST YEAR ST MARY'S REPORTS BAD DEBT IN ACCORDANCE WITH HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION STATEMENT 15, AS MODIFIED BY AND CONSISTENT WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

Form and Line Reference	Explanation
Schedule H, Part III, Line 3, Bad Debt Expense Methodology	THE HOSPITAL STRONGLY BELIEVES THAT ITS CHARITY CARE, AND THE RELATED COMMUNITY BENEFIT OBTAINED FROM SUCH CARE, IS UNDERSTATED BECAUSE OF THOSE PATIENTS WHO POTENTIALLY QUALIFY FOR CHARITY CARE BUT DO NOT WISH TO APPLY FOR IT IN ADDITION, SOME CARE IS NOT CLASSIFIED AS CHARITY BECAUSE OF MISSING DOCUMENTATION ON PATIENT RESOURCES. THUS, THE HOSPITAL'S BAD DEBT INCLUDES A PORTION THAT COULD BE CLASSIFIED AS CHARITY CARE IF APPLICATION FOR SUCH CARE WAS SOUGHT AND/OR COMPLETED. CURRENTLY, THE HOSPITAL IS IMPLEMENTING PROCESSES, PROCEDURES AND SYSTEMS TO MORE EFFECTIVELY DETERMINE CHARITY CARE THAT WILL REDUCE A PATIENT'S DOCUMENTATION REQUIREMENTS AND EASE THE PATIENT'S EMOTIONAL BURDEN IN APPLYING FOR CHARITY CARE. THIS WILL PROVIDE A MORE ACCURATE REPORTING OF CHARITY CARE SERVICES PROVIDED BY THE HOSPITAL.

Form and Line Reference	Explanation
Schedule H, Part III, Line 4, Bad debt expense - financial statement footnote	THE TEXT OF THE FOOTNOTE TO THE ORGANIZATION'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSE CAN BE FOUND ON PAGE 19 OF THE HSHS CONSOLIDATED AUDIT REPORT

Form and Line Reference	Explanation
Schedule H, Part III, Line 8, Community benefit & methodology for determining medicare costs	THE HOSPITAL CONTINUALLY STRIVES TO PROVIDE EXCELLENT PATIENT CARE IN THE MOST COST EFFECTIVE FASHION. NONETHELESS, THE MEDICARE PROGRAM, IN MANY CASES, DOES NOT PROVIDE PAYMENT THAT COVERS THE FULL COST OF THE CARE PROVIDED. SINCE IT IS THE MISSION OF THE HOSPITAL TO RESPOND TO COMMUNITY NEED, HOSPITAL MANAGEMENT CONTINUALLY ADVOCATES FOR IMPROVED MEDICARE PAYMENT SO THAT THE COST OF QUALITY CARE TO THOSE PATIENTS WHO ARE NOT ABLE TO AFFORD IT IS NOT COMPROMISED AND IS FAIRLY SUBSIDIZED BY ALL PAYERS. WHILE THIS SHORTFALL IN MEDICARE PAYMENTS IS NOT CLASSIFIED AS COMMUNITY BENEFIT BY THE IRS, WE NONETHELESS BELIEVE IT IS AN IMPORTANT CONTRIBUTION MADE BY THE HOSPITAL TO THE HEALTH AND WELL-BEING OF THE COMMUNITY. IF THE MEDICARE PROGRAM DID NOT EXIST, MANY MEDICARE PATIENTS WOULD BE ELIGIBLE FOR CHARITY CARE OR OTHER MEANS-TESTED GOVERNMENT PROGRAMS. FURTHER, BY ABSORBING THIS PAYMENT SHORTFALL AND PROVIDING CARE BELOW COST TO THESE INDIVIDUALS, ST MARY'S HOSPITAL IS RELIEVING THE BURDENS OF THE GOVERNMENT. ACCORDINGLY, THIS SHORTFALL RESTRICTS ST MARY'S HOSPITAL ABILITY TO MAKE FUNDS AVAILABLE TO PROVIDE FOR CHARITY CARE AND OTHER COMMUNITY BENEFITS. THE HOSPITAL MEDICARE SURPLUS AT COST FOR FISCAL YEAR 2014 WAS \$3,572,046.

Form and Line Reference	Explanation
Schedule H, Part III, Line 9b, Collection practices for patients eligible for financial assistance	THE HOSPITAL'S POLICY ON ACCOUNT RESOLUTION OUTLINES THE PROCEDURES TO BE FOLLOWED WHEN COLLECTING BALANCES ON OUTSTANDING PATIENT BILLS. BESIDES ADDRESSING THE PROCEDURES AND FOLLOW-UP FOR ACCOUNTS COVERED BY INSURANCE OR GOVERNMENTAL PROGRAMS, THE POLICY DISCUSSES SITUATIONS WHERE THE PATIENT MAY BE ELIGIBLE FOR FINANCIAL ASSISTANCE THROUGH OUR CHARITY CARE PROGRAM. IF A PATIENT IS DEEMED ELIGIBLE, REFERENCE IS MADE TO THE HOSPITAL'S CHARITY CARE POLICY. EVEN WITH THE BEST INTENTIONS, PATIENTS CANNOT ALWAYS MEET THEIR RESPONSIBILITY TO PAY FOR THE CARE THEY RECEIVE. FOR A NUMBER OF REASONS, FROM THE LOSS OF A JOB TO TEMPORARY HARDSHIPS, THIS LEAVES THE HOSPITAL TO COVER THE UNPAID BALANCE OR EVEN THE ENTIRE BILL, AN EXPENSE FOR THE HOSPITAL REFERRED TO AS "BAD DEBT." IN FISCAL YEAR ENDED JUNE 30, 2014, BAD DEBT EXPENSE LESS RECOVERIES WAS \$9,569,221 WITH NO OUTSIDE SOURCE OF FUNDING TO HELP COMPENSATE FOR THE EXPENSE. THE COST, AFTER APPLYING THE COST TO CHARGE RATIO, WAS \$2,373,167. THIS IS A GROWING PROBLEM. BAD DEBT ACCOUNTED FOR 16.78% OF OUR TOTAL COSTS IN THE FISCAL YEAR ENDED JUNE 30, 2014 AND CONSTITUTED A SIGNIFICANT COMMUNITY BENEFIT.

Form and Line Reference	Explanation
SCHEDULE H, PART V, SECTION B, LINE 5A, CHNA REPORT WIDELY AVAILABLE	THE COMMUNITY HEALTH NEEDS ASSESSMENT WAS MADE AVAILABLE ON THE HOSPITAL WEBSITE AT WWW.STMARYSDECATUR.COM AND WAS DISTRIBUTED TO AND REVIEWED BY OUR COMMUNITY-BASED BOARDS

Form and Line Reference	Explanation
SCHEDULE H, PART V, SECTION C, OTHER HEALTH CARE FACILITIES THAT ARE NOT LICENSED OR REGISTERED	THE ORGANIZATION DOES NOT HAVE ANY HEALTHCARE FACILITIES THAT ARE NOT REGISTERED AS A HEALTHCARE FACILITY UNDER STATE LAW

Form and Line Reference	Explanation
Schedule H, Part VI, Line 2, Needs assessment	AS INDICATED IN PART V, SECTION B, ST MARY'S HOSPITAL CONDUCTED A COMMUNITY HEALTH NEEDS ASSESSMENT IN OUR FY2012 (JULY 1, 2011 THROUGH JUNE 30, 2012) IN PREVIOUS YEARS, WE ASSESSED COMMUNITY NEED THROUGH INVOLVEMENT ON THE BOARDS OF OTHER COMMUNITY HEALTH PROVIDERS, SUCH AS MACON COUNTY HEALTH DEPARTMENT, COMMUNITY HEALTH IMPROVEMENT CENTER, AND MACON COUNTY MENTAL HEALTH BOARD INPUT FROM ST MARY'S HOSPITAL'S COMMUNITY-BASED BOARD OF DIRECTORS AND ADVISORY COMMITTEE, AS WELL AS PATIENT ADMISSION DATA HAS PROVIDED, AND CONTINUES TO PROVIDE, VALUABLE INFORMATION REGARDING THE HEALTH NEEDS OF OUR SERVICE AREA PROVISIONS IN THE AFFORDABLE CARE ACT REQUIRE CHARITABLE HOSPITALS TO CONDUCT A CHNA AND ADOPT IMPLEMENTATION STRATEGIES TO MEET THE NEEDS IDENTIFIED TO COMPLY WITH THESE REQUIREMENTS, ST MARY'S HOSPITAL WILL LEAD A COLLABORATIVE APPROACH TO CONDUCT ITS CHNA AND ADOPT AN IMPLEMENTATION PLAN IN OUR FY2015 (JULY 1, 2014 THROUGH JUNE 30, 2015), A PROCESS WE UNDERTAKE EVERY THREE YEARS

Form and Line Reference	Explanation
Schedule H, Part VI, Line 3, Patient education of eligibility for assistance	THE REGISTRATION DEPARTMENT PROVIDES BROCHURES TO PATIENTS UPON REGISTRATION REGARDING THE PAYMENT ASSISTANCE PROGRAMS AVAILABLE TO THEM AT ST MARY'S HOSPITAL. THE BROCHURES ARE ALSO SUPPLIED IN WAITING ROOMS AND ANCILLARY AREAS FOR EASY PATIENT ACCESS. CONTACT NUMBERS FOR SEVERAL AGENCIES ARE LISTED IN THE BROCHURE, AS WELL AS INFORMATION ABOUT HOW TO READ AND UNDERSTAND THE BILL. INFORMATION ON PAYMENT ASSISTANCE, BILLING PROCEDURES AND EXPLANATIONS OF MEDICARE FORMS ARE AVAILABLE ON THE ORGANIZATION'S WEBSITE. THE ORGANIZATION HAS A REPRESENTATIVE ON SITE TO ASSIST PATIENTS WHO MAY BE ELIGIBLE FOR MEDICAID ASSISTANCE THROUGH THE ILLINOIS DEPARTMENT OF PUBLIC ASSISTANCE. THEY WORK WITH PATIENTS TO DETERMINE IF THEY MAY BE ELIGIBLE, AND IF SO, ASSIST IN PULLING TOGETHER THE NECESSARY APPLICATION FOR SUBMISSION. PATIENTS ARE ALSO PROVIDED A FAIR BILLING ACT NOTIFICATION AT THE POINT OF REGISTRATION, REGARDING SEPARATE PHYSICIAN BILLING THEY CAN EXPECT TO RECEIVE, PLUS INFORMATION ABOUT THE PATIENT'S FINANCIAL RESPONSIBILITY IF THEIR INSURANCE PLAN IS OUT OF NETWORK. ONE-ON-ONE CONVERSATIONS TO EDUCATE PATIENTS ABOUT FINANCIAL ASSISTANCE OFTEN STEM FROM PATIENTS RECEIVING A STATEMENT OR A PRE-COLLECTION LETTER. AT THAT POINT, THE CUSTOMER SERVICE REPRESENTATIVE OR CASHIER, OR OTHER QUALIFIED STAFF, WILL INFORM/EDUCATE THE CALLER ABOUT FINANCIAL ASSISTANCE OPTIONS. THE FIRST PRE-COLLECTION LETTER REMINDS THE PATIENT THEIR ACCOUNT IS IN DELINQUENT STATUS. IT ALSO INFORMS THEM THEY MAY BE ELIGIBLE FOR FINANCIAL ASSISTANCE THROUGH THE ORGANIZATION'S CHARITY CARE PROGRAM. THE LETTER PROVIDES DIRECT CONTACT INFORMATION TO BEGIN THE APPLICATION PROCESS FOR CHARITY CARE. A SYSTEM CALLED SEARCH AMERICA IS NOW BEING UTILIZED AFTER FAILED ATTEMPTS MADE BY THE HOSPITAL AND BY OUR LAW FIRM TO WORK OUT PAYMENT ARRANGEMENTS. THAT SYSTEM ACCESSES CREDIT AND OTHER INFORMATION AND ALLOWS US TO SEE THE PROBABILITY OF A PATIENT BEING ABLE TO PAY THEIR BILL. AFTER ASSESSING THAT INFORMATION, THE HOSPITAL MAKES A DETERMINATION WHETHER TO GRANT CHARITY OR CONTINUE COLLECTION EFFORTS.

Form and Line Reference	Explanation
Schedule H, Part VI, Line 4, Community Information	THE POPULATION OF MACON COUNTY IS 110,122, BASED ON THE UNITED STATES CENSUS BUREAU'S ANNUAL ESTIMATE OF POPULATION FROM APRIL 2010 TO JULY 2012 THIS SHOWS A 6% DECLINE IN POPULATION, AS COMPARED TO THE POPULATION FROM THE 2010 CENSUS REPORTED AT 110,768 THE COUNTY MEDIAN HOUSEHOLD INCOME IS \$44,415, WITH 43,604 HOUSEHOLDS 85% OF HOUSEHOLDS ARE URBAN AND 15% RURAL THE INCOME FOR 13.9% OF THE POPULATION FALLS BELOW POVERTY LEVEL IN THE 2011-2012 SCHOOL YEAR, 48.3% OF CHILDREN QUALIFIED FOR FREE OR REDUCED-PRICE LUNCHES RESULTS FROM THE HOSPITAL'S CHNA SHOWED THAT 14.1% OF THE 400 RESPONDENTS WERE NOT COVERED BY HEALTH INSURANCE 56.7% HAD COVERAGE PROVIDED BY EMPLOYERS, WHICH IS SLIGHTLY LOWER THAN NATIONAL AVERAGES UNEMPLOYMENT RATE IN MACON COUNTY WAS RECORDED AT 11.60% IN JULY OF 2012, ACCORDING TO THE UNITED STATES FEDERAL RESERVE THE RACIAL MAKEUP OF THE COUNTY IN 2011 WAS 78.1% WHITE, 16.9% AFRICAN AMERICAN, WITH OTHER RACES COMPRISING THE REMAINING 5% 30.5% OF THE MACON COUNTY POPULATION IS AGE 55 OR OLDER MACON COUNTY'S ADULT OBESITY RATE, AT 33%, GREATLY EXCEEDS THE ILLINOIS RATE OF 20%, AND THE NATIONAL RATE OF 14% THE RATE OF DIABETES REPORTED BY THE CDC WAS 10% IN MACON COUNTY, EXCEEDING THE ILLINOIS RATE OF 8.5% MACON COUNTY HAS 580 SQUARE MILES IN LAND AREA AND A POPULATION DENSITY OF 190.8 PER SQUARE MILE THE TOWN OF DECATUR, WHICH IS WHERE ST. MARY'S HOSPITAL IS LOCATED, IS THE COUNTY SEAT AND ALSO THE LARGEST CITY IN MACON COUNTY ST. MARY'S HOSPITAL IS ONE OF TWO ACUTE CARE HOSPITALS SERVING THIS AREA WHILE OUR PRIMARY SERVICE AREA IS NOT DESIGNATED AS A MEDICALLY UNDERSERVED AREA BY THE FEDERAL GOVERNMENT, IT IS A MENTAL HEALTH PROFESSIONAL SHORTAGE AREA

Form and Line Reference	Explanation
Schedule H, Part VI, Line 5, Promotion of community health	ST MARY'S HOSPITAL OFFERS HOPE TO OUR COMMUNITY IN THE TRADITION OF THE HOSPITAL SISTERS OF ST FRANCIS AS A HEALING MINISTRY OF THE CATHOLIC CHURCH AND AN AFFILIATE OF THE HOSPI TAL SISTERS HEALTH SYSTEM (HSHS), ST MARY'S IS COMMITTED TO DELIVERING HIGH QUALITY, COMP ASSIONATE, AND COST-EFFECTIVE HEALTH CARE SERVICES TO ALL THE HOSPITAL WAS FOUNDED OVER 1 35 YEARS AGO TO BRING A HEALING PRESENCE AND IMPROVE THE HEALTH OF OUR COMMUNITY, ESPECIAL LY FOR PEOPLE WHO ARE SICK, POOR, AND DISADVANTAGED BECAUSE OF THE HOSPITAL'S PURPOSE AND TRADITION, IT IS ORGANIZED TO PROMOTE THE HEALTH OF MACON COUNTY AND SURROUNDING AREAS T HE HOSPITAL IS GOVERNED BY A BOARD OF DIRECTORS, THE MAJORITY OF WHOM RESIDE IN THE ORGANI ZATION'S PRIMARY SERVICE AREA AND WHO ARE NEITHER EMPLOYEES NOR CONTRACTORS OF THE HOSPITA L (NOR FAMILY MEMBERS THEREOF) THE BOARD ENSURES THAT ST MARY'S HOSPITAL IS RESPONDING T O COMMUNITY NEED DURING 2012, FOR EXAMPLE, THE BOARD REVIEWED THE COMMUNITY HEALTH NEEDS ASSESSMENT AND APPROVED AN IMPLEMENTATION STRATEGY FOR ADDRESSING SELECTED NEEDS ALSO CON SISTENT WITH ITS EXEMPT PURPOSE, ST MARY'S HAS AN OPEN MEDICAL STAFF WITH PRIVILEGES AVAI LABLE TO ALL QUALIFIED PHYSICIANS IN THE AREA IN ADDITION, THE HOSPITAL OPERATES AN EMERG ENCY DEPARTMENT THAT IS OPEN 24 HOURS/DAY TO ALL PERSONS REGARDLESS OF THEIR ABILITY TO PA Y AS A NOT-FOR-PROFIT HOSPITAL, ST MARY'S REINVESTS SURPLUS FUNDS INTO THE MISSION OF TH E ORGANIZATION AND HEALTH OF THE COMMUNITY RATHER THAN DISTRIBUTING THEM AS PROFITS TO SHA REHOLDERS OR INDIVIDUALS FUNDS NOT COMMITTED TO ONGOING OPERATIONS ARE GENERALLY USED TO UPGRADE FACILITIES, SECURE NEW TECHNOLOGIES, IMPROVE PATIENT CARE, AND SUPPORT INITIATIVES DESIGNED TO PROMOTE HEALTH AND ENSURE ACCESS FOR ALL FOR EXAMPLE, ST MARY'S IS CURRENTL Y WORKING WITH ITS PARENT ORGANIZATION, HOSPITAL SISTERS HEALTH SYSTEM, TO CONTINUOUSLY EN HANCE QUALITY AND IMPROVE COORDINATION OF CARE BOTH INSIDE THE HOSPITAL AND WITH A GROWING NUMBER OF PHYSICIAN PARTNERS SUPPORTED BY INVESTMENTS IN INFORMATION TECHNOLOGY, THIS "C ARE INTEGRATION" STRATEGY IS DESIGNED TO BETTER COORDINATE CARE, IMPROVE HEALTH OUTCOMES, CREATE NEW EFFICIENCIES, AND HELP ENSURE THAT PATIENTS (ESPECIALLY THOSE WITH CHRONIC COND ITIONS) GET WELL AND STAY WELL ST MARY'S ALSO DEVOTES SIGNIFICANT RESOURCES TO ACCESS FO R PATIENTS WHO CANNOT AFFORD CARE, ALONG WITH OTHER COMMUNITY BENEFITS IN FY2014, ST MAR Y'S PROVIDED OVER \$14 MILLION IN COMMUNITY BENEFIT SERVICES, INCLUDING CHARITY CARE AT COS T, UNPAID COSTS OF MEDICAID AND OTHER PUBLIC PROGRAMS, AND A RANGE OF DIVERSE PROGRAMS DES IGNED TO ENHANCE ACCESS AND IMPROVE COMMUNITY HEALTH ADDITIONALLY, DURING THIS PERIOD, ST MARY'S PROVIDED OVER \$61 MILLION (AT COST) IN EXCESS OF MEDICARE PAYMENT FOR HEALTH CARE SERVICES ST MARY'S HOSPITAL PROVIDES A RANGE OF COMMUNITY BENEFITS WHICH FLOWS FROM OUR MISSION AND LONG-STANDING COMMITMENT TO OUR COMMUNITY IN MANY CASES, THESE PROGRAMS WOULD BE UNLIKELY TO EXIST WITHOUT THE LEADERSHIP ROLE PLAYED BY ST MARY'S, AND THEY OFTEN RE LIEVE A BURDEN THAT WOULD OTHERWISE BE CARRIED BY GOVERNMENT IN FY2014, MANY COMMUNITY BE NEFIT ACTIVITIES WERE CONTINUED OR STRENGTHENED AS ST MARY'S FOCUSED ON THE PRIORITY NEED S IDENTIFIED IN THE FY2012 COMMUNITY HEALTH NEEDS ASSESSMENT PROCESS, AS OUTLINED IN A BOA RD-APPROVED IMPLEMENTATION STRATEGY THE CHNA PRESENTED FOUR DELINEATED AREAS OF FOCUS AC CESS, CARDIOVASCULAR, WOMEN'S HEALTH AND OBESITY WITH OUR CURRENT FOCUS, MANY OF THE 22 P RIORITIZED HEALTH NEEDS WILL INHERENTLY BE ADDRESSED FOR EXAMPLE, FOCUSING ON OBESITY WIL L IMPACT HIGH BLOOD PRESSURE, HIGH CHOLESTEROL, DIABETES AND ASTHMA LISTED BELOW ARE NEW, ENHANCED AND ONGOING PROGRAMS THAT WERE DEVELOPED AND IMPLEMENTED WITHIN EACH AREA OF FOC US ACCESS TO SERVICES MENTAL HEALTH SERVICES ST MARY'S HOSPITAL HAS PARTNERED WITH THE M ACON COUNTY MENTAL HEALTH BOARD, COMMUNITY HEALTH IMPROVEMENT CENTER, DECATUR MEMORIAL HOS PITAL, HERITAGE BEHAVIORAL HEALTH CENTER, MACON COUNTY HEALTH DEPARTMENT AND SIU SCHOOL OF MEDICINE TO CREATE MY HEALTH CARE COORDINATION (MHCC), IN RESPONSE TO A STATE REQUEST FOR INNOVATIVE PROGRAMS TO IMPROVE THE HEALTH CARE TO MEDICAID RESIDENTS ST MARY'S DIRECTOR OF BEHAVIORAL SERVICES SERVES ON THE ADVISORY TEAM FOR THIS PROGRAM, IN WHICH CARE COORDI NATION TEAMS WILL COORDINATE THE HEALTH SERVICES, INCLUDING TRANSPORTATION TO APPOINTMENTS , FOR MEMBERS RECEIVING AID TO THE AGED, BLIND AND DISABLE (AABD) MEDICAID BENEFITS, AT NO COST TO THE INDIVIDUAL THE GOALS OF THIS PROGRAM ARE * TO COORDINATE CARE ACROSS CONTIN UUM BY IDENTIFYING AND SPANNING GAPS IN CARE * TO IDENTIFY AND ADDRESS BARRIERS TO CARE * TO ASSIST INDIVIDUALS IN SELF-MANAGEMENT OF THEIR CHRONIC CONDITIONS BY INCREASING KNOWLED GE OF THEIR CONDITION AND INCORPORATING SELF-MANAGEMENT ACTIVITIES INTO THE DAILY LIVING H ABITS * TO INCREASE ATTENDANCE AT PRIMARY PROVIDER APPOINTMENTS, AND IN TURN REDUCE EMERGE NCY ROOM VISITS AND HOSPITALIZATIONS ANY FUNDS THA

Form and Line Reference	Explanation
Schedule H, Part VI, Line 5, Promotion of community health	T ARE RECEIVED FROM THE PROGRAM ARE REINVESTED TO PROVIDE ADDITIONAL PATIENT CARE THESE FUNDS MAY BE REQUESTED FROM OTHER COMMUNITY AGENCIES AS A GRANT TO ANSWER HEALTH NEEDS IN T HE COMMUNITY PRENATAL CLINIC THE PRENATAL CLINIC SERVES UNINSURED AND UNDERINSURED MOTHER S AND PROVIDES BOTH PRENATAL AND POSTNATAL CARE EACH YEAR,THE CLINIC CARES FOR APPROXIMA TELY 250 WOMEN AND BABIES, WITH AN ESTIMATED 3,500 VISITS THE CLINIC IS UNIQUE IN THAT EA CH WOMAN HAS HER OWN PHYSICIAN, ENSURING COMPREHENSIVE AND CONSISTENT PRENATAL CARE IN AD DITION, COMMUNITY RESOURCES ARE INVITED TO PARTICIPATE IN THE CLINIC, GIVING PATIENTS FULL EXPOSURE TO OPTIONS AVAILABLE TO THEM ADULT DAY SERVICES THE ORGANIZATION OPERATES AN AD ULT DAY CARE PROGRAM FOR ADULTS UNABLE TO COMPLETELY CARE FOR THEMSELVES AND WHO DO NOT HA VE HOME ASSISTANCE DURING THE DAY THIS PROGRAM, THE ONLY ONE OF ITS KIND IN DECATUR, PROV IDES A SAFE, CARING ENVIRONMENT FOR PARTICIPANTS, WHILE PROVIDING RESPITE FOR CAREGIVERS LAKESHORE CONNECTION KEEPING SENIORS IN A HEALTHY STATE OF MIND ONE OF THE DEFINING CHARA CTERISTICS OF ST MARY'S HOSPITAL IS ITS EMPHASIS ON HOLISTIC CARE-SERVING THE PHYSICAL, S PIRITUAL AND EMOTIONAL NEEDS OF THE DECATUR COMMUNITY RECENT RESEARCH INDICATES THAT 80 P ERCENT OF PEOPLE OVER 55 ARE CONCERNED ABOUT THEIR HEALTH AND WELL-BEING, AND WITH MORE TH AN 25 PERCENT OF THE DECATUR COMMUNITY OVER THE AGE OF 55, ST MARY'S IS CHALLENGED TO FIN D INNOVATIVE WAYS TO MEET THOSE NEEDS ENTER LAKESHORE CONNECTION, ST MARY'S CLUB FOR PEO PLE AGE 55 AND OLDER LAKESHORE CONNECTION IS DESIGNED TO SERVE THE PHYSICAL AND EMOTIONAL NEEDS OF SENIORS IN DECATUR WITH THE UNDERSTANDING THAT SOCIAL ISOLATION IS COMMON AMONG THE ELDERLY AND THAT IT NEGATIVELY IMPACTS HEALTH, LAKESHORE CONNECTION PROVIDES MEMBERS WITH A COMBINATION OF HEALTH EDUCATION AND SOCIAL CONNECTIONS TO HELP THEM LIVE HEALTHY, A CTIVE LIVES FOR YEARS TO COME THE CLUB BEGAN IN 2007, AND HAS GROWN IN MEMBERSHIP EACH YE AR SINCE THERE ARE MORE THAN 1,800 MEMBERS FOR A SMALL ONE-TIME FEE, MEMBERS HAVE ACCESS TO A WEALTH OF PROGRAMS ONE OF THE MOST POPULAR OFFERINGS IS THE MONTHLY LUNCH AND LEARN SERIES EACH MONTH, AN EXPERT SPEAKS TO THE CLUB REGARDING A HEALTH TOPIC RELEVANT TO SEN IORS AND TAKES QUESTIONS FROM THE GROUP RECENT EVENTS HAVE FEATURED EXPERTS IN DIABETES, HEART HEALTH, BONE HEALTH AND ALZHEIMER'S WITH ATTENDANCE AVERAGING APPROXIMATELY 200 MEMB ERS LUNCH AND LEARNS ARE A WAY TO IMPROVE SENIORS' KNOWLEDGE OF HEALTH TOPICS WHILE ALSO NURTURING FRIENDSHIPS ESTABLISHED AMONG THE MEMBERS IN FY2014, ST MARY'S HOSPITAL EXPAND ED LUNCH AND LEARNS TO PROVIDE ADDITIONAL EDUCATION AND SOCIALIZATION OPPORTUNITIES FOR SE NIORS NEW PROGRAM TO IMPROVE ACCESS TO HEALTHCARE/MENTAL HEALTH SERVICES ST MARY'S BEHAV IORAL HEALTH IS COLLABORATING WITH THE MACON COUNTY MENTAL HEALTH BOARD AND OTHER COMMUNIT Y HEALTH PROVIDERS TO ESTABLISH THE MY HEALTH CARE COORDINATION THIS IS AN INTEGRATED CAR E DELIVERY SYSTEM IN WHICH PROVIDERS OF CARE PARTICIPATE IN AND ARE RESPONSIBLE FOR ARRANG ING FOR A MAJORITY OF CARE AROUND THE PATIENTS' NEEDS, INCLUDING A MEDICAL HOME WITH PRIMA RY CARE PROVIDER BY INCREASING SERVICES AVAILABLE FROM EACH PROVIDER, THE NUMBER OF APPOI NTMENTS THAT REQUIRE PLANNING AND TRANSPORTATION IS REDUCED, THEREBY INCREASING THE ACCESS TO ALL HEALTH SERVICES THE MACON COUNTY CARE COORDINATION PROGRAM BENEFITTED APPROXIMATE LY 700 INDIVIDUALS IN FY2014 CARDIOVASCULAR HEALTH HEART HEALTH IS AFFECTED BY SEVERAL CO NDITIONS THAT WERE IDENTIFIED AS PREVALENT IN OUR COMMUNITY, SUCH AS OBESITY, DIABETES, AN D HIGH BLOOD PRESSURE ST MARY'S HOSPITAL WILL CONTINUE TO BE HEAVILY INVOLVED IN HEALTH FAIRS AND OFFERING SCREENINGS FOR MONITORING AND EARLY DETECTION ST MARY'S PARTICIPATES ANNUALLY IN THE GO RED FOR WOMEN CAMPAIGN, AND WE OFFER FREE COMMUNITY PROGRAMS REGULARLY THAT INCLUDE TOPICS ON HEART HEALTH, WITH SOME FOCUSING ON HEART HEALTH FOR WOMEN

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 5, PROMOTION OF COMMUNITY HEALTH (CONTINUED)	WOMEN'S HEALTH THROUGH OUR BABY-FRIENDLY INITIATIVE, ST MARY'S HOSPITAL AIMS TO IMPROVE T HE CARE OF PREGNANT MOTHERS AND NEWBORNS BY PROTECTING, PROMOTING AND SUPPORTING BREASTFEE DING STUDIES HAVE SHOWN THAT BREASTFED BABIES ARE LESS LIKELY TO SUFFER FROM SERIOUS ILLN ESSES AND AS ADULTS, ARE LESS LIKELY TO DEVELOP RISK FACTORS FOR HEART DISEASE SUCH AS OBE SITY AND HIGH BLOOD PRESSURE BENEFITS FOR MOTHERS ARE A LOWER RISK OF DEVELOPING BREAST O R OVARIAN CANCER FREE COMMUNITY EDUCATION HELPS RAISE AWARENESS ABOUT THIS NATURAL, PREVE NTATIVE WAY TO PROMOTE THE HEALTH OF FUTURE GENERATIONS NEW PROGRAMS TO ENHANCE CANCER SU PPORT FOR WOMEN THROUGH OUR SUPPORT AND PARTICIPATION IN THE COME TOGETHER LET'S WALK EVEN T, ST MARY'S WAS AWARDED FUNDS RAISED AT THIS EVENT FOR EXPANDED PROGRAMS IN CANCER DIAGN OSIS AND/OR TREATMENT WITH THE HIGH INSTANCES OF BREAST, CERVICAL, AND OVARIAN CANCER IN OUR AREA, WE PLAN TO FOCUS THESE FUNDS ON WOMEN'S HEALTH OBESITY OBESITY PREVENTION COALITION ST MARY'S STAFF PARTICIPATES ON THE LOCAL OBESITY PREVENTION COALITION TO HELP RAISE AWARENESS AND TAKE ACTION IN LOWERING THE NUMBER OF ILLINOISANS THAT ARE CONSIDERED OBESE LAUNCHED IN 2008 THROUGH A GRANT FROM THE AMERICAN ACADEMY OF PEDIATRICS, THE OBESITY PR EVENTION COALITION (OPC) FOCUSES ON THE ISSUE OF CHILDHOOD OBESITY IN MACON COUNTY THE MI SSION OF THE OPC IS TO DECREASE AND PREVENT OBESITY IN BOTH CHILDREN AND ADULTS THROUGHOUT MACON COUNTY OBESITY HAS REACHED EPIDEMIC PROPORTIONS IN ILLINOIS ONE IN FIVE CHILDREN ARE OBESE, THE FOURTH WORST RATE IN THE NATION GIVEN THAT OBESITY AND BEING OVERWEIGHT AR E PRIMARY DETERMINANTS OF CARDIOVASCULAR DISEASES, CANCER, RESPIRATORY DISEASES, AND DIABE TES - ALREADY LEADING CAUSES OF DEATH IN ILLINOIS - THE IMPLICATIONS OF THIS EPIDEMIC FOR THE HEALTH OF OUR STATE ARE STAGGERING LEARN MORE BREATHE BETTER DECATUR HEALTH COALITION ST MARY'S HOSPITAL PARTNERS WITH LOCAL PROVIDERS TO PROMOTE THE LEARN MORE BREATHE BETT ER CAMPAIGN, IN COORDINATION WITH THE NATIONAL HEART, LUNG AND BLOOD INSTITUTE (NHLBI), TO EDUCATE THE COMMUNITY ABOUT COPD AND OTHER BREATHING ISSUES, AND TO PROMOTE BEHAVIORS THA T IMPROVE HEALTH ST MARY'S MODEL FOR COPD CORE MEASURES WAS SHARED AT NATIONAL BEST-PRAC TICE SEMINARS IN ORDER TO BENEFIT OTHER COMMUNITIES AS WELL CAMP CONNECTIONS NUTRITION FA IR FOR AT-RISK DECATUR PUBLIC SCHOOL STUDENTS A NUTRITION FAIR, DESIGNED AND FACILITATED BY ST MARY'S DIETICIANS, SERVED 480 STUDENTS IN GRADES KINDERGARTEN-3RD IN DECATUR PUBLIC SCHOOL DISTRICT 61 CAMP CONNECTIONS PROGRAM STUDENTS FROM FIVE SCHOOLS WILL BE INVITED TO PARTICIPATE IN THIS FUN HEALTH EDUCATION THE FAIR WILL CONSIST OF 5 MANNED STATIONS REPR ESENTING THE 5 FOOD GROUPS WITH SAMPLES, EXAMPLES, AND COMPARISONS OF HEALTHY VS UNHEALTH Y CHOICES THIS ALIGNS WITH THE EDUCATION EFFORTS OF THE OBESITY COALITION NEW PROGRAMS T O ADDRESS OBESITY BOYS & GIRLS CLUB HEALTH & WELLNESS EDUCATION PROGRAM ST MARY'S HOSPITA L COLLABORATED WITH THE BOYS & GIRLS CLUB OF DECATUR TO SPONSOR A HEALTH AND WELLNESS EDUC ATION PROGRAM IN THE SPRING OF 2014 IN ADDITION TO IN-KIND SUPPORT THROUGH EDUCATION FROM A DIETITIAN, ST MARY'S HOSPITAL CONTRIBUTED \$5,000 TO THE PROGRAM AND LEVERAGED ANOTHER \$5,000 OF SUPPORT FROM ARCHER DANIELS MIDLAND COMPANY THE HEALTHY LIFESTYLE PROGRAM PROVID ED EDUCATION TO ADOPT A HEALTHY DIET, MAKE HEALTHY LIFESTYLE CHOICES AND TO DEVELOP A LIF ELONG COMMITMENT TO FITNESS OBESITY HAS A DIRECT INFLUENCE ON A CHILD'S QUALITY OF LIFE A ND AFFECTS THEIR PHYSICAL, SOCIAL AND PSYCHOLOGICAL FUNCTIONING THE PROGRAM OFFERS MEMBER S THE OPPORTUNITY TO INCREASE THEIR SELF-ESTEEM WHILE ADAPTING TO HEALTHY LIFESTYLE CHANGE S THROUGH THE PROGRAM MORE THAN 100 YOUTH, BETWEEN THE AGES OF SEVEN AND 18 YEARS OF AGE, RECEIVED THE TOOLS NEEDED TO MAKE GOOD CHOICES THAT POSITIVELY INFLUENCE THEIR WELL-BEING AND ENCOURAGE THEIR ENTIRE FAMILY TO ADOPT HEALTHY LIFESTYLE CHOICES EACH PARTICIPANT CO MPLETED INDIVIDUAL FITNESS PLANS AND START A FITNESS REGIMEN THE BOYS & GIRLS CLUB COLLEC TED DATA TO TRACK PARTICIPATION AND PROGRESS IN THE PROGRAM THE CLUB ALSO SET GOALS AND E VALUATED PROGRESS AT THE END OF THE PROGRAM THE PROGRAM PROVIDED HEALTHY LIFESTYLE PARTIC IPANTS A BETTER UNDERSTANDING OF HEALTHY FOOD CHOICES AND PHYSICAL ACTIVITY, AND IMPROVED COGNITION, IMPROVED DECISION-MAKING, OR PHYSICAL BENEFITS (NORMAL BMI AND IMPROVED WEIGHT MANAGEMENT) ENROLLMENT OUTREACH AND ASSISTANCE IN FY2014, HOSPITAL SISTERS HEALTH SYSTEM (HSHS) AND OUR 13 LOCAL SYSTEMS INVESTED A CONSIDERABLE AMOUNT OF COMMUNITY BENEFIT RESOUR CES IN ORDER TO EDUCATE THE UNINSURED ABOUT HISTORIC NEW OPPORTUNITIES TO ENROLL IN AFFORD ABLE HEALTH INSURANCE COVERAGE AND TO FACILITATE THE ENROLLMENT PROCESS BETWEEN OCTOBER 1 , 2013 AND MARCH 31, 2014, STATE-BASED INSURANCE EXCHANGES BEGAN A SIX-MONTH OPEN ENROLLME NT PERIOD THAT GAVE MILLIONS OF AMERICANS ACCESS TO HEALTH INSURANCE COVERAGE ST MARY'S HOSPITAL PLAYED A VITAL ROLE IN EDUCATING ELIGIBLE

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 5, PROMOTION OF COMMUNITY HEALTH (CONTINUED)	PEOPLE IN THEIR LOCAL COMMUNITIES, IN REFERRING THEM TO CERTIFIED APPLICATION COUNSELORS AND/OR IN ENROLLING THEM IN THE HEALTH INSURANCE EXCHANGES OR IN SECURING COVERAGE THROUGH MEDICAID EXPANSION MEDICAID EXPANSION IS A KEY PART OF THE REFORM LAW'S STRATEGY TO PROVIDE HEALTH COVERAGE FOR MANY OF THE NATION'S UNINSURED OF THE EIGHT STATES WITH THE HIGHEST CONCENTRATION OF UNINSURED, ILLINOIS WAS AMONG 25 STATES THAT MOVED TOWARD MEDICAID EXPANSION UNDER THE AFFORDABLE CARE ACT ST MARY'S ENROLLMENT OUTREACH AND ASSISTANCE INCLUDED PRINT AND ELECTRONIC EDUCATIONAL MATERIALS TO INTERNAL AND EXTERNAL AUDIENCES, PRINT ADS, NEWSPAPER BANNER ADS, AND FLYERS IN NEWSPAPERS THE HOSPITAL ALSO PARTNERED WITH THE LOCAL HEALTH DEPARTMENT TO HOST ENROLLMENT EVENTS WITH MCHD CACS OTHER COMMUNITY SUPPORT PROVIDED BY ST MARY'S HOSPITAL THE HOSPITAL'S SUPPORT GROUPS OFFER PATIENTS, THEIR FAMILIES, AND MEMBERS OF THE COMMUNITY THE OPPORTUNITY TO LEARN MORE ABOUT THEIR HEALTH AND HAVE THEIR VOICES HEARD SOME OF THE GROUPS THAT THE HOSPITAL FACILITATES ARE STROKE SUPPORT, WIDOW SUPPORT AND BREATH OF LIFE CLUB A NUMBER OF BENEFITS ARE ASSOCIATED WITH PARTICIPATING IN PROGRAMS OFFERED FOR EXAMPLE, PARTICIPATING IN SUPPORT GROUPS CAN DECREASE PSYCHOLOGICAL DISTRESS AND ELEVATE A PARTICIPANT'S MOOD PARTICIPANTS EXCHANGE INFORMATION AND EXPERIENCE EMOTIONAL CONNECTIONS THROUGH THEIR INTERACTION AND PARTICIPATION THE HOSPITAL RETAINS A HIGHLY CREDENTIALED PASTORAL CARE STAFF, WHO CONDUCT AND ASSIST IN COORDINATING VARIOUS SUPPORT GROUPS FOR PATIENTS AND MEMBERS OF THE COMMUNITY, SUCH AS GRIEF SUPPORT THE ORGANIZATION PROVIDES EMERGENCY CARE TO MEMBERS OF THE COMMUNITY THROUGH THE EMERGENCY DEPARTMENT, WHICH IS OPERATIONAL SEVEN DAYS PER WEEK, TWENTY-FOUR HOURS PER DAY CARE IS PROVIDED TO ALL PATIENTS, REGARDLESS OF ABILITY TO PAY ST MARY'S HOSPITAL MAINTAINS AN OPEN MEDICAL STAFF WHEN A COMMUNITY NEED IS IDENTIFIED IN TERMS OF MEDICAL STAFF COVERAGE, THE HOSPITAL ACTIVELY RECRUITS MEDICAL STAFF TO FULFILL THAT NEED EMPLOYEES, VOLUNTEERS, BOARD MEMBERS AND MEDICAL STAFF PARTICIPATE IN CHARITABLE ACTIVITIES IN THE COMMUNITY THAT REFLECT THE HOSPITAL'S COMMITMENT TO THE UNDERSERVED THEY CONTRIBUTE BOTH FINANCIAL SUPPORT AND THEIR TIME TO WORTHY NON-PROFIT HEALTH-RELATED ORGANIZATIONS IN THE COMMUNITY, INCLUDING THE AMERICAN HEART ASSOCIATION, AMERICAN CANCER SOCIETY, AMERICAN RED CROSS, EASTER SEALS, AND THE ALZHEIMER'S ASSOCIATION THEY PARTICIPATE WITH ORGANIZATIONS SUCH AS UNITED WAY TO ASSIST IN WORTHWHILE COMMUNITY ACTIVITIES TIME AND EXPERTISE IS ALSO PROVIDED TO VARIOUS ORGANIZATIONS BY SERVING ON THEIR BOARDS OR RELATED COMMITTEES - EXAMPLES INCLUDE THE ORGANIZATIONS ALREADY MENTIONED IN THIS PARAGRAPH, AS WELL AS CATHOLIC CHARITIES, HERITAGE BEHAVIORAL HEALTH CENTER, MACON COUNTY BOARD OF HEALTH, CHAMBER OF COMMERCE BOARD, THE OASIS CENTER (A HOMELESS SHELTER), DECATUR TECH ACADEMY (PART OF DECATUR PUBLIC SCHOOLS ADULT EDUCATION PROGRAM), AND RICHLAND COMMUNITY COLLEGE COMMUNITY HEALTH EDUCATION MONTHLY HEALTH AND WELLNESS EDUCATION THE HOSPITAL COLLABORATES WITH MEMBERS OF THE MEDICAL STAFF AND OTHER PROFESSIONALS TO PROVIDE SESSIONS ON IMPORTANT HEALTH TOPICS TO MEMBERS OF THE COMMUNITY FREE, ACCESSIBLE MONTHLY EDUCATIONAL SESSIONS AND HEALTH SCREENINGS ARE OFFERED AT THE LOCAL LIBRARY ON A VARIETY OF TOPICS INCLUDING CANCER AWARENESS, HEART DISEASE, HIGH BLOOD PRESSURE, ORTHOPEDIC INJURIES, ALZHEIMER'S, DEPRESSION, HEALTHY EATING & COOKING, AND STROKE EDUCATIONAL TOPICS AND DISCUSSIONS ARE ALSO OFFERED TO THE COMMUNITY THROUGH THE HOSPITAL'S PARTICIPATION ON A LOCAL RADIO SHOW, "PHARMACY FACTS WITH FRIENDS "

Form and Line Reference	Explanation
Schedule H, Part VI, Line 6, Affiliated health care system	ST MARY'S HOSPITAL IN DECATUR IS AN AFFILIATE OF HOSPITAL SISTERS HEALTH SYSTEM (HSHS), A HEALTH CARE MINISTRY THAT INCLUDES 13 HOSPITALS, NUMEROUS COMMUNITY-BASED HEALTH CENTERS AND CLINICS, AND HUNDREDS OF PHYSICIAN PARTNERS ACROSS ILLINOIS AND WISCONSIN THE MISSION OF HSHS IS "TO REVEAL AND EMBODY CHRIST'S HEALING LOVE FOR ALL PEOPLE THROUGH OUR HIGH QU ALITY FRANCISCAN HEALTH CARE MINISTRY " WE LIVE OUR MISSION BY PROVIDING HOLISTIC HEALING TO ALL WHO SEEK OUR CARE, AS WELL AS THROUGH COMMUNITY BENEFIT WORKING COLLABORATIVELY WI TH OTHERS IN THE COMMUNITIES WE SERVE, OUR COMMUNITY BENEFIT INITIATIVES ARE STRATEGICALLY AND SUCCESSFULLY EXPANDING ACCESS TO CARE, IMPROVING THE HEALTH STATUS OF RESIDENTS, AND FURTHERING MEDICAL EDUCATION AND KNOWLEDGE IN FY2014, OUR 13 HOSPITALS RESPONDED TO NEEDS IDENTIFIED IN EACH OF THEIR COMMUNITY HEALTH NEEDS ASSESSMENTS (CHNAS) COMPLETED IN FY201 2 THE INFORMATION GATHERED FROM THESE ASSESSMENTS WAS USED TO DEVELOP NEW AND ENHANCE EXI STING COMMUNITY BENEFIT PROGRAMS AND SERVICES THAT BEST ADDRESSED COMMUNITY NEEDS INCLUDE D AMONG THE MANY PRIORITY NEEDS IDENTIFIED IN OUR CHNAS WERE CHRONIC DISEASE PREVENTION AN D MANAGEMENT, OBESITY, ADEQUATE FOOD AND NUTRITION, MENTAL HEALTH, AND ACCESS TO HEALTH CA RE SERVICES HSHS HOSPITALS ARE PROACTIVELY ADDRESSING THESE AND OTHER NEEDS THROUGH PATIE NT, PROVIDER AND COMMUNITY EDUCATION, PREVENTATIVE SCREENINGS, SELF-MANAGEMENT CLASSES, AN D NEW OR ENHANCED CLINICAL SERVICES ACROSS HSHS, WE COLLECTIVELY PROVIDED \$174 0 MILLION IN COMMUNITY BENEFIT (OR 9 3% OF TOTAL HOSPITAL EXPENSES) IN FY2014 INCLUDED IN THIS AMOU NT WAS \$39 9 MILLION PROVIDED FOR FINANCIAL ASSISTANCE (I E CHARITY CARE) AND \$95 8 MILLI ON FOR UNREIMBURSED CARE PROVIDED UNDER THE MEDICAID PROGRAM IN ADDITION, HSHS HOSPITALS COMMITTED SIGNIFICANT RESOURCES TO CARE FOR MEDICARE PATIENTS THE COST OF PROVIDING SERVI CES TO PRIMARILY ELDERLY BENEFICIARIES OF THE MEDICARE PROGRAM - IN EXCESS OF GOVERNMENTAL AND MANAGED CARE CONTRACT PAYMENTS - WAS \$175 2 MILLION HSHS HOSPITALS ALSO RECORDED \$94 2 MILLION IN UNCOLLECTIBLE ACCOUNTS WHILE THE LATTER TWO AMOUNTS ARE NOT COUNTED AS COMM UNITY BENEFIT, THEY NONETHELESS REFLECT OUR COMMITMENT TO ALL PERSONS IN NEED OF CARE IN ADDITION TO THE DOLLARS INVESTED IN OUR COMMUNITY BENEFIT PROGRAMS, HSHS ALSO CONTINUES TO REINVEST ANY SURPLUS REVENUE FROM OPERATIONS AND INVESTMENTS INTO NEW MEDICAL TECHNOLOGY, FACILITY INFRASTRUCTURE AND HEALTH CARE SERVICES IN OUR COMMUNITIES BY DOING SO, WE ENSU RE WE ARE ABLE TO MEET THE ONGOING DEMAND FOR HIGH QUALITY, EFFICIENT AND EASILY ACCESSIBL E HEALTH CARE RECOGNIZING THAT THE HEALTH CARE DELIVERY MODEL IN THE UNITED STATES IS EVO LVING, HSHS REMAINS FOCUSED ON IMPLEMENTING OUR CARE INTEGRATION STRATEGY CARE INTEGRATIO N COORDINATES THE DELIVERY OF CARE AROUND THE NEEDS OF EACH PATIENT DURING FY2014, WE MAD E SIGNIFICANT PROGRESS WITH THIS STRATEGY AS WE FURTHER IMPLEMENTED INTEROPERABLE HEALTH I NFORMATION TECHNOLOGIES, EXPANDED THE NUMBER OF MEDICAL HOMES, AND STRENGTHENED OUR ALIGNM ENT WITH PHYSICIANS GREATER ACCESS TO CARE AS A FRANCISCAN HEALTH CARE MINISTRY, HSHS IS DEEPLY COMMITTED TO SERVING THOSE WHO ARE MOST IN NEED WE NOT ONLY PROVIDE CARE TO EVERY PATIENT WHO WALKS THROUGH OUR DOORS, BUT ALSO REACH OUT BEYOND THE WALLS OF OUR HOSPITALS AND CLINICS TO CARE FOR THOSE IN OUR COMMUNITIES OUR EFFORTS TO ENSURE RESIDENTS IN THE C OMMUNITIES WE SERVE RECEIVE THE RIGHT CARE AT THE RIGHT TIME IN THE RIGHT SETTING OFTEN INVOLVE PARTNERING WITH OTHERS TO ACHIEVE THIS GOAL ACROSS OUR TWO-STATE SYSTEM, THERE ARE NUMEROUS EXAMPLES OF HSHS COLLABORATING WITH OTHER ORGANIZATIONS TO ENHANCE ACCESS TO CARE FOR THOSE IN NEED IN FY2014, HSHS AND OUR 13 HOSPITALS INVESTED A CONSIDERABLE AMOUNT OF COMMUNITY BENEFIT RESOURCES TO EDUCATE THE UNINSURED ABOUT HISTORIC NEW OPPORTUNITIES TO ENROLL IN AFFORDABLE HEALTH CARE COVERAGE AND TO FACILITATE THE ENROLLMENT PROCESS STUDIE S HAVE SHOWN THAT PEOPLE WITHOUT INSURANCE COVERAGE ARE MORE LIKELY THAN THEIR INSURED COU NTERPARTS TO POSTPONE CARE AND TO DEVELOP MORE SEVERE AND EXPENSIVE CONDITIONS IT IS FOR THIS REASON THAT THE CATHOLIC CHURCH, CATHOLIC HEALTH CARE AND HSHS HAVE LONG PROMOTED "CO VERAGE AND ACCESS FOR ALL " HSHS AND OUR 13 HOSPITALS IN PARTNERSHIP WITH LOCAL HEALTH DEP ARTMENTS, SOCIAL SERVICE AGENCIES AND OTHER HEALTH CARE PROVIDERS PLAYED A VITAL ROLE IN E DUCATING ELIGIBLE PEOPLE IN THEIR LOCAL COMMUNITIES, IN REFERRING PEOPLE TO CERTIFIED APPL ICATION COUNSELORS AND/OR IN ENROLLING THEM IN THE HEALTH INSURANCE EXCHANGES OR IN SECURI NG COVERAGE THROUGH MEDICAID EXPANSION OF THE EIGHT STATES WITH THE HIGHEST CONCENTRATION OF UNINSURED, ILLINOIS WAS AMONG 25 STATES THAT MOVED TOWARD MEDICAID EXPANSION UNDER THE AFFORDABLE CARE ACT WITH THE SUPPORT OF ST MARY'S HOSPITAL MEDICAL CENTER AND ST VINCE NT HOSPITAL IN GREEN BAY, WISCONSIN, THE NEW COMMUNITY CLINIC DENTAL PROGRAM ON THE CAMPUS OF NORTHEAST WISCONSIN (NEW) TECHNICAL COLLEGE WA

Form and Line Reference	Explanation
Schedule H, Part VI, Line 6, Affiliated health care system	S ABLE TO PURCHASE EQUIPMENT TO ENABLE LOCAL ORAL SURGEONS TO PROVIDE CARE (ON A VOLUNTEER BASIS) AT THE CLINIC - THE SITE THAT ST MARY'S AND ST VINCENT HOSPITALS HELPED TO ESTAB LISH IN 2013 ANNUALLY, THE CLINIC PROVIDES DENTAL SERVICES TO APPROXIMATELY 6,000 LOW-INC OME AND UNINSURED PERSONS INCLUDING THE HOMELESS IN BROWN COUNTY ST FRANCIS HOSPITAL IN LITCHFIELD, ILLINOIS PARTNERED WITH LEWIS & CLARK COMMUNITY COLLEGE AND LOCAL DENTAL PROVI DERS TO BRING THE COLLEGE'S MOBILE DENTAL HEALTH UNIT TO THE LITCHFIELD AREA, THE UNIT PRO VIDES EXAMS AND SCREENINGS, X-RAYS AND HYGIENE TO THOSE IN NEED IN WESTERN WISCONSIN, A P ARTNERSHIP BETWEEN ST JOSEPH'S HOSPITAL IN CHIPPEWA FALLS, THE CHIPPEWA HEALTH IMPROVEMEN T PARTNERSHIP (CHIP), LE PHILLIPS-LIBERTAS TREATMENT CENTER AND THE OPEN DOOR CLINIC (A FR EE CLINIC SUPPORTED BY ST JOSEPH'S HOSPITAL AND CHIP) WAS DEVELOPED IN FY2014 TO PROVIDE FREE BEHAVIORAL HEALTH SERVICES TO ELIGIBLE PATIENTS OF THE OPEN DOOR CLINIC THIS INITIAT IVE IS IN DIRECT RESPONSE TO THE IDENTIFIED NEED TO PROVIDE BETTER ACCESS TO MENTAL HEALTH SERVICES FOR THOSE WITHOUT INSURANCE COVERAGE IN FY2014, 105 REFERRALS WERE MADE FROM TH E OPEN DOOR CLINIC TO LE PHILLIPS-LIBERTAS TREATMENT CENTER IN TOTAL, 950 VISITS WERE PRO VIDED TO REFERRED PATIENTS INCLUDING INITIAL INTAKE AND FOLLOW UP THERAPY SESSIONS - MENTA L HEALTH SERVICES THAT WOULD NOT HAVE BEEN RECEIVED HAD THE PROGRAM NOT BEEN DEVELOPED AND IMPLEMENTED IN SOUTHEAST ILLINOIS, AREA RESIDENTS CAN GET HELP FILLING A PRESCRIPTION TH ROUGH THE LONG-TERM COLLABORATION BETWEEN ST ANTHONY'S MEMORIAL HOSPITAL IN EFFINGHAM AND CATHOLIC CHARITIES IN FY2014, ST ANTHONY'S HELPED UNDERWRITE THE COST OF PRESCRIPTION M EDICATIONS FOR 311 RESIDENTS, A 10% INCREASE OVER FY2013 ST ANTHONY'S AND CATHOLIC CHARI TIES BELIEVE THAT NO ONE SHOULD BE WITHOUT PRESCRIBED MEDICATIONS BECAUSE OF INABILITY TO PAY IN SOUTHWEST ILLINOIS, ST JOSEPH'S HOSPITAL IN HIGHLAND ENHANCED THEIR OFFERINGS TO THEIR SENIOR POPULATION BASED ON THEIR CHNA "SENIOR RENEWAL" IS AN OUTPATIENT COUNSELING PROGRAM FOR SENIOR ADULTS WHO MAY BE FACING EMOTIONAL AND PHYSICAL PROBLEMS UNIQUE TO THE AGING PROCESS SUCH AS FEELINGS OF LONELINESS, ISOLATION AND ANXIETY CLIENTS RECEIVE AN IN TENSIVE LEVEL OF TREATMENT WITHOUT INPATIENT HOSPITALIZATION THROUGH COUNSELING STRATEGIES AND EDUCATION IN ADDITION, ST JOSEPH'S HOSPITAL IN COLLABORATION WITH THE ILLINOIS DEPA RTMENT OF INSURANCE PARTICIPATES IN THE SENIOR HEALTH INSURANCE PROGRAM (SHIP), A FREE HEA LTH INSURANCE COUNSELING SERVICE FOR MEDICARE BENEFICIARIES AND THEIR CAREGIVERS IN ADDIT ION TO PROGRAMS DESIGNED TO INCREASE ACCESS TO CARE, HSHS MAKES SURE THAT THOSE WHO NEED F INANCIAL ASSISTANCE RECEIVE IT HSHS'S FINANCIAL ASSISTANCE (CHARITY CARE) POLICY WAS MODI FIED EFFECTIVE JANUARY 1, 2014 TO OFFER A 25% SELF-PAY DISCOUNT TO ALL PATIENTS WHO REGIST ER WITHOUT INSURANCE HSHS FINANCIAL ASSISTANCE PROGRAMS HAVE A SLIDING SCALE, IN SOME INS TANCES PROVIDING UP TO A 55% REDUCTION OFF BILLED CHARGES IF AN UNINSURED PATIENT'S FAMILY INCOME LEVEL IS DETERMINED TO BE ABOVE 500% BUT EQUAL TO OUR LESS THAN 600% OF THE CURREN T FEDERAL POVERTY GUIDELINES ALL CHARGES ARE WAIVED FOR PATIENTS BELOW 200% OF THE FEDERA L POVERTY LEVELS COUNSELORS ARE AVAILABLE IN OUR HOSPITALS TO EXPLAIN OUR FINANCIAL ASSIS TANCE POLICY TO PATIENTS, PROVIDE THEM WITH ASSISTANCE IN FILLING OUT A SIMPLE APPLICATION FORM, OR HELP THEM ENROLL IN PUBLICLY FUNDED HEALTH CARE PROGRAMS

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 6, AFFILIATED HEALTH CARE SYSTEM (CONTINUED)	BETTER COMMUNITY HEALTH AS PART OF OUR MISSION TO EMBODY CHRIST'S HEALING LOVE, WE UNDERSTAND THAT WE HAVE A RESPONSIBILITY TO IMPROVE THE OVERALL QUALITY OF LIFE IN OUR COMMUNITIES BY SUPPORTING INITIATIVES THAT PROMOTE HEALTH AND WELLNESS. WE RECOGNIZE WE ARE MOST SUCCESSFUL WHEN WE WORK TOGETHER WITH A WIDE ARRAY OF PUBLIC AND PRIVATE ORGANIZATIONS THAT SHARE OUR COMMITMENT TO IMPROVING LIVES. BY DOING SO, WE MAXIMIZE OUR EFFORTS AND REDUCE THE DUPLICATION OF SERVICES. HSHS HOSPITALS ALSO UNDERSTAND WE NEED TO LISTEN CLOSELY TO THE RESIDENTS OF THE COMMUNITIES WE SERVE TO ENSURE THE HEALTH CARE NEEDS OF ALL ARE BEING MET. TO THAT END, EACH OF OUR 13 HOSPITALS COMPLETED COMMUNITY HEALTH NEEDS ASSESSMENTS (CHNA) DURING FY2012. THE INFORMATION GATHERED FROM THESE ASSESSMENTS IS BEING USED TO HELP US DEVELOP NEW, AND ENHANCE EXISTING, PROGRAMS AND SERVICES THAT BEST ADDRESS THE NEEDS OF THE COMMUNITY. SEVERAL PRIORITY NEEDS WERE IDENTIFIED IN THE CHNAs INCLUDING METABOLIC AND CARDIOVASCULAR DISEASE MANAGEMENT, ADEQUATE FOOD AND NUTRITION, AND MENTAL HEALTH. HSHS HOSPITALS ARE ADDRESSING THESE AND OTHER NEEDS BY PROACTIVELY OFFERING EDUCATIONAL OPPORTUNITIES, PREVENTATIVE SCREENINGS, AND NEW OR ENHANCED CLINICAL SERVICES. IN MANY CASES, THE HOSPITALS COLLABORATE WITH OTHER COMMUNITY ORGANIZATIONS TO ADDRESS IDENTIFIED NEEDS. IN PARTNERSHIP WITH THE SANGAMON COUNTY HEALTH DEPARTMENT AND LOCAL FARMERS, ST. JOHN'S HOSPITAL IN SPRINGFIELD, ILLINOIS TOOK A LEAD ROLE IN BRINGING A FARMERS MARKET TO THE EAST SIDE OF SPRINGFIELD. THE EAST SIDE FARMERS MARKET (ESFM) ADDRESSES THREE COMMUNITY NEEDS: CHILDHOOD OBESITY, CHILDHOOD POVERTY (26% OF CHILDREN IN SANGAMON COUNTY LIVE IN POVERTY VS. 18% IN THE STATE) AND PROVIDING FRESH PRODUCE TO PERSONS LIVING IN A KNOWN "FOOD DESERT." OVER THE LAST THREE SUMMERS (JUNE - OCTOBER), ESFM HAS SERVED 3,074 FAMILIES. WIC CLIENTS, SENIOR CITIZENS AND DISABLED PERSONS HAVE ESPECIALLY BENEFITED DUE TO ESFM BEING OFFERED ON THE SAME DAY AS WIC EDUCATION CLASSES, AND THE CLOSE PROXIMITY OF PARKING TO VENDORS. IN ADDITION, THE FARMERS CREATED A "DRIVE THROUGH" TO MAKE SHOPPING EASIER FOR SENIORS AND DISABLED PERSONS. ST. MARY'S HOSPITAL IN STREATOR, ILLINOIS TEAMED UP WITH THE STREATOR YMC A TO OFFER A 12-WEEK WEIGHT LOSS PROGRAM - HEALTHY YOU - TO MOTIVATE MORE THAN 300 PARTICIPANTS, 80% OF WHOM WERE RETURNING PARTICIPANTS FROM FY2013, TO LOSE WEIGHT AND MAINTAIN A HEALTHY LIFESTYLE. THE PROGRAM INCLUDED AEROBICS CLASSES, COOKING CLASSES, AND A MAINTENANCE PROGRAM TO ENCOURAGE PARTICIPANTS TO WEIGH IN MONTHLY. SURVEYS WERE COLLECTED AT REGISTRATION TO QUANTIFY PROGRESS FOR REPEAT PARTICIPANTS - 53% STATED THEY WERE ABLE TO MAINTAIN THEIR WEIGHT LOSS AND 74% WERE ABLE TO CONTINUE TO LOSE WEIGHT. IN FY2014, HEALTHY YOU PARTICIPANTS COLLECTIVELY LOST 2,853 POUNDS OR 4.42% OF TOTAL BODY WEIGHT. IN FY2014, ST. MARY'S HOSPITAL IN DECATUR, ILLINOIS PARTNERED WITH LOCAL PROVIDERS TO PROMOTE THE LEARN MORE, BREATHE BETTER CAMPAIGN IN COORDINATION WITH THE NATIONAL HEART, LUNG AND BLOOD INSTITUTE TO EDUCATE THE COMMUNITY ABOUT COPD AND OTHER BREATHING ISSUES AND TO PROMOTE BEHAVIORS THAT IMPROVE HEALTH. BREATHING ISSUES ARE PREVALENT IN THE DECATUR AREA DUE TO THE CONCENTRATION OF MANUFACTURING AND POOR AIR QUALITY. ST. MARY'S HAS RESEARCHED AND COMPILED ADMISSIONS DATA RELATED TO COPD AND HAS INCREASED PATIENT, PROVIDER AND COMMUNITY EDUCATION TO BETTER COORDINATE CARE ACROSS THE CONTINUUM FOR BETTER PATIENT OUTCOMES. IN ADDITION, ST. MARY'S HOSPITAL'S MODEL FOR COPD CORE MEASURES HAS BEEN SHARED AT NATIONAL BEST PRACTICES SEMINARS TO BENEFIT OTHER COMMUNITIES. ACCORDING TO THE NATIONAL ASSESSMENT OF ADULT LITERACY, ONLY 12% OF ADULTS HAVE "PROFICIENT" HEALTH LITERACY, IE NINE OUT OF 10 ADULTS LACK THE SKILLS NEEDED TO MANAGE THEIR HEALTH. HEALTH LITERACY WAS IDENTIFIED IN THE CHNA COMPLETED BY ST. NICHOLAS HOSPITAL IN SHEBOYGAN AND THE DEPARTMENT OF PUBLIC HEALTH IN FY2012. IN TURN, ST. NICHOLAS HOSPITAL SPONSORED A SYMPOSIUM FOR HEALTH CARE PROVIDERS AND SOCIAL SERVICES ORGANIZATIONS AND A COMMUNITY-WIDE CME FOR ALL SHEBOYGAN PHYSICIANS AS WELL AS STAFF TRAINING AS FIRST STEPS IN ADDRESSING THE HEALTH LITERACY NEEDS OF THE SHEBOYGAN COMMUNITY IN FY2013. IN FY2014, THE HEALTHY SHEBOYGAN COUNTY 2020 HEALTH LITERACY COMMITTEE HOSTED FIVE FOCUS GROUPS (HISPANIC, Hmong, LOW-INCOME, SENIOR CITIZENS AND YOUNG ADULTS) AND AN EXECUTIVE BRIEFING FOR HEALTH CARE LEADERS TO SHARE THE RESULTS OF THE COMMUNITY SURVEY AND FOCUS GROUPS. WITH THE SUPPORT OF ST. NICHOLAS HOSPITAL, A HEALTH LITERACY COMMUNITY AWARENESS CAMPAIGN IS BEING DEVELOPED. SACRED HEART HOSPITAL IN EAU CLAIRE, WISCONSIN ADDRESSED THE NEED FOR MENTAL AND BEHAVIORAL HEALTH SERVICES THROUGH THE HEALING PLACE FREE GRIEF AND HOLISTIC SUPPORT SERVICES SUCH AS ONE ON ONE COUNSELING, WORKSHOPS AND PRESENTATIONS ARE PROVIDED FOR INDIVIDUALS AND FAMILIES DEALING WITH LOSS AND MAJOR LIFE TRANSITIONS DUE TO MILITARY SERVICE, ILLNESS, DEATH, DIVORCE.

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 6, AFFILIATED HEALTH CARE SYSTEM (CONTINUED)	CE, ETC EXPANDED MEDICAL KNOWLEDGE HSHS WORKS TO ADVANCE MEDICAL KNOWLEDGE BY SUPPORTING RESEARCH INITIATIVES AND EDUCATIONAL OPPORTUNITIES IN FY2014, HSHS HOSPITALS AND AFFILIATED PHYSICIAN GROUPS CONTRIBUTED MORE THAN \$18.5 MILLION TOWARD RESEARCH AND EDUCATION. HIGHLIGHTS OF THIS COMMITMENT INCLUDE SUBSIDIZING MEDICAL SCHOOL RESIDENCY PROGRAMS, OFFERING ONGOING MEDICAL EDUCATION TO PHYSICIANS AND CLINICIANS, AND PROVIDING JOB SHADOWING PROGRAMS FOR HIGH SCHOOL STUDENTS. ANOTHER EXAMPLE OF THIS COMMITMENT INCLUDES ST. JOHN'S COLLEGE OF NURSING IN SPRINGFIELD, ILLINOIS, WHICH OFFERS THE LAST TWO YEARS OF THE BACCALAUREATE DEGREE IN NURSING, AS WELL AS CONTINUING EDUCATION PROGRAMS FOR NURSES AND HEALTH PROFESSIONALS. ST. JOHN'S COLLEGE HAS BEEN CITED AS THE OLDEST CATHOLIC HOSPITAL-BASED SCHOOL OF NURSING IN THE UNITED STATES. FOUNDED IN 1886, THE COLLEGE HAS REMAINED DEDICATED THROUGHOUT ITS RICH HISTORY TO THE EDUCATION OF PROFESSIONAL NURSES WHOSE PRACTICE EXEMPLIFIES EXCELLENCE IN AN INTEGRATED HEALTH CARE SYSTEM. THE COLLEGE IS ALSO HELPING TO ADDRESS THE SHORTAGE OF PRIMARY CARE PROFESSIONALS IN DOWNSTATE ILLINOIS. ST. ELIZABETH'S HOSPITAL IN BELLEVILLE, ILLINOIS PROVIDED CLINICAL EDUCATION IN NURSING, RADIOLOGY, SURGERY, RESPIRATORY, DIETARY, PHYSICAL AND OCCUPATIONAL THERAPY, PHARMACY AND BEHAVIORAL HEALTH TO 637 AREA COMMUNITY COLLEGE AND UNIVERSITY STUDENTS. THIS MENTORING IS VALUED AT MORE THAN \$440,000. IN ADDITION, TO ADDRESS A SHORTAGE OF PRIMARY CARE FAMILY PRACTICE DOCTORS IN ST. CLAIR COUNTY, ST. ELIZABETH'S SUBSIDIZED THE ST. LOUIS UNIVERSITY FAMILY MEDICINE RESIDENCY PROGRAM, A UNIQUE MERGER OF A COMMUNITY-BASED SETTING, AN ACADEMIC CENTER AND A MILITARY-BASED RESIDENCY. CLINICAL EDUCATION SITES INCLUDED ST. ELIZABETH'S HOSPITAL, CARDINAL GLENNON CHILDREN'S HOSPITAL, AREA PHYSICIANS' OFFICES AND SCOTT AIR FORCE BASE OUTPATIENT CLINICS. ALSO IN SOUTHERN ILLINOIS, ST. JOSEPH'S HOSPITAL IN BREESE, HOSTED MEMBERS OF THE HEALTH OCCUPATIONS STUDENTS OF AMERICA ON-SITE TO LEARN ABOUT JOB OPPORTUNITIES IN HEALTH CARE FROM HEALTH CARE PROFESSIONALS. ST. JOSEPH'S HOSPITAL WAS RECENTLY RECOGNIZED BY THE ILLINOIS PRINCIPALS ASSOCIATION - KASKASKIA REGION FOR SPONSORING THE PROGRAM FOR MORE THAN 30 YEARS. ST. JOSEPH'S HOSPITAL ALSO PROVIDES CLINICAL EXPERIENCE FOR KASKASKIA COLLEGE STUDENTS ENROLLED IN THE NURSING, PHYSICAL THERAPY AND RADIOLOGY PROGRAMS. PHARMACY STUDENTS HAVE ALSO COMPLETED THEIR CLINICAL TRAINING AT ST. JOSEPH'S HOSPITAL. HIGHER LEVEL OF CARE HSHS COMMUNITY BENEFIT INITIATIVES ARE A VITAL PART OF OUR OVERALL MISSION. WE BELIEVE THAT THROUGH OUR WORK TO CREATE GREATER ACCESS TO CARE, BETTER COMMUNITY HEALTH, AND EXPANDED MEDICAL KNOWLEDGE, WE MADE A POSITIVE DIFFERENCE IN THE LIVES OF TENS OF THOUSANDS OF PEOPLE IN ILLINOIS AND WISCONSIN IN FY2014. HOSPITAL SISTERS HEALTH SYSTEM'S COMMITMENT TO COMMUNITY BENEFIT STEMS FROM THE FRANCISCAN AND CATHOLIC VALUES SHARED BY OUR 14,000 COLLEAGUES ACROSS WISCONSIN AND ILLINOIS. CATHOLIC HEALTH CARE IS COMMITTED TO PROMOTING AND DEFENDING HUMAN DIGNITY, CARING FOR PERSONS LIVING IN POVERTY AND OTHER VULNERABLE POPULATIONS, AND PROMOTING THE COMMON GOOD. WE REMAIN DEDICATED TO CONTINUOUSLY IMPROVE COMMUNITY HEALTH THROUGH OUR STRATEGIC, WELL-DEFINED COMMUNITY BENEFIT INITIATIVES SO THAT WE CAN HELP MORE PEOPLE LIVE HEALTHIER LIVES.

Form and Line Reference	Explanation
Schedule H, Part VI, Line 7, State filing of community benefit report	IL

Additional Data

Software ID: 13000248
Software Version: 2013v3.1
EIN: 37-0661244
Name: ST MARY'S HOSPITAL DECATUR OF THE HOSPITAL
SISTERS OF THE THIRD ORDER OF ST
FRANCIS

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

Form and Line Reference	Explanation
Schedule H, Part V Sec B, Line 1j, Other Content in Needs Assessment	(1) - ST MARY'S HOSPITAL, DECATUR, OF THE HOSPITAL SISTERS OF THE THIRD ORDER OF ST FRANCIS DURING FISCAL YEAR 2012, ST MARY'S HOSPITAL CONDUCTED A HEALTH NEEDS ASSESSMENT OF THE FACILITY'S SERVICE AREA. MACON COUNTY MAKES UP THE MAJORITY OF THE ST MARY'S HOSPITAL PRIMARY SERVICE AREA, WITH SURROUNDING COUNTIES COMPRISING MUCH OF THE SECONDARY AND TERTIARY AREAS. ST MARY'S HOSPITAL, WHICH IS AFFILIATED WITH HOSPITAL SISTERS HEALTH SYSTEMS, IS ONE OF TWO ACUTE CARE HOSPITALS SERVING THIS AREA. ST MARY'S HOSPITAL FIRST PARTICIPATED WITH THE MACON COUNTY HEALTH DEPARTMENT AND OTHER COMMUNITY HEALTH PROVIDERS AS PART OF THE COMMUNITY HEALTH COMMITTEE FOR COMPLETION OF THE ILLINOIS PROJECT FOR LOCAL ASSESSMENT OF NEEDS (IPLAN). ST MARY'S HOSPITAL THEN SUPPLEMENTED THE IPLAN DATA WITH PRIMARY DATA FROM 400 TELEPHONE SURVEYS, CONDUCTED BY LEEDE RESEARCH, TO THE PRIMARY SERVICE AREA.

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

Form and Line Reference	Explanation
Schedule H, Part V Sec B, Line 3, Community Served by Needs Assessment	(1) - ST MARY'S HOSPITAL, DECATUR, OF THE HOSPITAL SISTERS OF THE THIRD ORDER OF ST FRANCIS ASSESSING THE HEALTH NEEDS OF THE COMMUNITY BEGAN WITH THE COLLABORATION OF HEALTH PROFESSIONALS ON THE COMMUNITY HEALTH COMMITTEE, WHICH WAS ORGANIZED BY THE MACON COUNTY HEALTH DEPARTMENT THIS COMMITTEE OF 19 MEMBERS WAS LED BY BRANDI BINKLEY, DIRECTOR OF HEALTH PROMOTION IN ADDITION TO EIGHT REPRESENTATIVES FROM ST MARY'S HOSPITAL, MEMBERS OF THIS COMMITTEE INCLUDE REPRESENTATIVES FROM UNITED WAY, DECATUR MEMORIAL HOSPITAL, MACON COUNTY MENTAL HEALTH BOARD, DECATUR HOUSING AUTHORITY, DECATUR COMMUNITY PARTNERSHIP, COMMUNITY HEALTH IMPROVEMENT CENTER, DOVE RETIRED SENIOR VOLUNTEER PROGRAM, AMERICAN CANCER SOCIETY, AND A PARISH NURSE THESE COMMUNITY PARTNERS BRING SPECIAL KNOWLEDGE AND EXPERTISE IN THE AREAS OF PUBLIC HEALTH, UNDERSERVED, LOW-INCOME AND MINORITY POPULATIONS, AND CHRONIC DISEASE THE COMMUNITY HEALTH PLAN (IPLAN) FOR MACON COUNTY WAS CREATED AS A RESULT OF THIS GROUP'S RESEARCH TO SUPPLEMENT THE WORK OF THE COMMUNITY HEALTH COMMITTEE, ST MARY'S HOSPITAL SOUGHT ADDITIONAL PRIMARY DATA IN NOVEMBER 2011, ALONG WITH OTHER HOSPITALS IN THE HOSPITAL SISTERS HEALTH SYSTEM, ST MARY'S HOSPITAL CONTRACTED WITH LEEDE RESEARCH TO CONDUCT TELEPHONE INTERVIEWS IN EACH LOCAL SERVICE AREA THE STUDY CONSISTED OF 400 COMPLETED TELEPHONE INTERVIEWS UTILIZING A QUESTIONNAIRE DESIGNED BY LEEDE IN COOPERATION WITH HOSPITAL LEADERSHIP THE FACILITY'S PARENT ORGANIZATION, HOSPITAL SISTERS HEALTH SYSTEM, FORMED A COMMUNITY BENEFIT PLANNING TEAM THAT DEVELOPED GUIDELINES FOR CONSISTENCY IN COMMUNITY HEALTH NEEDS ASSESSMENTS, IMPLEMENTATION PLANNING AND GUIDELINES FOR REPORTING COMMUNITY BENEFIT ST MARY'S HOSPITAL FORMED AN INTERNAL COMMUNITY BENEFIT TEAM CONSISTING OF HOSPITAL COLLEAGUES THE PURPOSE OF THIS GROUP IS TO PROVIDE INPUT, MONITOR THE PROGRESS OF OUR COMMUNITY BENEFIT INITIATIVE AND IMPLEMENTATION PLAN, AS WELL AS ASSIST IN IDENTIFYING ADDITIONAL OPPORTUNITIES FOR ADDRESSING THE NEEDS OF THE COMMUNITY SINCE DECEMBER 2009, THE ST MARY'S STRATEGIC PLANNING COMMITTEE, COMPRISED OF HOSPITAL LEADERSHIP, LOCAL PHYSICIANS, COMMUNITY LEADERS AND LOCAL BOARD MEMBERS, HAS BEEN INSTRUMENTAL IN EXAMINING THE ST MARY'S MINISTRY FROM EVERY VANTAGE POINT THEY PROVIDE VALUABLE INPUT ON AN ONGOING BASIS ON THE COMMUNITY'S HEALTHCARE NEEDS THE HOSPITAL'S STRATEGIC PLAN IS BUILT FROM THE WORK OF THIS GROUP, AND IS UPDATED YEARLY BASED ON THE IDENTIFIED SERVICE GAPS AND NEEDS OF OUR COMMUNITY MEMBERS OF OUR COMMUNITY-BASED STRATEGIC PLANNING COMMITTEE, HOSPITAL VOLUNTEERS, AND OUR COMMUNITY BENEFIT TEAM WERE ASKED TO PARTICIPATE IN THE PRIORITIZATION PROCESS FOR IDENTIFIED HEALTH NEEDS FROM THE COMMUNITY HEALTH NEEDS ASSESSMENT IN ADDITION, ST MARY'S PARTICIPATION IN GROW DECATUR, A COMMUNITY-BASED GROUP WORKING TOWARD BUILDING A HEALTHIER COMMUNITY, LENDS FURTHER PERSPECTIVE INTO THE NEEDS OF THE COMMUNITY AND PRESENTS FURTHER OPPORTUNITIES FOR SERVICE COLLABORATION AMONG LOCAL BUSINESSES AND SERVICE PROVIDERS ST MARY'S HOSPITAL REPRESENTATIVE WORKED WITH THE GROUP TO ANALYZE AND PRIORITIZE THE DATA GLEANED FROM THE GROUP'S COMMUNITY ASSESSMENT AND WILL CONTINUE TO PARTICIPATE IN THE IMPROVEMENT PROCESS INPUT IS CONTINUOUSLY OBTAINED FROM THE PATIENTS WE SERVE THROUGH PATIENT SATISFACTION SURVEYS INPUT PROVIDED THROUGH SOME OF THESE SURVEYS WAS TAKEN INTO CONSIDERATION IN THE DEVELOPMENT OF THE HOSPITAL'S MASTER FACILITY PLAN, WHICH RESULTED IN THE MAJOR EMERGENCY ROOM CAPITAL PROJECT ,

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

Form and Line Reference	Explanation
Schedule H, Part V Sec B, Line 7, Needs not addressed in Needs Assessment	(1) - ST MARY'S HOSPITAL, DECATUR, OF THE HOSPITAL SISTERS OF THE THIRD ORDER OF ST FRANCIS WHILE THE ISSUE OF AFFORDABLE HOUSING WAS IDENTIFIED IN THE COMMUNITY HEALTH NEEDS ASSESSMENT, ST MARY'S HOSPITAL IS NOT DIRECTLY INVOLVED IN ADDRESSING THAT ISSUE, AS THIS IS OUTSIDE OUR AREA OF FOCUS OR EXPERTISE THE DECATUR HOUSING AUTHORITY, ENERGY ASSISTANCE FOUNDATION, AND COMMUNITY INVESTMENT CORPORATION OF DECATUR ARE ALL OFFICES IN MACON COUNTY THAT OFFER HOUSING ASSISTANCE ,

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

Form and Line Reference	Explanation
Schedule H, Part V Sec B, Line 14g, Other ways hospital publicized Financial Assistance Policy	(1) - ST MARY'S HOSPITAL, DECATUR, OF THE HOSPITAL SISTERS OF THE THIRD ORDER OF ST FRANCIS COMMUNICATION/NOTIFICATION ABOUT FINANCIAL ASSISTANCE AVAILABILITY FROM HSHS INCLUDES THE FOLLOWING A FINANCIAL ASSISTANCE APPLICATIONS THE FINANCIAL ASSISTANCE APPLICATION IS PROVIDED TO PATIENTS UPON REQUEST AND THROUGHOUT THE REGISTRATION AND POSTREGISTRATION PROCESS THIS APPLICATION COMPLIES WITH CURRENT ILLINOIS AND WISCONSIN STATUTES AND ANY APPLICABLE FEDERAL STATUTES B POSTERS THE AVAILABILITY OF FINANCIAL ASSISTANCE PROGRAM IS ADVERTISED ON POSTER-SIZED SIGNAGE LOCATED IN ADMISSIONS, OUTPATIENT, WAITING ROOM AREAS A TOLL-FREE PHONE NUMBER IS INCLUDED C BROCHURES BROCHURES OUTLINING THE FINANCIAL ASSISTANCE PROGRAM, APPLICATION PROCESS AND TOLL-FREE PHONE NUMBER ARE AVAILABLE AT ALL PATIENT REGISTRATION DESKS AND IN ALL WAITING AREAS D INTERNET THE AVAILABILITY OF FINANCIAL ASSISTANCE PROGRAM AND ILLINOIS UNINSURED DISCOUNT ACT OF 2009 ARE POSTED ON THE HSHS INTERNET HOME PAGE E PATIENT STATEMENTS EACH BILL, INVOICE OR OTHER SUMMARY OF CHARGES TO AN UNINSURED PATIENT INCLUDES WITH IT, OR ON IT, A PROMINENT STATEMENT THAT AN UNINSURED PATIENT WHO MEETS CERTAIN INCOME REQUIREMENTS MAY QUALIFY FOR AN UNINSURED DISCOUNT AND INFORMATION REGARDING HOW AN UNINSURED PATIENT MAY APPLY FOR CONSIDERATION UNDER THE HSHS FINANCIAL ASSISTANCE PROGRAM IN ADDITION, REFERRAL OF PATIENTS MAY BE MADE BY ANY MEMBER OF THE HSHS STAFF OR MEDICAL STAFF, INCLUDING PHYSICIANS, NURSES, FINANCIAL COUNSELORS, SOCIAL WORKERS, CASE MANAGERS, CHAPLAIN'S, AND RELIGIOUS SPONSORS A REQUEST FOR FINANCIAL ASSISTANCE MAY BE MADE BY THE PATIENT OR A FAMILY MEMBER, CLOSE FRIEND, OR ASSOCIATE OF THE PATIENT, SUBJECT TO APPLICABLE PRIVACY LAWS ,

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
ST MARY'S HOSPITAL DECATUR OF THE HOSPITAL SISTERS OF THE THIRD ORDER OF ST FRANCIS

Employer identification number
37-0661244

Part I	Questions Regarding Compensation		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ 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		
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		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	☒ Compensation committee	☒ Written employment contract		
	☒ Independent compensation consultant	☒ Compensation survey or study		
	☒ Form 990 of other organizations	☒ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	4a		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	5a		No
b	Any related organization?	5b		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	6a		No
b	Any related organization?	6b		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7		No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	8		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9		

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

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

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

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

Part III Supplemental Information

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

Return Reference	Explanation
Schedule J, Part I, Line 3, Arrangement used to establish the top management official's compensation	PLEASE SEE RESPONSE TO FORM 990, PART VI, LINE 15A IN SCHEDULE O
Schedule J, Part I, Line 4b, Supplemental nonqualified retirement plan	HSHS EXECUTIVES ELIGIBLE TO PARTICIPATE IN SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP) ARE DEFINED IN THE SERP PLAN DOCUMENTS. THE SERP WAS ESTABLISHED TO PROVIDE ADDITIONAL RETIREMENT BENEFITS TO ENSURE REASONABLE MARKET COMPETITIVE BENEFITS IN ACCORDANCE WITH THE HSHS EXECUTIVE COMPENSATION PHILOSOPHY ESTABLISHED BY THE HSHS COMPENSATION COMMITTEE. THE PLAN PROVIDES A DEFINED RETIREMENT CONTRIBUTION TO PARTICIPANTS COMMENCING ON JANUARY 1, 2008, EQUAL TO A PERCENTAGE OF COMPENSATION AS DEFINED IN THE SERP PLAN DOCUMENTS FOR THE PLAN YEAR. PARTICIPANTS CONSTRUCTIVELY RECEIVE A DISTRIBUTION FROM THE PLAN NO LATER THAN MARCH 15TH OF THE CALENDAR YEAR FOLLOWING THE CALENDAR YEAR IN WHICH AN AMOUNT IS VESTED AND TAXABLE PURSUANT TO A VESTING SCHEDULE AS SPECIFIED IN THE PLAN DOCUMENT. THE ACTUAL DISTRIBUTION OF THE VESTED BENEFIT UNDER THE PLAN IS PAID IN A SINGLE LUMP SUM TO THE PARTICIPANT OR THE PARTICIPANT'S BENEFICIARY UPON THE EARLIER OF THE PARTICIPANT'S TERMINATION OF EMPLOYMENT, DEATH, OR TOTAL AND PERMANENT DISABILITY. THE FOLLOWING INTERESTED PERSONS CONSTRUCTIVELY RECEIVED DEFERRALS TO THE SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP) IN 2013, THESE DEFERRALS ARE INCLUDED IN SCHEDULE J, PART II, COLUMN (C) ANN M CARR -- \$28,503 MICHAEL COTTRELL -- \$68,239 KEVIN KAST -- \$53,196 DANIEL PERRYMAN -- \$32,522 THERESA RUTHERFORD -- \$14,076. THE FOLLOWING INTERESTED PERSONS RECEIVED DISTRIBUTIONS FROM THE SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP) IN 2013, THESE PAYMENTS ARE INCLUDED IN SCHEDULE J, PART II, COLUMN (B)(III) AND SCHEDULE J, PART II, COLUMN (F), AS APPLICABLE. ANN M CARR -- \$24,602 KEVIN KAST -- \$48,641 DANIEL PERRYMAN -- \$30,938.
SCHEDULE J, PART II, COLUMN (C), DEFINED BENEFIT PLAN	THE ACTUARY COMPUTES THE DEFINED BENEFIT AMOUNT FOR ALL OF THE DISCLOSURES. THE REDUCTION DIRECTLY RELATES TO THE IMPROVEMENT IN THE DISCOUNT RATE.

Additional Data

Software ID: 13000248
Software Version: 2013v3.1
EIN: 37-0661244
Name: ST MARY'S HOSPITAL DECATUR OF THE HOSPITAL SISTERS OF THE THIRD ORDER OF ST FRANCIS

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				
KEVIN KAST CHIEF EXECUTIVE OFFICER	(i)	0	0	0	0	0	0	0
	(ii)	425,428	83,224	85,978	142,584	24,187	761,401	48,641
DANIEL PERRYMAN BOARD MEMBER, CHIEF EXECUTIVE OFFICER	(i)	0	0	0	0	0	0	0
	(ii)	271,119	50,074	37,694	78,714	16,512	454,113	30,938
MICHAEL W COTTRELL BOARD MEMBER	(i)	0	0	0	0	0	0	0
	(ii)	526,475	128,573	36,956	128,311	28,215	848,530	0
THERESA J RUTHERFORD COO	(i)	0	0	0	0	0	0	0
	(ii)	112,300	26,195	22,099	86,634	7,967	255,195	0
ANN M CARR TREASURER	(i)	0	0	0	0	0	0	0
	(ii)	223,926	38,138	56,891	236,713	18,355	574,023	24,602
REBECCA COLKER CHIEF FINANCIAL OFFICER	(i)	251,448	28,566	0	53,251	14,980	348,245	48,641
	(ii)	0	0	0	0	0	0	0
DAVID OLEJNICZAK INTERIM CEO	(i)	0	0	0	0	0	0	0
	(ii)	386,853	16,444	44	67,541	21,715	492,597	0
SHERRI A GREENWOOD DIVISION CHIEF NURSING OFFICER	(i)	0	0	0	0	0	0	0
	(ii)	223,850	6,174	44	40,406	21,332	291,806	0
EVERT J KUIPER CENTRAL ILLINOIS DIVISION CEO	(i)	0	0	0	0	0	0	0
	(ii)	2,250	100,000	55,959	0	0	158,209	0
MARY HARTMAN CRNA	(i)	259,542	0	0	97,382	14,618	371,542	0
	(ii)	0	0	0	0	0	0	0
SHEILA HOLLINDEN CRNA	(i)	215,733	4,052	0	164,958	8,391	393,134	0
	(ii)	0	0	0	0	0	0	0
BETH MCCOY CRNA	(i)	221,776	5,353	0	69,474	19,436	316,039	0
	(ii)	0	0	0	0	0	0	0
ROBERTA MCBRIDE CRNA	(i)	214,520	5,667	0	126,247	14,618	361,052	0
	(ii)	0	0	0	0	0	0	0
DEANNA HITCHENS CRNA	(i)	195,513	0	0	33,549	13,028	242,090	0
	(ii)	0	0	0	0	0	0	0

Schedule L
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

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Department of the Treasury
Internal Revenue Service

▶ 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.

Name of the organization
ST MARY'S HOSPITAL DECATUR OF THE HOSPITAL SISTERS OF THE THIRD ORDER OF ST FRANCIS

Employer identification number
37-0661244

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?	(i) Written agreement?	
			To	From			Yes	No		Yes	No
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
(1) KMB SC	BOARD MEMBER	110,623	LAB SERVICES		No

Part V Supplemental Information

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

Return Reference	Explanation
SCHEDULE L, PART IV, BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS	BOARD MEMBER, ALAN FRIGY, MD, IS A 33 3% PARTNER IN KMB, S C WHICH PROVIDES LAB SERVICES TO THE ORGANIZATION ALL TRANSACTIONS ARE CONSIDERED TO BE AT ARMS-LENGTH

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 ST MARY'S HOSPITAL DECATUR OF THE HOSPITAL SISTERS OF THE THIRD ORDER OF ST FRANCIS	Employer identification number 37-0661244
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Return Reference	Explanation
FORM 990, PART III, LINE 4A, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	ST MARY'S HOSPITAL PROVIDES QUALITY MEDICAL HEALTHCARE REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE, OR ABILITY TO PAY. ALTHOUGH REIMBURSEMENT FOR SERVICES RENDERED IS CRITICAL TO THE OPERATION AND STABILITY OF ST MARY'S HOSPITAL, IT IS RECONGNIZED THAT NOT ALL INDIVIDUALS POSSESS THE ABILITY TO PURCHASE NECESSARY MEDICAL SERVICES. INHERENT TO OUR MISSION, WE PROVIDE CARE TO THE POOR, THE ELDERLY, AND THE NEEDY OF THE COMMUNITY THROUGH VARIOUS PROGRAMS AND SERVICES. THESE ACTIVITIES INCLUDE COMMUNITY EDUCATION PROGRAMS, WELLNESS PROGRAMS, AND SPECIAL PROGRAMS FOR THE ELDERLY, HANDICAPPED, MEDICALLY UNDERSERVED, AND A VARIETY OF BROAD COMMUNITY SUPPORT ACTIVITIES. DURING FISCAL YEAR 2014, ST MARY'S HOSPITAL PROVIDED 41,878 ADULT AND PEDIATRIC DAYS OF CARE AND 166,433 OUTPATIENT REGISTRATIONS DURING THE SAME TIME PERIOD. ST MARY'S HOSPITAL PROVIDES BOTH BENEFITS TO THE POOR AND TO THE BROADER COMMUNITY. BENEFITS TO THE POOR ARE PROVIDED ON THE FORM OF TRADITIONAL CHARITY CARE FOR THOSE WHO CANNOT AFFORD TO PAY, UNPAID COSTS OF PUBLIC PROGRAMS SUCH AS MEDICAID AND GENERAL RELIEF, NONBILLED SERVICES FOR THE POOR AND MANY IN-KIND DONATIONS. THE TOTAL VALUES OF THESE UNREIMBURSED BENEFITS FOR THE POOR WERE \$14,276,655 IN FISCAL YEAR 2014. ST MARY'S HOSPITAL PROVIDES NUMEROUS BENEFITS TO THE BROADER COMMUNITY. THIS IS CARRIED OUT THROUGH OUR PARTICIPATION IN THE MEDICARE PROGRAM, PROVIDING MANY PROGRAMS AND SERVICES FREE OR AT A REDUCED PRICE, AND PROVIDING SERVICES THAT BENEFIT THE COMMUNITY BUT HAVE A NEGATIVE MARGIN. TOTALED \$3,980,653 DURING FISCAL YEAR 2014. ALL OTHER NONBILLED SERVICES PROVIDED TO THE COMMUNITY AND SERVICES PROVIDED AT LOW OR NEGATIVE MARGINS TOTALED \$830,111 FOR THE YEAR ENDED 6/30/2014. BELOW ARE SPECIFIC EXAMPLES OF SERVICES INCLUDED IN THE ABOVE FIGURES. THROUGH THE OPERATION OF ITS PRENATAL CLINIC, THE HOSPITAL PROVIDES BOTH PRE AND POST NATAL CARE TO THE POOR. THE HOSPITAL ROUTINELY DONATES FOOD TO LOCAL FOOD PANTRIES. OBSOLETE EQUIPMENT IS ALSO OCCASIONALLY DONATED TO LOCAL AGENCIES. PROVIDE TRAINING TO THE LOCAL PARAMEDICS, FIRST RESPONDER GROUPS, AND FIRE DEPARTMENTS. IN ADDITIONAL, AREA ORGANIZATIONS RECEIVE CPR TRAINING THROUGH THE HOSPITAL'S EMS DEPARTMENT. THE HOSPITAL PARTICIPATES IN THE SECONDARY TRANSITIONAL EXPERIENCE PROGRAM BY PROVIDING EMPLOYMENT OPPORTUNITIES TO HANDICAPPED STUDENTS. PASTORAL CARE AND SOCIAL SERVICE DEPARTMENTS PROVIDE ASSISTANCE FOR PATIENT AND FAMILY NEEDS. PROVIDED LIFELINE VOICE COMMUNICATORS TO ELDERLY PATIENTS WITH SPECIAL NEEDS. EMPLOYEES SERVE AS SPEAKERS AT HEALTH FAIRS, SCHOOLS, AND A VARIETY OF AREA ORGANIZATIONS. ASSIST THE UNITED WAY CAMPAIGN BY HAVING STAFF MEMBERS ORGANIZE THE HOSPITAL'S ANNUAL FUND DRIVE. PROVIDE A VARIETY OF HEALTH SCREENINGS TO THE PUBLIC IN DIFFERENT LOCATIONS THROUGHOUT THE COMMUNITY.

Return Reference	Explanation
FORM 990, PART IV, LINE 24A, TAX EXEMPT BONDS	ST MARY'S DECATUR HOLDS A LIABILITY ON ITS BOOKS FOR TAX-EXEMPT BONDS, WHICH IS AN ALLOCATION FROM ITS SOLE CORPORATE MEMBER, HOSPITAL SISTERS SERVICES, INC AS A RESULT, THIS QUESTION WAS ANSWERED NO, AND SCHEDULE K WILL BE COMPLETED ON THE HOSPITAL SISTERS SERVICES, INC FORM 990

Return Reference	Explanation
Form 990, Part VI, Sec A, Line 6, Classes of members or stockholders	THE SENIOR GOVERNING BODY OF ST MARY'S HOSPITAL (THE "CORPORATION") IS THE MEMBER OF THE CORPORATION, WHICH IS HOSPITAL SISTERS SERVICES, INC ("HSSI"), AN ILLINOIS NOT FOR PROFIT CORPORATION EXEMPT FROM FEDERAL TAXATION UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE

Return Reference	Explanation
Form 990, Part VI, Sec A, Line 7a, Members or stockholders electing members of governing body	PURSUANT TO SECTION 2 3 OF THE CORPORATION'S BYLAWS, THE ORGANIZATION'S MEMBER, HOSPITAL SISTERS SERVICES, INC ("HSSI"), AN ILLINOIS NOT FOR PROFIT CORPORATION EXEMPT FROM FEDERAL TAXATION UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE, HAS THE RIGHT TO APPOINT AND REMOVE THE CORPORATION'S BOARD OF DIRECTORS, CHAIRPERSON OF THE BOARD AND PRESIDENT

Return Reference	Explanation
Form 990, Part VI, Sec A, Line 7b, Decisions requiring approval by members or stockholders	RESPONSIBILITY FOR THE POLICY AND OPERATIONS OF ST MARY'S HOSPITAL DECATUR (THE "CORPORATION") IS VESTED IN ITS BOARD OF DIRECTORS, EXCEPT WITH RESPECT TO SPECIFIC POWERS RESERVED IN THE CORPORATION'S BYLAWS TO THE CORPORATION'S MEMBER, HOSPITAL SISTERS SERVICES, INC ("HSSI"), AN ILLINOIS NOT FOR PROFIT CORPORATION EXEMPT FROM FEDERAL TAXATION UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. THE MEMBER OF HSSI IS HOSPITAL SISTERS HEALTH SYSTEM ("HSHS"), AN ILLINOIS NOT FOR PROFIT CORPORATION EXEMPT FROM FEDERAL TAXATION UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. THE MEMBERS OF HSHS ARE THE INDIVIDUAL SISTERS WHO FROM TIME TO TIME ARE THE DULY ELECTED PROVINCIAL SUPERIOR AND PROVINCIAL COUNCILORS, RESPECTIVELY OF THE AMERICAN PROVINCE OF THE HOSPITAL SISTERS OF ST FRANCIS ("AMERICAN PROVINCE"). THE AMERICAN PROVINCE IS THE UNITED STATES ORGANIZATION OF THE CONGREGATION OF THE HOSPITAL SISTERS OF THE THIRD ORDER REGULAR OF ST FRANCIS, A RELIGIOUS INSTITUTE OF THE ROMAN CATHOLIC CHURCH. THE GOVERNANCE AND OPERATIONS OF THE CORPORATION ARE SUBJECT TO HSSI'S RIGHT TO EXERCISE THESE RESERVED POWERS WITH RESPECT TO THE CORPORATION AND ORGANIZATIONS OF WHICH THE CORPORATION IS EITHER, DIRECTLY OR INDIRECTLY, A CONTROLLING MEMBER OR A CONTROLLING SHAREHOLDER ("AFFILIATES"). HSSI'S RIGHT TO EXERCISE CERTAIN OF THESE RESERVED POWERS IS, IN TURN, SUBJECT TO THE APPROVAL OF HSHS AND HSHS' MEMBERS. THE RESERVED POWERS INCLUDE ALL RIGHTS GRANTED TO HSSI BY LAW AND THE RIGHT TO (A) ADOPT, APPROVE AMENDMENTS TO, OR AMEND ANY STATEMENT OF PHILOSOPHY, MISSION, MISSION INTEGRATION OR VALUES OR ANY NAME, LOGO, OR MARK OF THE CORPORATION OR OF ANY AFFILIATE, (B) ADOPT, APPROVE AMENDMENTS TO, OR AMEND THE ARTICLES OF INCORPORATION OF THE CORPORATION OR OF ANY AFFILIATE, (C) ADOPT, APPROVE AMENDMENTS TO, OR AMEND THE BYLAWS OF THE CORPORATION OR OF ANY AFFILIATE, (D) APPOINT AND REMOVE THE BOARD OF DIRECTORS, ANY ONE OR MORE OF THE DIRECTORS OF THE CORPORATION OR OF ANY AFFILIATE, AND THE CHAIRPERSON AND PRESIDENT OF THE CORPORATION OR OF ANY AFFILIATE, (E) APPROVE THE RECOMMENDATION OF THE BOARD OF DIRECTORS TO APPOINT OR REMOVE THE BOARD OF DIRECTORS, ANY ONE OR MORE DIRECTORS OF THE CORPORATION OR OF ANY AFFILIATE, OR THE CHAIRPERSON AND PRESIDENT OF THE CORPORATION OR OF ANY AFFILIATE, (F) WITH RESPECT TO THE CORPORATION OR ANY AFFILIATE, APPROVE THE PURCHASE, SALE, ALIENATION, EXCHANGE, LEASE, OR ENCUMBRANCE OF ANY REAL PROPERTY OF THE CORPORATION OR OF ANY AFFILIATE, WHICH PROPERTY HAS A VALUE IN EXCESS OF LIMITS SET FROM TIME TO TIME BY HSSI, (G) APPROVE THE OPERATING AND CAPITAL BUDGETS OF THE CORPORATION OR OF ANY AFFILIATE, AND ANY DEVIATIONS BY THE CORPORATION OR OF ANY AFFILIATE FROM SUCH BUDGETS IN AN AMOUNT OR PERCENTAGE SPECIFIED BY HSSI FROM TIME TO TIME, (H) APPROVE THE STRATEGIC PLAN AND GOALS OF THE CORPORATION OR OF ANY AFFILIATE, (I) APPROVE THE SALE OF SUBSTANTIALLY ALL OF THE ASSETS OF THE CORPORATION OR OF ANY AFFILIATE, (J) APPROVE THE MERGER OR DISSOLUTION OF THE CORPORATION OR OF ANY AFFILIATE, (K) ADOPT OR AMEND THE PLAN FOR MINISTRY EDUCATION AND GOVERNANCE FOR THE CORPORATION AND ITS AFFILIATES, (L) APPROVE THE CORPORATION'S MISSION ACCOUNTABILITY REPORTS AND THOSE OF ANY AFFILIATE, (M) APPROVE THE FINANCIAL POLICIES AND PROCEDURES OF THE CORPORATION OR OF ANY AFFILIATE, AND APPROVE ANY DEVIATIONS FROM SUCH POLICIES AND PROCEDURES BY THE CORPORATION OR ANY AFFILIATE, AND (N) ADOPT POLICIES TO IMPLEMENT THE RESERVED POWERS OF HSSI.

Return Reference	Explanation
Form 990, Part VI, Sec B, Line 11b, Review of form 990 by governing body	THE HOSPITAL EMPLOYS CROWE HORWATH TO ASSIST IN THE OVERALL REVIEW AND ELECTRONIC SUBMISSION OF ITS FORM 990 CROWE HORWATH PROVIDES GUIDANCE IN IDENTIFYING CRITICAL ERRORS IN THE RETURN SUBMISSION AND FEEDBACK ON QUANTITATIVE AND QUALITATIVE RESPONSES ADDITIONALLY, THE HOSPITAL CFO PERFORMS A THOROUGH REVIEW OF THE RETURN AND REVIEWS IT WITH THE HOSPITAL CEO AND/OR SENIOR LEADERS BEFORE PRESENTING IT IN ITS ENTIRETY TO THE HOSPITAL BOARD FOR QUESTIONING AND REVIEW PRIOR TO THE RETURN'S SIGNING AND SUBMISSION TO THE IRS

Return Reference	Explanation	
	Form 990, Part VI, Sec B, Line 12c, Conflict of interest policy	THE ORGANIZATION IS SUBJECT TO THE CORPORATE COMPLIANCE PROGRAM AND CONFLICT OF INTEREST POLICY ("POLICY") OF HOSPITAL SISTERS HEALTH SYSTEM, AN ILLINOIS NOT FOR PROFIT CORPORATION EXEMPT FROM FEDERAL TAXATION UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. A REVISED CORPORATE COMPLIANCE PROGRAM AND CONFLICT OF INTEREST POLICY HAVE BEEN IMPLEMENTED SINCE JANUARY 2009 TO MANAGE CONFLICTS OF INTEREST USING A SYSTEM-WIDE PROTOCOL FOR DISCLOSURE STATEMENTS. IN ACCORDANCE WITH THE ORGANIZATION'S CONFLICT OF INTEREST POLICY, ALL COVERED PERSONS HAVE A DUTY TO COMPLY WITH THE CONFLICT OF INTEREST POLICY FOR ANY CONTRACT, TRANSACTION, RELATIONSHIP OR ACTIVITY CONTEMPLATED, ENTERED INTO OR CONDUCTED AT HSHS OR ITS AFFILIATES. THE POLICY DEFINES COVERED PERSONS AS BOARD MEMBERS, BOARD COMMITTEE MEMBERS, OFFICERS, BOARD DESIGNEES, SENIOR MANAGEMENT, MEMBERS OF ANY COMMITTEE THAT OVERSEES THE APPROVAL OF PHARMACEUTICALS AND MEDICAL DEVICES, ANY OTHER INDIVIDUAL WHO HOLDS A POSITION OF TRUST. ON AN ANNUAL BASIS, HSHS DISCLOSES A COPY OF THE CONFLICT OF INTEREST POLICY (AND ALL CORRESPONDING PROCEDURES, GUIDELINES, FORMS AND TOOLS) TO ALL COVERED PERSONS AND ADVISES ALL COVERED PERSONS IN WRITING OF ANY SUBSTANTIVE CHANGES TO THIS POLICY AND SUCH RELATED MATERIALS. COVERED PERSONS ARE REQUIRED TO REVIEW AND COMPLETE THE CORRESPONDING CONFLICT OF INTEREST STATEMENT. THE SYSTEM OFFICE VICE PRESIDENT - SYSTEM RESPONSIBILITY - SYSTEM OR MEMBERS OF THE AUDIT AND INTEGRITY COMMITTEE ("COMMITTEE") ARE AVAILABLE TO ANSWER ANY QUESTIONS A COVERED PERSON MAY HAVE. IN ADDITION, IF, AT ANY TIME AFTER SUBMITTING AN ANNUAL CONFLICT OF INTEREST STATEMENT, A COVERED PERSON BECOMES AWARE OF AN INTEREST THAT HE OR SHE WOULD HAVE HAD TO DISCLOSE AT THE ANNUAL INTERVAL, THE COVERED PERSON IS REQUIRED PROMPTLY TO DISCLOSE THE INTEREST TO THE COMMITTEE USING THE HSHS CONFLICT OF INTEREST DISCLOSURE STATEMENT. COMPLETED CONFLICT OF INTEREST STATEMENTS ARE SUBMITTED TO THE COMMITTEE, WHICH IS RESPONSIBLE FOR IDENTIFYING, ASSESSING, AND MANAGING CONFLICTS OF INTEREST THAT ARISE IN THE COURSE OF CONDUCTING THE AFFAIRS OF HSHS AND ITS AFFILIATES. IF THE COMMITTEE DETERMINES THAT A CONFLICT OF INTEREST EXISTS, THE CONFLICT OF INTEREST POLICY REQUIRES HSHS NOT TO ENGAGE IN OR ENTER INTO A PROPOSED CONTRACT, TRANSACTION, RELATIONSHIP, ARRANGEMENT OR ACTIVITY UNLESS THE COMMITTEE OR, WHERE NECESSARY, THE BOARD OF DIRECTORS (ACTING THROUGH ITS DISINTERESTED MEMBERS), HAS INVESTIGATED ALTERNATIVES TO THE PROPOSED CONTRACT, TRANSACTION, RELATIONSHIP, ARRANGEMENT OR ACTIVITY AND, IN THE ABSENCE OF ALTERNATIVES THAT ARE IN THE BEST INTERESTS OF HSHS, HAS DETERMINED 1 THAT, REGARDLESS OF WHETHER THE COVERED PERSON PARTICIPATES IN THE IMPLEMENTATION OF THE PROPOSED CONTRACT, TRANSACTION, RELATIONSHIP, ARRANGEMENT, OR ACTIVITY, 2 THE CONTRACT, TRANSACTION, ARRANGEMENT OR ACTIVITY IS IN THE BEST INTERESTS OF HSHS, 3 THE CONTRACT, TRANSACTION, ARRANGEMENT OR ACTIVITY IS FAIR AND REASONABLE FROM THE PERSPECTIVE OF HSHS, AND 4 HSHS CANNOT OBTAIN A MORE ADVANTAGEOUS CONTRACT, TRANSACTION, ARRANGEMENT OR ACTIVITY WITH REASONABLE EFFORTS UNDER THE CIRCUMSTANCES. IN DETERMINING WHETHER A CONTRACT, TRANSACTION OR ARRANGEMENT IS FAIR AND REASONABLE TO HSHS, THE COMMITTEE SHALL CONSIDER, WHERE APPLICABLE 1 APPRAISALS OR OTHER INDEPENDENT VALUATIONS OF THE FAIR MARKET VALUE OF THE CONTRACT, TRANSACTION OR ARRANGEMENT, 2 INFORMATION REGARDING COMPARABLE CONTRACTS, TRANSACTIONS OR ARRANGEMENTS BETWEEN UNRELATED PARTIES, 3 OFFERS FROM COMPARABLE COMPETING ENTITIES, AND/OR 4 STUDIES OF COMPARABLE COMPENSATION ARRANGEMENTS. IN ANY CASE IN WHICH THE COMMITTEE FINDS, AFTER TAKING THE STEPS DESCRIBED ABOVE, THAT HSHS SHOULD PARTICIPATE IN A PROPOSED TRANSACTION OR ARRANGEMENT DESPITE THE EXISTENCE OF A CONFLICT OF INTEREST, THE COMMITTEE SHALL DEVELOP, IMPLEMENT, MONITOR, AND ENFORCE COMPLIANCE WITH, A CONFLICT MANAGEMENT PLAN FOR MANAGING THE CONFLICT OF INTEREST AS IT CONSIDERS NECESSARY FOR SUCH FINDINGS TO REMAIN VALID THROUGHOUT THE LIFE OF THE CONTRACT, TRANSACTION, RELATIONSHIP, ARRANGEMENT OR ACTIVITY. ALL CONFLICT MANAGEMENT PLANS SHALL 1 STATE THAT THE COMMITTEE WILL OVERSEE, MONITOR AND ENFORCE COMPLIANCE WITH THE PLAN THROUGHOUT THE COURSE OF THE STUDY AND SPECIFY MEANS FOR DOING SO, INCLUDING, WITHOUT LIMITATION, THAT THE APPROPRIATE INDIVIDUALS MUST PROVIDE THE COMMITTEE WITH WRITTEN REPORTS PERTAINING TO COMPLIANCE WITH THE CONFLICT MANAGEMENT PLAN, THAT THE COMMITTEE SHALL HAVE THE RIGHT TO AUDIT THE STUDY FOR SUCH COMPLIANCE AND THE RIGHT TO IMPOSE SANCTIONS FOR NON-COMPLIANCE, 2 STATE THAT THE PLAN MUST BE SHARED WITH COVERED PERSONS WHOSE INTERESTS IT WAS DEVELOPED TO MANAGE, 3 STATE THAT THE PLAN MUST BE SHARED WITH, AND PERIODIC REPORTS ON COMPLIANCE WITH THE PLAN MUST BE PROVIDED TO, THE BOARD, SENIOR MANAGEMENT AND/OR GOVERNMENT AGENCIES, AND 4 PROVIDE FOR SUCH OTHER MANAGEMENT STEPS AND MECHANISMS THE COMMITTEE CONSIDERS NECESSARY AND AP

Return Reference	Explanation	
	Form 990, Part VI, Sec B, Line 12c, Conflict of interest policy	PROPRIATE. IN ADDITION TO THE COMMITTEE, THE SYSTEM OFFICE VICE PRESIDENTS OF SYSTEM RESPONSIBILITY AND RISK & COMPLIANCE MAY RETAIN SUCH INDEPENDENT ADVISORS OR EXPERTS AS DEEMED NECESSARY TO ASSIST IN MAKING ITS DETERMINATIONS AND DECISIONS. IF THE COMMITTEE DETERMINES THAT THE CONTEMPLATED TRANSACTION, RELATIONSHIP ARRANGEMENT OR ACTIVITY CANNOT PROCEED DUE TO A CONFLICT OF INTEREST, THE COMMITTEE SHALL INFORM THE APPLICABLE COVERED PERSON OR DECISION-MAKING BODY OF SUCH DETERMINATION WITHIN ONE WEEK OF THE COMMITTEE MEETING AT WHICH THE CONTEMPLATED TRANSACTION WAS DISCUSSED. THE COMMITTEE SHALL DOCUMENT ITS REJECTION OF THE CONTEMPLATED TRANSACTION IN THE COMMITTEE'S MEETING MINUTES.

Return Reference	Explanation
FORM 990, PART VI, LINE 13, WHISTLEBLOWER POLICY	PROVISIONS WITHIN THE CORPORATE COMPLIANCE PROGRAM AND CONFLICT OF INTEREST POLICY PROVIDE PROTECTIONS FOR WHISTLEBLOWER TYPE ACTIVITIES

Return Reference	Explanation
Form 990, Part VI, Sec B, Line 15a, Process to establish compensation of top management official	THE COMPENSATION COMMITTEE ("COMMITTEE") IS COMPRISED OF INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS. THE COMMITTEE DEVELOPS A COMPENSATION PHILOSOPHY FOR THE SYSTEM AND ALL AFFILIATES. THE COMMITTEE SELECTS AND HIRES THE INDEPENDENT COMPENSATION CONSULTANT TO DEVELOP COMPARABILITY DATA AND ADVISE THE COMMITTEE DURING ITS DELIBERATIONS REGARDING ALL ELEMENTS OF TOTAL COMPENSATION FOR ALL DISQUALIFIED INDIVIDUALS. INTEGRATED HEALTHCARE STRATEGIES (IHS), THE CONSULTANTS UTILIZED BY THE COMMITTEE, USE DATA FROM MULTIPLE TAX-EXEMPT PEER GROUP SOURCES TO DETERMINE SALARY RANGES, INCENTIVE OPPORTUNITY RANGES AND BENEFITS FOR THE DISQUALIFIED INDIVIDUALS. IHS THEN ASSISTS THE COMMITTEE IN PREPARING CONTEMPORANEOUS DOCUMENTATION OF ALL ACTIONS. EACH COMMITTEE MEETING IS CONDUCTED WITH THE INTENT TO CREATE A REBUTTABLE PRESUMPTION OF REASONABLENESS FOR ALL ELEMENTS OF EXECUTIVE TOTAL COMPENSATION FOR THE DISQUALIFIED INDIVIDUALS. THE CHAIRMAN MAKES THIS DECLARATION AND ALSO INQUIRES IF THERE ARE ANY CONFLICTS OF INTEREST BY ANY ATTENDEES. ANY CONFLICTS ARE DISCLOSED AND THE COMMITTEE THEN ACTS IN A MANNER TO AVOID ANY CONFLICTED INDIVIDUAL PARTICIPATING IN ANY MANNER WHERE A CONFLICT MIGHT EXIST. AT THE END OF THE MEETING, THE COMMITTEE PREPARES CONTEMPORANEOUS MINUTES THAT RECORD ALL ACTIONS TAKEN DURING THE MEETING.

Return Reference	Explanation
Form 990, Part VI, Sec B, Line 15b, Process to establish compensation of other employees	PLEASE SEE RESPONSE TO FORM 990, PART VI, LINE 15A

Return Reference	Explanation
FORM 990, PART VI, LINE 16B, JOINT VENTURES	HOSPITAL SISTERS HEALTH SYSTEM ADOPTED A JOINT VENTURE COMPLIANCE PROGRAM POLICY EFFECTIVE ON JANUARY 1, 2012 FOR ALL SYSTEM HOSPITALS, INCLUDING ST MARY'S HOSPITAL. THE OVERALL PURPOSE OF THE POLICY IS TO PROVIDE PRACTICAL GUIDELINES FOR ETHICAL BUSINESS CONDUCT, TO ACHIEVE COMPLIANCE, AND TO DETECT AND PREVENT VIOLATIONS OF APPLICABLE LAWS. THE POLICY REQUIRES ST MARY'S HOSPITAL, AND ALL HSHS HOSPITALS, TO EVALUATE THEIR PARTICIPATION IN JOINT VENTURE ARRANGEMENTS, INCLUDING UNDER APPLICABLE FEDERAL TAX LAWS, AND TO SAFEGUARD ST MARY'S HOSPITAL'S TAX EXEMPT STATUS WITH RESPECT TO ANY JOINT VENTURE ARRANGEMENTS.

Return Reference	Explanation
Form 990, Part VI, Sec C, Line 19, Required documents available to the public	BOARD-APPROVED FINANCIAL STATEMENTS ARE MADE AVAILABLE TO THE PUBLIC UPON REQUEST THE GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE NOT MADE AVAILABLE TO THE GENERAL PUBLIC AT THIS TIME

Return Reference	Explanation
Form 990, Part IX, Line 11g, Other Expenses	PROFESSIONAL FEES - TOTAL EXPENSE 6458848, PROGRAM SERVICE EXPENSE 6363551, MANAGEMENT AND GENERAL EXPENSES 95297, FUNDRAISING EXPENSES , OTHER PURCHASED SERVICES - TOTAL EXPENSE 11993125, PROGRAM SERVICE EXPENSE 9165791, MANAGEMENT AND GENERAL EXPENSES 2827334, FUNDRAISING EXPENSES , - TOTAL EXPENSE 0, PROGRAM SERVICE EXPENSE , MANAGEMENT AND GENERAL EXPENSES , FUNDRAISING EXPENSES ,

Return Reference	Explanation
FORM 990, PART X, LINE 11, POOLED INVESTMENT ACCOUNT	ST MARY'S HOSPITAL CASH RESERVES ARE INVESTED IN A POOLED INVESTMENT ACCOUNT MAINTAINED BY HOSPITAL SISTERS HEALTH SYSTEM (HSHS) PARTICIPATION IN THE POOLED INVESTMENT FUND IS LIMITED TO THE 501 (C)(3) HOSPITALS AND HEALTH SERVICES ORGANIZATIONS SPONSORED BY HSHS THE POOLED ACCOUNT CONSISTS OF CASH, EQUITY AND DEBT SECURITIES THAT ARE PUBLICLY TRADED IN ACCORDANCE WITH THE PROVISIONS OF STATEMENT OF FINANCIAL ACCOUNTING STANDARDS (SFAS) NO 124, "ACCOUNTING FOR CERTAIN INVESTMENTS HELD BY NOT-FOR-PROFIT ORGANIZATIONS", INVESTMENTS IN EQUITY SECURITIES WITH READILY DETERMINABLE FAIR VALUES AND ALL INVESTMENTS IN DEBT SECURITIES ARE REPORTED AT FAIR VALUE ON THE BALANCE SHEET INCOME, REALIZED AND UNREALIZED GAINS AND LOSSES ARE POOLED AND ALLOCATED TO THE PARTICIPANTS INDIVIDUAL COMPONENTS OF ASSETS AND REVENUE ARE NOT IDENTIFIED TO THE INDIVIDUAL HOSPITAL PARTICIPANTS

Return Reference	Explanation
Form 990 , Part XI, Line 9, Other changes in net assets or fund balances	CHANGE IN FAIR VALUE OF INTEREST RATE SWAP - 7220, SWAP PAYMENTS - 1886, DECREASE IN TEMPORARILY RESTRICTED NET ASSETS - -118105, INCREASE IN PERMANENTLY RESTRICTED NET ASSETS - 20, PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COSTS - 2997162, TRANSFERS TO AFFILIATES - -6194627,

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
ST MARY'S HOSPITAL DECATUR OF THE HOSPITAL SISTERS OF THE THIRD ORDER OF ST FRANCIS

Employer identification number
37-0661244

Part I

Identification of Disregarded Entities

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) SPRINGFIELD HEALTH PARTNERS LLC 4936 LAVERNA ROAD SPRINGFIELD, IL 62707 37-1364419	HEALTHCARE (DISSOLVED 03/22/13)	IL	0	0	HSBS MG
(2) KIARA CLINICAL INTEGRATION NETWORK LLC 4936 LAVERNA ROAD SPRINGFIELD, IL 62707 26-1417684	HEALTHCARE	IL	-3,651,339	7,292,316	HSSI
(3) PHYSICIAN CLINICAL INTEGRATION NETWORK LLC 4936 LAVERNA ROAD SPRINGFIELD, IL 62707 37-1668647	HEALTHCARE	IL	-779,271	1,233,121	KCIN

Part II

Identification of Related Tax-Exempt Organizations

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

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

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

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

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

Part V

Transactions With Related Organizations

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Dividends from related organization(s)

g

Sale of assets to related organization(s)

h

Purchase of assets from related organization(s)

i

Exchange of assets with related organization(s)

j

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

k

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

l

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

m

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

n

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

o

Sharing of paid employees with related organization(s)

p

Reimbursement paid to related organization(s) for expenses

q

Reimbursement paid by related organization(s) for expenses

r

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

s

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

Yes

No

1a

No

1b

No

1c

No

1d

No

1e

Yes

1f

1g

No

1h

No

1i

No

1j

Yes

1k

No

1l

Yes

1m

No

1n

No

1o

Yes

1p

Yes

1q

Yes

1r

Yes

1s

Yes

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

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

Schedule R (Form 990) 2013

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

[illegible]

Part VII

Supplemental Information

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

Return Reference	Explanation
PART II, COLUMN (F), DIRECT CONTROLLING ENTITY (CMH)	ON SEPTEMBER 1, 2014, HSSI BECAME THE SOLE CORPORATE MEMBER OF COMMUNITY MEMORIAL HOSPITAL (CMH) IN OCONTO FALLS, WISCONSIN EFFECTIVE ON THE ACQUISITION DATE, CMH BECAME A CATHOLIC ENTITY AND THE HOSPITAL NAME WAS CHANGED TO ST CLARE MEMORIAL HOSPITAL, INC PREVIOUS TO THE ACQUISITION, TWO HSSI AFFILIATES HELD A COMBINED 24% MINORITY INTEREST IN CMH REVISED GOVERNING DOCUMENTS ARE CONSISTENT WITH HSHS POLICIES APPLICABLE TO AFFILIATES HSSI WILL RETAIN CERTAIN RESERVE POWERS OVER ST CLARE MEMORIAL HOSPITAL, INC CONSISTENT WITH OTHER HSSI SUBSIDIARIES
PART V, LINE 2, TRANSACTIONS WITH RELATED ORGANIZATIONS	THE TRANSACTIONS REPORTED ON LINE 1 AND NOT SPECIFICALLY IDENTIFIED ON LINE 2 ARE BETWEEN RELATED 501(C)(3) PUBLIC CHARITIES ACCORDINGLY THEY ARE NOT REPORTED IN THIS SECTION

Additional Data

Software ID: 13000248

Software Version: 2013v3.1

EIN: 37-0661244

Name: ST MARY'S HOSPITAL DECATUR OF THE HOSPITAL SISTERS OF THE THIRD ORDER OF ST FRANCIS

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) HOSPITAL SISTERS HEALTH SYSTEM 4936 LAVERNA ROAD SPRINGFIELD, IL 62707 37-1058692	HEALTHCARE	IL	501(C)(3)	11 - Type III - FI	NA		No
(1) HOSPITAL SISTERS OF ST FRANCIS FDTN 4936 LAVERNA ROAD SPRINGFIELD, IL 62707 37-1186514	HEALTHCARE	IL	501(C)(3)	9	HSHS	Yes	
(2) HSHS HEALTHCARE PLAN TRUST FUND 4936 LAVERNA ROAD SPRINGFIELD, IL 62707 37-1137724	HEALTHCARE	IL	501(C)(9)	N/A	HSHS	Yes	
(3) HSHS SELF INSURANCE TRUST 4936 LAVERNA ROAD SPRINGFIELD, IL 62707 37-1120626	INSURANCE	IL	501(C)(3)	11 - Type I	HSHS	Yes	
(4) HOSPITAL SISTERS HEALTHCARE WEST INC 2661 COUNTY HIGHWAY 1 CHIPPEWA FALLS, WI 54729 51-0157933	HEALTHCARE	WI	501(C)(3)	11 - Type III - FI	HSSI	Yes	
(5) SACRED HEART HOSPITAL 990 WEST CLAIREMONT AVENUE EAU CLAIRE, WI 54701 39-0807060	HEALTHCARE	WI	501(C)(3)	3	HSSI	Yes	
(6) ST ANTHONY'S HOSPITAL 503 N MAPLE STREET EFFINGHAM, IL 62401 37-0661233	HEALTHCARE	IL	501(C)(3)	3	HSSI	Yes	
(7) ST ELIZABETH'S HOSPITAL 211 SOUTH THIRD STREET BELLEVILLE, IL 62220 37-0663567	HEALTHCARE	IL	501(C)(3)	3	HSSI	Yes	
(8) ST NICHOLAS HOSPITAL 3100 SUPERIOR AVENUE SHEBOYGAN, WI 53081 39-0808480	HEALTHCARE	WI	501(C)(3)	3	HSSI	Yes	
(9) ST JOHN'S HOSPITAL 800 EAST CARPENTER STREET SPRINGFIELD, IL 62769 37-0661238	HEALTHCARE	IL	501(C)(3)	3	HSSI	Yes	
(10) ST JOSEPH'S HOSPITAL 9515 HOLY CROSS LANE BREESE, IL 62230 37-1208459	HEALTHCARE	IL	501(C)(3)	3	HSSI	Yes	
(11) ST JOSEPH'S HOSPITAL 2661 COUNTY HIGHWAY 1 CHIPPEWA FALLS, WI 54729 39-0810545	HEALTHCARE	WI	501(C)(3)	3	HSSI	Yes	
(12) ST MARY'S HOSPITAL 111 SPRING STREET STREATOR, IL 61364 36-2169181	HEALTHCARE	IL	501(C)(3)	3	HSSI	Yes	
(13) ST MARY'S MEDICAL CENTER 1762 SHAWANO AVENUE GREEN BAY, WI 54303 39-0818682	HEALTHCARE	WI	501(C)(3)	3	HSSI	Yes	
(14) ST VINCENT HOSPITAL 835 S VAN BUREN GREEN BAY, WI 51301 39-0817529	HEALTHCARE	WI	501(C)(3)	3	HSSI	Yes	
(15) ST JOSEPH'S HOSPITAL 12866 TROXLER AVENUE HIGHLAND, IL 62249 37-0663568	HEALTHCARE	IL	501(C)(3)	3	HSSI	Yes	
(16) ST FRANCIS HOSPITAL 1215 FRANCISCAN DRIVE LITCHFIELD, IL 62056 37-0661236	HEALTHCARE	IL	501(C)(3)	3	HSSI	Yes	
(17) HOSPITAL SISTERS SERVICES INC 4936 LAVERNA ROAD SPRINGFIELD, IL 62707 37-1163402	HEALTHCARE	IL	501(C)(3)	11 - Type III - FI	HSHS	Yes	
(18) HSHS MEDICAL GROUP INC 3215 EXECUTIVE PARK DRIVE SPRINGFIELD, IL 62703 26-3956318	HEALTHCARE	IL	501(C)(3)	11 - Type III - FI	HSSI	Yes	
(19) HSHS WISCONSIN MEDICAL GROUP INC 3215 EXECUTIVE PARK DRIVE SPRINGFIELD, IL 62703 26-4515959	HEALTHCARE	WI	501(C)(3)	11 - Type III - FI	HSSI	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c) (3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
(21) ORANGE CROSS AMBULANCE INC 919 ASHLAND AVENUE SHEBOYGAN, WI 53081 39-1860942	HEALTHCARE	WI	501(C)(3)	9	ST NICHOLAS	Yes	
(1) WISCONSIN UPPER PENINSULA ONCOLOGY MGMT 835 S VAN BUREN GREEN BAY, WI 54301 39-1677100	HEALTHCARE	WI	501(C)(3)	3	ST VINCENT	Yes	
(2) UNITY LIMITED PARTNERSHIP 2366 OAK RIDGE CIRCLE DE PERE, WI 54115 39-1750729	HEALTHCARE	WI	501(C)(3)	9	HSSI	Yes	
(3) PRAIRIE EDUCATION & RESEARCH COOPERATIVE 317 NORTH 5TH STREET SPRINGFIELD, IL 62701 37-1157915	HEALTHCARE	IL	501(C)(3)	4	HSSI	Yes	
(4) COMMUNITY MEMORIAL HOSPITAL 855 S MAIN STREET OCONTO FALLS, WI 54154 39-0848401	HEALTHCARE	WI	501(C)(3)	3	HSSI (SEE PART VII)	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Dispropotionate allocations?		(i) Code V-UBI amount in Box 20 of K-1 (Form 1065)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
MEMORIAL AND ST ELIZABETH'S HEALTHCARE CANCER TREATMENT CENTER 4000 NORTH ILLINOIS STREET SWANSEA, IL 62226 37-1312961	HEALTHCARE	IL	ST ELIZABETH'S	RELATED	599,299	4,931,271		No			No	0 %
PRAIRIE HEART INSTITUTE ST JOHN'S 800 EAST CARPENTER STREET SPRINGFIELD, IL 62769 37-1321197	HEALTHCARE	IL	HSHS	RELATED	-1,018	47,055		No			No	0 %
NORTHEAST WISCONSIN RADIATION THERAPY SERVICES LLC 1726 SHAWANO AVE GREEN BAY, WI 543079047 26-3749065	HEALTHCARE	WI	SMGB	RELATED	147,184	514,563		No		Yes		0 %
PAIN CENTER OF WISCONSIN 4131 W LOOMIS ROAD SUITE 300 GREENFIELD, WI 53221 26-3155343	HEALTHCARE	WI	ST VINCENT	RELATED	1,752,500	1,353,813		No			No	0 %
SURGERY CENTER OF SHEBOYGAN LLC 3141 SAEMANN AVENUE SHEBOYGAN, WI 53081 26-0822209	HEALTHCARE	WI	ST NICHOLAS (SOLD 1114)	RELATED	155,892	0		No			No	0 %
CARPENTER STREET HOTEL LLC 525 NORTH SIXTH STREET SPRINGFIELD, IL 62702 36-4128127	HOTEL	IL	LASANTE INC	N/A								
SPRINGFIELD URGENT CARE REAL ESTATE LLC PO BOX 19456 SPRINGFIELD, IL 727949456 03-0413258	RENTAL REAL ESTATE	IL	LASANTE INC	N/A								
PRAIRIE HEART INSTITUTE MANAGEMENT COMPANY LLC 4936 LAVERNA ROAD SPRINGFIELD, IL 62707 26-1479945	MEDICAL	IL	HSHS	RELATED	-7,553	9,078		No		Yes		0 %

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(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
KIARA INC 4936 LAVERNA ROAD SPRINGFIELD, IL 62707 37-1163401	HEALTHCARE	IL	HSHS	C CORPORATION	-23,279,067	45,045,072	0 %	Yes	
LASANTE WISCONSIN INC 4936 LAVERNA ROAD SPRINGFIELD, IL 62707 39-1572196	HEALTHCARE	IL	KIARA INC	C CORPORATION				Yes	
LASANTE INC 4936 LAVERNA ROAD SPRINGFIELD, IL 62707 37-1163400	HEALTHCARE	IL	KIARA INC	C CORPORATION				Yes	
PRAIRIE CARDIOVASCULAR 619 EAST MASON SUITE 4P57 SPRINGFIELD, IL 62701 37-1071858	HEALTHCARE	IL	KIARA INC	C CORPORATION				Yes	
PREVEA HEALTH SERVICES INC 2710 EXECUTIVE DRIVE GREEN BAY, WI 54304 39-1839351	HEALTHCARE	WI	HSSI	C CORPORATION	2,912,268	45,322,060	0 %	Yes	
PREVEA CLINIC INC 2710 EXECUTVE DRIVE GREEN BAY, WI 54304 39-1839349	HEALTHCARE	WI	PHSI	C CORPORATION				Yes	
RENAISSANCE QUALITY INSURANCE LTD PO BOX 1159 GRAND CAYMAN KY1-1102 CJ 98-0669953	INSURANCE	CJ	HSSI	C CORPORATION	0	100,258,139	0 %	Yes	
OJV INC 4936 LAVERNA ROAD SPRINGFIELD, IL 62707 46-0873384	HEALTHCARE	IL	LASANTE INC	C CORPORATION				Yes	
STREATORLAND QUALITY CARE PHO LLC 111 SPRING STREET STREATOR, IL 61364 36-4105007	HEALTHCARE	IL	ST MARY'S STREATOR	C CORPORATION	-3,136	20,601	0 %	Yes	



HOSPITAL SISTERS HEALTH SYSTEM AND SUBSIDIARIES
Springfield, Illinois

Consolidated Financial Statements and Supplementary Information

June 30, 2014 and 2013

(With Independent Auditors' Report Thereon)



KPMG LLP
Aon Center
Suite 5500
200 East Randolph Drive
Chicago, IL 60601-6436

Independent Auditors' Report

The Board of Directors
Hospital Sisters Health System:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Hospital Sisters Health System and Subsidiaries (HSHS), which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations and change in unrestricted net assets, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hospital Sisters Health System and Subsidiaries as of June 30, 2014 and 2013, and the results of their operations, the changes in their net assets, and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Chicago, Illinois
October 20, 2014

HOSPITAL SISTERS HEALTH SYSTEM AND SUBSIDIARIES

Springfield, Illinois

Consolidated Balance Sheets

June 30, 2014 and 2013

(Dollars in thousands)

Assets	2014	2013
Current assets:		
Cash and cash equivalents	\$ 122,197	81,110
Receivables:		
Patients' accounts, less allowance for uncollectible accounts of approximately \$118,700 in 2014 and \$129,300 in 2013	325,652	294,578
Due from third-party reimbursement programs	4,887	2,813
Other	38,527	23,635
Total receivables	369,066	321,026
Current portion of assets whose use is limited or restricted	214,898	211,582
Inventories	38,035	40,051
Prepaid expenses	20,878	20,305
Total current assets	765,074	674,074
Assets whose use is limited or restricted, net of current portion	1,749,958	1,596,267
Property, plant, and equipment, net	1,327,878	1,257,517
Other assets	73,545	68,208
	<u>\$ 3,916,455</u>	<u>3,596,066</u>
Liabilities and Net Assets		
Current liabilities:		
Current installments of long-term debt	\$ 18,494	17,909
Long-term debt subject to short-term remarketing agreements	169,508	169,508
Current portion of estimated self-insurance liabilities	26,896	24,165
Accounts payable	104,101	114,093
Accrued liabilities	145,617	133,937
Estimated payables under third-party reimbursement programs	60,586	43,637
Total current liabilities	525,202	503,249
Long-term debt, excluding current installments	485,193	430,669
Estimated self-insurance liabilities	76,335	70,008
Derivative instruments	43,052	41,831
Accrued benefit liability	210,621	251,894
Other noncurrent liabilities	45,550	46,906
Total liabilities	<u>1,385,953</u>	<u>1,344,557</u>
Net assets:		
Unrestricted	2,479,350	2,202,951
Temporarily restricted	26,695	25,487
Permanently restricted	24,457	23,071
Total net assets	<u>2,530,502</u>	<u>2,251,509</u>
	<u>\$ 3,916,455</u>	<u>3,596,066</u>

See accompanying notes to consolidated financial statements.

HOSPITAL SISTERS HEALTH SYSTEM AND SUBSIDIARIES

Springfield, Illinois

Consolidating Statements of Operations and Change in Unrestricted Net Assets

Years ended June 30, 2014 and 2013

(Dollars in thousands)

	<u>2014</u>	<u>2013</u>
Net patient service revenue	\$ 2,078,556	2,012,108
Provision for uncollectible accounts	<u>(98,003)</u>	<u>(107,131)</u>
Net patient service revenue less provision for uncollectible accounts	1,980,553	1,904,977
Other revenues:		
Investment income	1,827	2,751
Net assets released from restrictions used for operations	1,657	1,513
Other	<u>104,980</u>	<u>98,325</u>
Total revenue	<u>2,089,017</u>	<u>2,007,566</u>
Expenses:		
Sisters' services	1,202	1,275
Salaries and wages	763,499	740,688
Employee benefits	225,917	242,056
Professional fees	117,651	113,362
Supplies	283,877	275,961
Depreciation and amortization	151,683	135,871
Interest	8,599	7,247
Restructuring costs	2,265	—
Other	<u>517,656</u>	<u>469,542</u>
Total expenses	<u>2,072,349</u>	<u>1,986,002</u>
Income from operations	16,668	21,564
Nonoperating gains (losses):		
Investment income	212,803	128,782
Change in fair value of interest rate swaps	(1,221)	22,606
Loss on conversion and early extinguishment of debt	<u>—</u>	<u>(5,073)</u>
Revenue and gains (losses) in excess of expenses	228,250	167,879
Other changes in unrestricted net assets:		
Net assets released from restrictions used for the purchase of property, plant, and equipment	6,876	1,237
Recognition of change in pension funded status	<u>41,273</u>	<u>158,145</u>
Change in unrestricted net assets	<u>\$ 276,399</u>	<u>327,261</u>

See accompanying notes to consolidated financial statements.

HOSPITAL SISTERS HEALTH SYSTEM AND SUBSIDIARIES
Springfield, Illinois

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2014 and 2013

(Dollars in thousands)

	<u>2014</u>	<u>2013</u>
Unrestricted net assets:		
Revenue and gains (losses) in excess of expenses	\$ 228,250	167,879
Other changes in unrestricted net assets:		
Net assets released from restrictions used for the purchase of property, plant, and equipment	6,876	1,237
Recognition of change in pension funded status	41,273	158,145
Change in unrestricted net assets	<u>276,399</u>	<u>327,261</u>
Temporarily restricted net assets:		
Investment income	2,109	1,182
Contributions	7,632	6,272
Net assets released from restrictions	(8,533)	(2,750)
Change in temporarily restricted net assets	<u>1,208</u>	<u>4,704</u>
Permanently restricted net assets:		
Investment income (loss)	9	(9)
Contributions	1,377	330
Change in permanently restricted net assets	<u>1,386</u>	<u>321</u>
Change in net assets	278,993	332,286
Net assets at beginning of year	<u>2,251,509</u>	<u>1,919,223</u>
Net assets at end of year	<u>\$ 2,530,502</u>	<u>2,251,509</u>

See accompanying notes to consolidated financial statements.

HOSPITAL SISTERS HEALTH SYSTEM AND SUBSIDIARIES
Springfield, Illinois

Consolidated Statements of Cash Flows

Years ended June 30, 2014 and 2013

(Dollars in thousands)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ 278,993	332,286
Adjustments to reconcile change in net assets to net cash from operating activities		
Loss on conversion and early extinguishment of debt	—	5,073
Recognition of change in pension funded status	(41,273)	(158,145)
Income from equity basis investments	(4,193)	(4,158)
Cash received from equity basis investments, net	4,390	4,230
Net assets released from restrictions and used for operations	1,657	1,513
Restricted contributions and investment return	(11,127)	(7,775)
Amortization of bond issuance costs, included in interest expense	253	244
Depreciation and amortization	151,683	135,871
Provision for uncollectible accounts	98,003	107,131
Change in net unrealized gain and losses on investments	(86,580)	(69,286)
Net realized gains on sale of investments	(105,423)	(40,538)
Change in the fair value of derivative instruments	1,221	(22,606)
Changes in assets and liabilities		
Patients' accounts receivable	(129,077)	(93,895)
Other receivables	(14,892)	(1,547)
Inventories	2,016	179
Prepaid expenses	(573)	(3,929)
Net amounts due to third-party reimbursement programs	14,875	3,767
Accounts payable and accrued liabilities	1,688	21,846
Estimated self-insurance liabilities and other noncurrent liabilities	7,702	12,761
Net cash provided by operating activities	<u>169,343</u>	<u>223,022</u>
Cash flows from investing activities		
Acquisition of property, plant, and equipment	(224,242)	(242,210)
Gross purchases of investments	(1,761,889)	(1,917,036)
Gross proceeds from sale or maturity of investments	1,796,885	1,867,469
Change in other assets	(5,787)	5,133
Net cash used in investing activities	<u>(195,033)</u>	<u>(286,644)</u>
Cash flows from financing activities		
Repayment of long-term debt	(13,663)	(468,900)
Proceeds from issuance of debt	70,970	520,720
Payment of bond issuance cost	—	(3,864)
Net assets released from restrictions and used for operations	(1,657)	(1,513)
Restricted contributions and investment return	11,127	7,775
Net cash provided by financing activities	<u>66,777</u>	<u>54,218</u>
Change in cash and cash equivalents	41,087	(9,404)
Cash and cash equivalents at beginning of year	<u>81,110</u>	<u>90,514</u>
Cash and cash equivalents at end of year	<u>\$ 122,197</u>	<u>81,110</u>
Supplemental disclosure of cash flow information		
Cash paid for interest, net of amounts capitalized	\$ 8,383	7,085
Supplemental disclosure of noncash transactions		
Assets acquired under capital lease	2,198	885

See accompanying notes to consolidated financial statements

HOSPITAL SISTERS HEALTH SYSTEM AND SUBSIDIARIES

Springfield, Illinois

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

(1) Organization and Purpose

Hospital Sisters Health System (HSHS), an Illinois not-for-profit corporation, considers all wholly owned or controlled entities as subsidiaries for consolidated financial statement purposes. The accompanying consolidated financial statements include the accounts of HSHS and its subsidiaries. HSHS is the parent corporation for several subsidiary corporations and exerts control through various reserved powers. The subsidiary corporations and controlled entities presented in the accompanying consolidated financial statements include Hospital Sisters Services, Inc. (HSSI), HSHS System Services Center (the SSC), Hospital Sisters of St. Francis Foundation, Inc. (the Foundation), and Kiara, Inc.

HSSI, an Illinois not-for-profit holding company, is the sole member of 13 hospitals in Illinois and Wisconsin (collectively referred to as the Obligated Group), Hospital Sisters Healthcare – West, Inc. (HCW), HSHS Medical Group, Inc., and HSHS Wisconsin Medical Group, Inc. (collectively referred to as the Medical Group), Unity Limited Partnership, Kiara Clinical Integration Network (KCIN), Prairie Education & Research Cooperative (PERC), and Renaissance Quality Insurance, Ltd. (RQIL). HSSI and the 13 hospitals have formed an Obligated Group for debt financing purposes through the use of a Master Trust Indenture (MTI) (note 11). The hospitals are organized for the purpose of providing inpatient and outpatient healthcare services. HSSI formed the Medical Group for the purpose of affiliating with physicians. RQIL is a captive insurance company incorporated in the Cayman Islands to provide professional and general liability insurance coverage to HSSI and affiliates. Effective July 1, 2013, RQIL started providing workers compensation coverage for the 13 hospitals. HCW, the Medical Group, Unity Limited Partnership, KCIN, PERC, and RQIL are not members of the Obligated Group.

The 13 hospitals who are members of the Obligated Group, along with HSSI, are as follows:

<u>Hospital</u>	<u>Location</u>
	Illinois:
St. Elizabeth's Hospital	Belleville
St. Joseph's Hospital	Breese
St. Mary's Hospital	Decatur
St. Anthony's Memorial Hospital	Effingham
St. Joseph's Hospital	Highland
St. Francis Hospital	Litchfield
St. John's Hospital	Springfield
St. Mary's Hospital	Streator
	Wisconsin:
St. Joseph's Hospital	Chippewa Falls
Sacred Heart Hospital	Eau Claire
St. Mary's Hospital Medical Center	Green Bay
St. Vincent Hospital	Green Bay
St. Nicholas Hospital	Sheboygan

HOSPITAL SISTERS HEALTH SYSTEM AND SUBSIDIARIES

Springfield, Illinois

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

The SSC administers the Workers Compensation Fund (through June 30, 2013), Health Care Trust Fund, and Flex Plan. The SSC is supported by annual fees paid by the HSHS affiliated hospitals and certain other HSHS controlled entities to the SSC. The SSC utilizes these funds to provide centralized management and information services to the 13 affiliated hospitals, workers' compensation, and employee health administration. In addition, the SSC administers a centralized investment program and defined contribution pension plan on behalf of all HSHS entities.

The Foundation, an Illinois not-for-profit corporation, is an entity whose purpose is to solicit and administer philanthropic funds. The Foundation is structured into 14 separate divisions to administer restricted and unrestricted gifts and bequests at each of the respective hospital locations and the SSC.

Kiara, Inc., an Illinois for-profit corporation, provides a vehicle for joint ventures with physicians and an entry into those health related services, which do not qualify as tax-exempt services, such as pharmacy, durable medical equipment, nonaffiliate electronic health records (EHR) implementations, and real estate holdings. Kiara, Inc. is the holding company of three subsidiary corporations in which it is the sole stockholder, LaSante, Inc., LaSante Wisconsin, Inc., and Prairie Cardiovascular Consultants, Inc. (PCC). The operations of these three wholly owned subsidiaries are consolidated into the financial statements of Kiara, Inc. In connection with the acquisition of PCC, \$1,686 and \$3,372 is still payable at June 30, 2014 and 2013, respectively, and is a component of other noncurrent liabilities in the accompanying consolidated balance sheets.

Pursuant to a Membership Substitution Agreement, HSSI became the sole corporate member of PERC on October 1, 2013. As part of the change in sponsorship, HSHS acquired \$3,886 of total assets, \$2,121 of total liabilities, and \$1,764 of unrestricted contributions. Annual revenue and expenses for PERC approximated \$5,300 and \$5,000, respectively, for the year ended June 30, 2014. PERC was founded in 1983 to facilitate cardiovascular and vascular clinical research and physician continuing medical education. PERC was conceptualized to integrate state of the art medical research and bedside patient care. PERC has promoted the clinical introduction of new pharmaceuticals, cardiovascular techniques, and medical devices. HSSI retains certain reserved powers over PERC consistent with other HSSI subsidiaries.

All significant intercompany transactions have been eliminated in consolidation.

(2) Summary of Significant Accounting Policies

The significant accounting policies of HSHS are as follows:

(a) Presentation

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of healthcare services are reported as revenue and expenses. Peripheral or incidental transactions are reported as nonoperating gains or losses. Nonoperating gains or losses include investment income, other than that which is associated with self-insurance programs, or funds held by trustee under indenture agreements, loss on conversion and early extinguishment of debt, and the change in fair value of the interest rate swap agreements.

HOSPITAL SISTERS HEALTH SYSTEM AND SUBSIDIARIES

Springfield, Illinois

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

(b) *Use of Estimates*

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Significant estimates include allowances for contractual allowances and bad debts, third-party payor settlements, valuation of investments, recoverability of property, plant, and equipment, self-insurance liabilities, derivative instruments, accrued benefit liability, and other liabilities. Actual results could differ from those estimates.

(c) *Cash and Cash Equivalents*

Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less when purchased, excluding those amounts included as assets whose use is limited or restricted.

(d) *Assets Whose Use is Limited or Restricted*

Assets whose use is limited or restricted include assets set aside by the board of directors for future capital improvements, self-insurance funding, and for other purposes over which the board of directors retains control and may at its discretion subsequently use for other purposes; assets held by third-party trustees under indenture agreements; and funds temporarily or permanently restricted by donors. Management classifies the current portion of assets whose use is limited or restricted based on the approximate amount of the current portion of long-term debt and self-insurance.

Investments in equity securities with readily determinable values and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets. Investment income on assets associated with self-insurance programs or assets deposited in funds held by trustee under indenture agreements is reported as other revenue. Investment income from all other investments is reported as nonoperating gains – investment income, unless the income or loss is restricted by donor or law. Changes in net unrealized gains and losses on investments are included in revenue and gains (losses) in excess of expenses and losses as all investments are considered to be trading securities.

(e) *Inventories*

Inventories are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis.

(f) *Property, Plant, and Equipment*

Property, plant, and equipment additions are stated at cost or fair value at the date of acquisition or donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method of accounting. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of

HOSPITAL SISTERS HEALTH SYSTEM AND SUBSIDIARIES

Springfield, Illinois

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

acquiring those assets. Capitalized interest is reduced by the amount of investment income earned on unexpended proceeds from project specific borrowings.

(g) Long-Lived Assets

Long-lived assets (including property, plant, and equipment) are periodically assessed for recoverability based on the occurrence of a significant adverse event or change in the environment in which HSHS operates or if the expected future cash flows (undiscounted and without interest) would become less than the carrying amount of the asset. An impairment loss would be recorded in the period such determination is made based on the fair value of the related entity. No impairments were recorded for the years ended June 30, 2014 and 2013.

(h) Other Assets – Joint Ventures

HSHS invests in various organizations that are not wholly owned or controlled by HSHS. Investments in affiliates in which HSHS has significant influence but does not control are reported on the equity method of accounting, which represents HSHS' equity in the underlying net book value. The equity method of accounting is discontinued when the investment is reduced to zero unless HSHS has guaranteed the obligations of the organization or is committed to provide additional capital support.

(i) Loss Reserves

HSHS is self-insured for professional and general liability, workers' compensation, and employee health claims. The provisions for loss reserves include the ultimate cost for both reported losses and losses incurred, but not reported as of the respective consolidated balance sheet dates. HSHS reports the amount predicted to settle within one year as the current portion of estimated self-insurance liabilities along with the corresponding investments held as current portion of assets whose use is limited. The long-term portion is reported as estimated self-insurance liabilities with the corresponding investments held as assets whose use is limited.

The liability for loss reserves represents an estimate of the ultimate net cost of all such amounts that are unpaid at the consolidated balance sheet dates. The liability is based on projections and the historical claim experience of HSHS and gives effect to estimates of trends. Although management believes that the estimate of the liability for claims is reasonable, it is possible that HSHS' actual incurred claims will not conform to the assumptions' inherent variability with respect to the significant assumptions utilized. Accordingly, the ultimate settlement of claims may vary from the liability for unpaid claims included in the accompanying consolidated financial statements.

(j) Derivative Instruments

HSHS accounts for derivatives and hedging activities in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) SubTopic 815-10, *Accounting for Derivative Instruments and Hedging Activities*, which requires that an entity recognize all derivatives as either assets or liabilities in the consolidated balance sheet and measure those

HOSPITAL SISTERS HEALTH SYSTEM AND SUBSIDIARIES

Springfield, Illinois

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

instruments at fair value. HSHS is involved in various interest rate swaps. The fair value of the interest rate swap programs is included as derivative instruments in the accompanying consolidated balance sheets. For HSHS, the derivatives are not designated as hedge instruments, and therefore, settlements on derivative instruments and the change in fair values of the interest rate swap agreements are recognized in the consolidated statements of operations and change in unrestricted net assets as a component of nonoperating gains (losses).

(k) Asbestos Removal Costs

HSHS accounts for asbestos removal costs in accordance with ASC SubTopic 410-20, *Accounting for Conditional Asset Retirement Obligations*. ASC SubTopic 410-20 requires the current recognition of a liability when a legal obligation exists to perform an asset retirement obligation (ARO) in which the timing or method of settlement is conditional on a future event that may or may not be under the control of the entity. ASC SubTopic 410-20 requires an ARO liability be recorded at its net present value with recognition of a related long-lived asset in a corresponding amount. The ARO liability is accreted through periodic charges to depreciation expense. The initially capitalized ARO long-lived asset is depreciated over the corresponding long-lived asset's remaining useful life. HSHS is legally liable to remove asbestos from existing buildings prior to future remodeling or demolishing of the existing hospital buildings. The estimated asbestos removal cost at June 30, 2014 and 2013 is \$27,927 and \$28,957, respectively, and is included within other noncurrent liabilities in the accompanying consolidated balance sheets. The net book value of the ARO long-lived asset at June 30, 2014 and 2013 is \$334 and \$553, respectively, and is included within other assets in the accompanying consolidated balance sheets.

(l) Donor-Restricted Net Assets

Net assets and activities are classified into three classes based on the existence or absence of donor-imposed restrictions: unrestricted, temporarily restricted, and permanently restricted. Temporarily restricted net assets represent those net assets whose use by HSHS has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by HSHS in perpetuity.

HSHS classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. Investment returns in excess of spending are classified as increases in temporarily restricted net assets until appropriated for expenditure by HSHS.

HSHS has established a spending policy, which is evaluated and approved by the Foundation's board every year. The approved spending rate for fiscal year 2014 and 2013 was 4.90% and 2.30%, respectively. In establishing this policy, the long-term expected return on the endowment is considered. This is consistent with HSHS' objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term.

HOSPITAL SISTERS HEALTH SYSTEM AND SUBSIDIARIES

Springfield, Illinois

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

Endowment funds are commingled with the pooled investment fund administered by HSHS. HSHS relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). HSHS targets a diversified asset allocation of 35.5% fixed income, 22.5% domestic equities, 17% international equities, 20% custom hedge funds, and 5% real assets to achieve its long-term return objectives within prudent risk constraints.

(m) Gifts, Bequests, and Grants

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as cost. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and change in unrestricted net assets as assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are recorded as unrestricted contributions. Unrestricted contributions are included in other revenue.

Gifts of long-lived assets such as property, plant, and equipment are reported as unrestricted gifts and bequests and are excluded from revenue and gains (losses) in excess of expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted contributions. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

(n) Net Patient Service Revenue

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

(o) Charity Care

HSHS provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Amounts determined to qualify as charity care are not reported as net patient service revenue, since HSHS does not pursue collection of such amounts.

(p) Revenue and Gains (Losses) in Excess of Expenses

The consolidated statements of operations and change in unrestricted net assets include revenue and gains (losses) in excess of expenses. Changes in unrestricted net assets that are excluded from

HOSPITAL SISTERS HEALTH SYSTEM AND SUBSIDIARIES

Springfield, Illinois

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revenue and gains (losses) in excess of expenses, consistent with industry practice, include: contributions of property, plant, and equipment (including assets acquired using contributions that by donor restrictions or grants were to be used for the purpose of acquiring such assets); and recognition of change in pension funded status.

(q) Income Taxes

HSHS and the Foundation are Illinois not-for-profit organizations as described in Section 501(c) (3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Kiara, Inc. is an Illinois for-profit corporation that recognizes income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Kiara, Inc. tax effects of temporary differences that give rise to significant portions of the deferred tax assets at June 30, 2014 and 2013 are primarily the result of net operating loss carryforwards of \$72,356 and \$53,749 at June 30, 2014 and 2013, respectively, which expire at various future dates through 2034.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable losses and projections for future taxable losses over the periods for which the deferred tax assets are deductible, management believes it is more likely than not that Kiara, Inc. will not realize the majority of the benefits of these deductible differences. The deferred tax assets attributable to the net operating loss carryforwards not realized as of June 30, 2014 and 2013 have been fully reserved in the accompanying consolidated financial statements due to the uncertainty of realization.

HSHS recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. As of June 30, 2014 and 2013, HSHS does not have any liabilities for unrecognized tax benefits.

(r) Fair Value

HSHS has adopted the provisions of ASC Topic 820, *Fair Value Measurements*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a

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recurring basis. ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

In conjunction with the adoption of ASC Topic 820, HSHS adopted the measurement provisions of FASB Accounting Standards Update (ASU) 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*; to certain investments in funds that do not have readily determinable fair values including private investments, hedge funds, real estate, and other funds. This guidance amends ASC Topic 820 and allows for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value using net asset value (NAV) per share or its equivalent.

(s) EHR Incentive Program

The EHR Incentive Program (the Program) provides incentive payments to eligible hospitals and professionals as they adopt, implement, upgrade, or demonstrate meaningful use of certified EHR technology in their first year of participation and demonstrate meaningful use for up to five remaining participation years. HSHS accounts for the Program using the grant model. HSHS applies the “ratable recognition” approach, which states that the grant income can be recognized ratably over the entire EHR reporting period once a “reasonable assurance” income recognition threshold is met. For the years ended June 30, 2014 and 2013, HSHS recognized \$17,002 and \$31,800, respectively, as other revenue related to EHR incentives, which have been received or are expected to be received based on certifications prepared by management under the appropriate guidelines.

(3) Community Benefit

Consistent with its mission, HSHS provides medical care to all patients regardless of their ability to pay. In addition, HSHS provides services intended to benefit the poor and underserved, including those persons who cannot afford health insurance because of inadequate resources and/or are uninsured or underinsured, and to enhance the health status of the communities in which it operates.

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The following summary has been prepared in accordance with the Catholic Health Association of the United States' (CHA) policy document, *A Guide for Planning and Reporting Community Benefit*, released in May 2006. HSHS uses a cost-to-charge ratio to calculate the cost of charity care and the unpaid cost of Medicaid. The amounts in the following table reflect the quantifiable costs of HSHS' community benefit for the years ended June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Benefits for the poor:		
Charity care at cost	\$ 39,856	45,974
Unpaid cost of Medicaid and other public programs	95,830	104,232
Community health services	1,532	1,657
Other	2,058	1,798
	<u>139,276</u>	<u>153,661</u>
Benefits for the broader community:		
Community health services	4,753	4,451
Health professions education	17,883	15,558
Other	12,052	13,083
	<u>34,688</u>	<u>33,092</u>
Total community benefit	<u>\$ 173,964</u>	<u>186,753</u>

Benefits for the poor represent the cost of services provided to persons who cannot afford healthcare because of inadequate resources and who are uninsured or underinsured.

Benefits for the broader community represent the cost of services provided to other needy populations that may not qualify as poor, but that need special services and support. It also includes the cost of services for the general benefit of the communities in which HSHS operates. Many programs are targeted toward populations that may be poor, but also include those areas that may need special health services and support. These programs are not financially self-supporting.

Charity care at cost represents the cost of services provided to patients who cannot afford healthcare services due to inadequate resources. All or a portion of a patient's services may be considered charity care for which no payment is anticipated in accordance with HSHS' established policies.

Unpaid cost of Medicaid and other public programs represents the cost of providing services to beneficiaries of public programs, including state Medicaid and indigent care programs, in excess of payments for those services. (See note 4 for an explanation of changes to the Medicaid reimbursement from the State of Illinois and the State of Wisconsin.)

Community health services are activities and services for which no patient bill exists although there may be nominal patient fees. These services are not expected to be financially self-supporting although some may be partially supported by outside grants or funding.

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Health professions education includes the unreimbursed cost of training health professionals, such as medical residents, nursing students, technicians, and students, in allied health professions.

Other benefits include subsidized health services, in-kind donations, and other benefits.

In addition to the amounts reported above, HSHS committed significant resources in serving the Medicare population. The cost (determined using a cost-to-charge ratio) of providing services to primarily elderly beneficiaries of the Medicare program, in excess of governmental and managed care contract payments, was \$175,234 and \$152,293 for the years ended June 30, 2014 and 2013, respectively.

A related organization, the Foundation, funded \$8,865 and \$5,885 for charity care or other operating expenses on behalf of the hospitals during the years ended June 30, 2014 and 2013, respectively. The community benefits reported above are net of the contributions from the Foundation for such benefits.

HSHS also provides a significant amount of uncompensated care for patients, which is not included above, but is reported in the consolidated statements of operations and change in unrestricted net assets as a provision for uncollectible accounts. Many of those patients are uninsured or underinsured, but did not apply for, or qualify for, charity care.

(4) Net Patient Service Revenue

HSHS has agreements with third-party payors that provide for payment at amounts different from their established rates. A summary of the payment arrangements with major third-party payors is as follows:

Medicare – Inpatient acute care services rendered to Medicare program beneficiaries are generally paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Certain patient services related to Medicare beneficiaries are paid based upon a cost reimbursement method, prospectively determined rates, established fee screens, or a combination thereof. The hospitals are reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the hospitals and audits by the Medicare fiscal intermediary. Certain outpatient services performed by the hospitals are reimbursed at a prospectively determined rate per service based upon their ambulatory payment classification. Home health services performed by the hospitals are reimbursed at a prospectively determined rate per episodic treatment.

As of June 30, 2014, Medicare cost reports have been audited and final settled through June 30, 2009.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per discharge. Outpatient services rendered to Medicaid program beneficiaries are reimbursed based upon per visit rates. Medicaid payment methodologies and rates for services are based on the amount of funding available to state Medicaid programs. As of June 30, 2014 and 2013, Medicaid receivables aggregate to \$32,403 and \$24,764, respectively, and are valued using historical collection percentages of enacted rates.

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HSHS participates in the State of Illinois (the State) provider assessment program that assists in the financing of its Medicaid program. The program has been renewed by the State since its inception in 2004 and was renewed again on December 4, 2008 for the State's fiscal years ended June 30, 2009 through June 30, 2013. Renewal for the period July 1, 2013 to December 31, 2014 has been approved by the State. Pursuant to this program, hospitals within the State are required to remit payment to the State Medicaid program under an assessment formula approved by the Centers for Medicare and Medicaid Services (CMS).

The hospitals have included their related prorated assessments of \$26,618 and \$26,772 in 2014 and 2013, respectively, within other expenses in the accompanying consolidated statements of operations and change in unrestricted net assets. The assessment program also provides hospitals within the State with additional Medicaid reimbursement based on funding formulas also approved by CMS. The hospitals have included their additional related prorated reimbursement of \$46,174 and \$45,564 in 2014 and 2013, respectively, within net patient service revenue in the accompanying consolidated statements of operations and change in unrestricted net assets.

As of and for the year ended June 30, 2014, HSHS has included its related assessment of \$17,744 under the Enhanced Hospital Assessment Program, approved on September 30, 2013 and retroactive to June 10, 2012, within other expenses in the accompanying 2014 consolidated statement of operations and change in unrestricted net assets. The Enhanced Hospital Assessment Program provides hospitals within the State with additional Medicaid reimbursement, based on funding formulas also approved by CMS. HSHS has included its additional related reimbursements for the year ended June 30, 2014 of \$28,899, approved on September 30, 2013 and retroactive to June 10, 2012, within net patient service revenue in the accompanying 2014 consolidated statement of operations and change in unrestricted net assets.

During 2009, the State of Wisconsin enacted an assessment tax on the gross revenue of all Wisconsin hospitals, which is used to increase reimbursements made under its Medicaid program. During the years ended June 30, 2014 and 2013, the HSHS Wisconsin hospitals were assessed \$20,834 and \$21,118, respectively, related to this tax, which is included as a component of other expenses in the accompanying consolidated statements of operations and change in unrestricted net assets, and received \$24,329 and \$24,198, respectively, in supplemental Medicaid reimbursement, which is included as a component of net patient service revenue in the accompanying consolidated statements of operations and change in unrestricted net assets.

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

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A summary of gross and net patient service revenue for the years ended June 30, 2014 and 2013 is as follows:

	2014	2013
Inpatient revenue	\$ 2,386,579	2,400,777
Outpatient revenue	3,263,402	2,940,995
Less provisions for estimated contractual adjustments under third-party reimbursement programs	3,571,425	3,329,664
Net patient service revenue	<u>\$ 2,078,556</u>	<u>2,012,108</u>

Net patient service revenue for the years ended June 30, 2014 and 2013 include \$3,030 and \$8,591, respectively, of favorable retrospectively determined prior year settlements with third-party payors

A summary of Medicare, Medicaid, and managed care/contracted payor utilization percentages, based upon gross patient service revenue, is as follows:

	2014	2013
Medicare	48%	47%
Medicaid	15	14
Managed care/contracted payor	32	32
Self-pay	3	4
Other	2	3

Patients' accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of patients' accounts receivable, HSHS analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, HSHS analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (e.g., for expected uncollectible deductibles and co-payments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and co-payment balances due for which third-party coverage exists for part of the bill), HSHS records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

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HSHS' allowance for uncollectible accounts for self-pay patients decreased from 81.7% of self-pay accounts receivable at June 30, 2013, to 80.4% of self-pay accounts receivable at June 30, 2014. In addition, HSHS' self-pay write-offs increased \$23,522 from \$85,038 for fiscal year 2013 to \$108,560 for fiscal year 2014. Both changes were the result of current trends experienced in the collection of amounts from self-pay patients in fiscal year 2014.

HSHS recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, HSHS recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of HSHS' uninsured patients will be unable or unwilling to pay for the services provided. Thus, HSHS records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (before the provision for bad debts), is recognized in the period from these major payor sources, as follows:

		2014	2013
Medicare	\$	707,250	709,095
Medicaid		251,069	205,618
Managed care/contracted payor		981,725	935,800
Self-pay		78,453	104,459
Other		60,059	57,136
Net patient service revenue	\$	<u>2,078,556</u>	<u>2,012,108</u>

(5) Concentration of Credit Risk

HSHS provides healthcare services through their inpatient and outpatient facilities located in Illinois and Wisconsin. HSHS grants credit to patients, substantially all of whom are local residents. HSHS does not require collateral or other security in extending credit to patients; however, they routinely obtain assignment of (or are otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, Blue Cross, health maintenance organizations, and commercial insurance policies).

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The mix of net receivables from patients and third-party payors as of June 30, 2014 and 2013 is as follows:

	2014	2013
Medicare	28%	26%
Medicaid	10	8
Managed care/contracted payor	46	48
Self-pay	9	10
Other	7	8

(6) Investment Composition and Fair Value Measurements

(a) Overall Investment Objective

The overall investment objective of HSHS is to invest its assets in a prudent manner that will achieve an expected rate of return, manage risk exposure, and focus on downside protection. HSHS' invested assets will maintain sufficient liquidity to fund a portion of HSHS' annual operating activities and structure the invested assets to maintain a high percentage of available liquidity. HSHS diversifies its investments among various asset classes incorporating multiple strategies and managers. The HSHS board approves the investment policy statement. The Investment Subcommittee oversees the investment program in accordance with investment policy statement.

(b) Allocation of Investment Strategies

To manage risk, HSHS invests in fixed income, domestic equities, international equities, custom hedge funds, and real assets. HSHS engages outside portfolio managers as follows: 5 fixed income managers, 13 domestic equity managers, 5 international managers, 2 custom hedge fund portfolio managers (K2 and Mesirow), and 1 real estate manager. Because of the inherent uncertainties for valuation of some holdings, the estimated fair values may differ from values that would have been used had a ready market existed.

The investment objective of the K2 Custom Solutions Hospital Sisters Fund is to achieve equity type returns with reduced volatility and risk. This is achieved through a diversified portfolio targeting allocations of long strategies and low volatility strategies and spread across 29 separate underlying funds.

The investment objective of the Mesirow Custom Solutions Hospital Sisters Fund is to achieve positive returns with low volatility and risk. This is achieved through a multimanager, multi-strategy, and diversified investment approach and spread across 31 separate underlying funds.

A summary of the strategies used by the hedge fund managers is as follows:

- *Commodities* include investment entities that may trade in agricultural, metal, and energy markets at various stages of the commodity cycle.

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- *Event Driven* includes investment entities that focus on identifying and analyzing securities that may benefit from the occurrence of specific corporate events.
- *Global Macro* includes investment entities, which invest in products that may benefit from overall economic and political events of various countries.
- *Insurance-Linked* includes investment entities with an income-based strategy that invest across instruments, the value of which is driven by insurance-related events primarily related to property and life insurance. Risk is managed by diversifying over geography, insurance type, and sensitivity to insured losses amongst other factors. The strategy is a tool to reduce overall investment risk as underlying insurance risk factors are less sensitive to general market factors.
- *Long/Short Equity* includes investment entities that invest both long and short, primarily in common stocks and debt instruments, based on the manager's perception of such securities being undervalued or overvalued by the market.
- *Multi-Strategy* includes investment entities that pursue multiple strategies to diversify risks and reduce volatility.
- *Relative Value* includes investment entities that utilize nondirectional strategies. Relative value investing involves trading around the mispricing of two related securities using various types of securities or instruments.
- *Specialist Credit* includes investment entities that seek to generate superior risk-adjusted returns from a combination of capital appreciation and current income by opportunistically investing and trading in a diversified portfolio of credit-related securities and other instruments.
- *Structured Credit* includes investment entities that invest across structured credit markets including agency and nonagency Residential mortgage-backed securities, commercial mortgage-backed securities, and esoteric asset-backed securities. Strategies can be trading oriented or directional, and may include a hedging component to offset market risks.

(c) Basis of Reporting

Assets whose use is limited or restricted are reported at estimated fair value. If an investment is held directly by HSHS and an active market with quoted prices exists, the market price of an identical security is used as reported fair value. Reported fair values for shares in common and preferred stock and fixed income are based on share prices reported by the funds as of the last business day of the fiscal year. HSHS' interests in alternative investment funds are generally reported at the NAV reported by the fund managers, which is used as a practical expedient to estimate the fair value of the HSHS' interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2014, HSHS had no plans or intentions to sell investments at amounts different from NAV.

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(d) Fair Value of Financial Instruments

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

- The carrying amount reported in the consolidated balance sheets for the following approximates fair value because of the short maturities of these instruments: cash and cash equivalents, receivables, accounts payable, accrued liabilities, and estimated payables under third-party reimbursement programs.
- Fair values of HSHS' investments held as assets whose use is limited or restricted are estimated based on prices provided by its investment managers and its custodian bank except pledges receivable and other, whereby carrying amounts approximate fair value. Fair value for cash and cash equivalents, corporate and preferred stocks, foreign securities, U.S. government securities, corporate bonds, municipal bonds, and commingled mutual funds are measured using quoted market prices at the reporting date multiplied by the quantity held. The carrying value equals fair value.
- HSHS has two hedge fund investments for which quoted market prices are not available. The estimated fair value of these hedge fund investments includes estimates, appraisals, assumptions, and methods provided by external financial advisers and reviewed by HSHS.
- Fair value of fixed rate long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to HSHS for debt of the same remaining maturities. For variable rate debt, carrying amounts approximate fair value. Fair value was estimated using quoted market prices based upon HSHS' current borrowing rates for similar types of long-term debt securities.
- Fair value of interest rate swaps is determined using pricing models developed based on the LIBOR swap rate and other observable market data by financial advisers. The value was determined after considering the potential impact of collateralization and netting agreements, adjusted to reflect nonperformance risk of both the counterparty and HSHS. The carrying value equals fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although HSHS believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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The following table presents the carrying amounts and estimated fair values of HSHS' financial instruments not carried at fair value at June 30, 2014:

	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt	\$ 673,195	673,845	618,086	615,920

(e) Fair Value Hierarchy

HSHS has adopted ASC Topic 820 for fair value measurements of financial assets and liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that HSHS has the ability to access at the measurement date.
- Level 2 are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 inputs are unobservable inputs for the asset or liability.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. There were no transfers between Level 1, Level 2, or Level 3 for the fiscal years ended June 30, 2014 and 2013.

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The following table summarizes HSHS' fair values of cash and cash equivalents, assets whose use is limited or restricted by major category and derivative instruments in the fair value hierarchy as of June 30, 2014, as well as related strategy, liquidity, and funding commitments:

	June 30, 2014				Redemption or liquidation	Days' notice
	Level 1	Level 2	Level 3	Total		
Cash and cash equivalents	\$ 122,197	—	—	122,197	Daily	One
Assets whose use is limited or restricted excluding accrued interest and other of \$4,585 and pledges receivable and other of \$29,393						
Cash and cash equivalents	82,195	—	—	82,195	Daily	One
Common stocks	446,359	—	—	446,359	Daily	One
U S government securities	—	106,851	—	106,851	Daily	One
Taxable municipals	—	31,068	—	31,068	Daily	Two
Corporate bonds	—	138,213	—	138,213	Daily	Two
Foreign securities	347,370	17,824	—	365,194	Daily	Three
Commingled mutual funds	12,492	401,514	—	414,006	Daily	Three
Hedge funds						
K2 multistrategy fund	—	—	277,432	277,432	See below	
Mesirow multistrategy	—	—	69,560	69,560	See below	
Total financial assets	<u>\$ 1,010,613</u>	<u>695,470</u>	<u>346,992</u>	<u>2,053,075</u>		
Liabilities						
Derivative instruments	\$ —	43,052	—	43,052		

The table below sets forth a summary of changes in the fair value of the HSHS' Level 3 assets for the year ended June 30, 2014:

	Level 3 assets, year ended June 30, 2014		
	K2 fund	Mesirow fund	Total funds
Balance, beginning of year	\$ 196,551	55,542	252,093
Purchases	63,000	10,000	73,000
Sales	—	—	—
Total net gains	17,881	4,018	21,899
Balance, end of year	<u>\$ 277,432</u>	<u>69,560</u>	<u>346,992</u>

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The following table summarizes HSHS' cash and cash equivalents and assets whose use is limited or restricted by major category in the fair value hierarchy as of June 30, 2013, as well as related strategy, liquidity, and funding commitments:

	June 30, 2013				Redemption or liquidation	Days' notice
	Level 1	Level 2	Level 3	Total		
Cash and cash equivalents	\$ 81,110	—	—	81,110	Daily	One
Assets whose use is limited or restricted excluding accrued interest and other of \$4,491 and pledges receivable and other of \$28,248						
Cash and cash equivalents	93,530	—	—	93,530	Daily	One
Common stocks	525,568	—	—	525,568	Daily	One
U S government securities	—	162,032	—	162,032	Daily	One
Taxable municipals	—	33,890	—	33,890	Daily	Two
Corporate bonds	—	269,256	—	269,256	Daily	Two
Foreign securities	259,087	25,276	—	284,363	Daily	Three
Commingled mutual funds	—	154,378	—	154,378	Daily	Three
Hedge funds						
K2 multistrategy fund	—	—	196,551	196,551	See below	
Mesirow multistrategy	—	—	55,542	55,542	See below	
Total financial assets	\$ 959,295	644,832	252,093	1,856,220		
Liabilities						
Derivative instruments	\$ —	41,831	—	41,831		

The table below sets forth a summary of changes in the fair value of the HSHS' Level 3 assets for the year ended June 30, 2013:

	Level 3 assets, year ended June 30, 2013		
	K2 fund	Mesirow fund	Total funds
Balance, beginning of year	\$ 165,890	43,413	209,303
Purchases	11,607	7,738	19,345
Sales	—	—	—
Total net gains	19,054	4,391	23,445
Balance, end of year	\$ 196,551	55,542	252,093

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The following table presents information about the redemption terms and restrictions as of June 30, 2014 and 2013 for the alternative investments:

K2 Custom Solutions Hospital Sisters Fund

	Fair value		Notice period (days) minimum maximum
	2014	2013	
Redemption terms:			
Monthly	\$ 69,302	49,135	15–90 days
Quarterly	191,480	135,612	30–90 days
Biannual	8,325	5,896	60–90 days
Annually	8,325	5,896	90 days
Total	<u>\$ 277,432</u>	<u>196,539</u>	

Mesirow Custom Solutions Hospital Sisters Fund

	Fair value		Notice period (days) minimum maximum
	2014	2013	
Redemption terms:			
Monthly	\$ 28,024	9,434	15–90 days
Quarterly	32,342	38,292	30–90 days
Biannual	6,299	4,995	60–90 days
Annually	2,895	2,775	90 days
Total	<u>\$ 69,560</u>	<u>55,496</u>	

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A summary of assets whose use is limited or restricted as of June 30, 2014 and 2013 is as follows:

	2014	2013
Assets whose use is limited or restricted:		
By the board for capital improvements	\$ 1,692,347	1,547,405
Funds held by trustee for self-insurance	67,687	90,251
Funds held by RQIL	100,258	73,541
Funds temporarily restricted by donors	484	463
Investments held at the Foundation	104,080	96,189
Total assets whose use is limited or restricted	<u>\$ 1,964,856</u>	<u>1,807,849</u>

The composition of investment return for the years ended June 30, 2014 and 2013 is as follows:

	2014	2013
Investment return:		
Interest and dividend income	\$ 24,745	22,883
Net realized gains on sale of investments	105,423	40,538
Change in net unrealized gains and losses	86,580	69,286
Total investment return	<u>\$ 216,748</u>	<u>132,707</u>

Investment returns are included in the accompanying consolidated statements of operations and change in unrestricted net assets and changes in net assets for the years ended June 30, 2014 and 2013 as follows:

	2014	2013
Other revenue – investment income	\$ 1,827	2,751
Nonoperating gains – investment income	212,803	128,782
Temporarily restricted net assets – investment income	2,109	1,182
Permanently restricted net assets – investment income (loss)	9	(9)
Interest income capitalized as part of construction in progress	—	1
Total investment return	<u>\$ 216,748</u>	<u>132,707</u>

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(7) Derivative Instruments

HSHS has interest-rate related derivative instruments to manage its exposure on its debt instruments. HSHS does not enter into derivative instruments for any purpose other than cash flow hedging purposes, and HSHS does not speculate using derivative instruments.

By using derivative financial instruments to hedge exposures to changes in interest rates, HSHS exposes itself to credit risk, tax risk, and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes HSHS, which creates credit risk for HSHS. When the fair value of a derivative contract is negative, HSHS owes the counterparty, and therefore, it does not possess credit risk. HSHS minimizes the credit risk in derivative instruments by entering into transactions with high-quality counterparties.

Tax risk is the adverse effect that HSHS takes on to the extent tax law changes impact the rates paid to a variable rate bondholder (either positively or negatively) that would affect the variable rate received from the counterparty under a LIBOR-based swap that may not match the tax-exempt equivalent rate being paid. HSHS minimizes the tax risk in derivative instruments by maintaining sufficient cash reserves to handle potential tax law changes.

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

HSHS is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap agreements; however, this is not anticipated. During the years ended June 30, 2014 and 2013, HSHS was not required to post collateral.

HSHS maintains interest rate swap agreements, which effectively change the interest rate exposure on a portion of its variable rate bonds to a fixed rate. HSHS receives 86.1% of the three-month LIBOR (\$76,760 notional amount) and 67% of the one-month LIBOR (\$41,300 and \$100,425 notional amounts) and pays a fixed rate of 4.02% (\$76,750 notional amount) and 3.47% (\$41,300 and \$100,425 notional amounts). The interest rate swap agreements have notional amounts of \$218,475 at June 30, 2014 and 2013, respectively, which will amortize through March 2036.

HSHS also entered into a fixed spread basis swap in fiscal year 2008 that removes the tax risk from the bondholders and transfers the risk to HSHS. The premium that HSHS receives for taking on this risk is 67.00% of the one-month LIBOR plus a fixed spread of 48 basis points less the SIFMA Index rate. The fixed spread basis swap has a notional amount of \$150,000 with a final maturity in May 2033.

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The following is a summary of the swaps as of June 30, 2014:

Type of interest swap	Notional amount	Settlement value	Fair value
Fixed payor	\$ 76,750	(14,748)	(13,350)
Fixed spread basis	150,000	(4,855)	(3,333)
Fixed payor	41,300	(8,635)	(7,680)
Fixed payor	100,425	(21,014)	(18,689)
		\$ (49,252)	(43,052)

The following is a summary of the swaps as of June 30, 2013:

Type of interest swap	Notional amount	Settlement value	Fair value
Fixed payor	\$ 76,750	(13,409)	(12,627)
Fixed spread basis	150,000	(4,705)	(3,633)
Fixed payor	41,300	(8,011)	(7,448)
Fixed payor	100,425	(19,495)	(18,123)
		\$ (45,620)	(41,831)

(8) Property, Plant, and Equipment

A summary of property, plant, and equipment at June 30, 2014 and 2013 is as follows:

	2014	2013
Land	\$ 59,432	49,952
Land improvements	41,062	38,184
Buildings and permanent fixtures	1,508,651	1,296,440
Equipment and furnishings	1,206,890	1,193,187
	2,816,035	2,577,763
Less accumulated depreciation	1,567,991	1,509,277
	1,248,044	1,068,486
Construction in progress	79,834	189,031
	\$ 1,327,878	1,257,517

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As of June 30, 2014, construction in progress represents various building and remodeling projects. These projects, which have remaining contracted costs at June 30, 2014 of approximately \$46,640, will be financed with board-designated assets or from operations.

A reconciliation of total interest costs, as reported in the accompanying consolidated statements of operations and change in unrestricted net assets for 2014 and 2013, is as follows:

	<u>2014</u>	<u>2013</u>
Interest cost capitalized	\$ 2,766	3,238
Interest cost charged to expense	8,599	7,247
Total interest cost	<u>\$ 11,365</u>	<u>10,485</u>
Interest income capitalized	\$ —	1

(9) Self-Insurance

(a) *Workers' Compensation, Professional and General Liability*

On July 1, 2013, the hospital Workers' Compensation self-insurance program was transferred to RQIL and over the course of the fiscal year 2014 the nonhospital subsidiaries that were previously commercially insured were added to RQIL. RQIL provides coverage in addition to Workers' Compensation, Professional and General Liability, but the associated liabilities for the other coverages are less than 1% of the total RQIL liabilities at June 2014 and at June 2013.

Under the System's Workers' Compensation, Professional and General Liability self-insurance program through RQIL, claims are reflected based upon actuarial estimation, including both reported and incurred but not reported claims, taking into consideration the severity of incidents and the expected timing of claim payments. At June 30, 2014 and 2013, funds held by RQIL were \$100,258 and \$73,541, respectively. The related current estimated self-insurance liabilities for June 30, 2014 and 2013 were \$16,478 and \$12,147, respectively. The related long-term estimated self-insurance liabilities for June 30, 2014 and 2013 were \$76,335 and \$70,008, respectively. At June 30, 2014 and 2013, the estimated self-insurance liability for all future claims payments reflects the actuarially determined outstanding losses at the undiscounted/expected level. The amount included in expenses for 2014 and 2013 was \$32,833 and \$27,355, respectively, and is included in other expense in the consolidated statements of operations and change in unrestricted net assets. These calculations take into consideration any liability that may be covered under an extended reporting endorsement and considered "tail" liability.

HSHS is involved in litigation arising in the ordinary course of business. Reported claims are in various stages of litigation. Additional claims may be asserted against HSHS arising from services through June 30, 2014. It is the opinion of management that the estimated liabilities accrued at

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June 30, 2014 are adequate to provide for potential losses resulting from pending or threatened litigation.

(b) *Employee Health*

The HSHS self-insurance program provides health insurance for employees. HSHS has developed internal techniques for estimating the ultimate costs. The amounts funded are administered by the trustee.

At June 30, 2014 and 2013, funds held by the trustee for health insurance liability for employees' self-insurance are \$67,687 and \$61,461, respectively, and are included in current and noncurrent assets whose use is limited or restricted. At June 30, 2014 and 2013, related estimated current self-insurance liabilities are \$10,418 and \$12,018, respectively.

(10) Pension

HSHS employees participate in The Hospitals Sisters Health System Employees' Pension Plan (the Plan). This noncontributory defined benefit pension plan covers substantially all employees of HSHS who have completed 1,000 hours of employment during any calendar year subsequent to the commencement of employment. The Plan recognizes and funds the costs related to employee service using the projected unit credit actuarial cost method. The information below represents the aggregation of HSHS' pension financial status, which is determined by the consulting actuaries on a member-specific basis.

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The following table sets forth the Plan's funded status, amounts recognized in HSHS' consolidated financial statements, and assumptions at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 1,271,770	1,293,236
Service cost	47,117	49,622
Interest cost	65,606	60,884
Actuarial loss (gain)	82,721	(6,623)
Expected expenses	(7,649)	(102,258)
Benefits paid	(109,513)	(23,091)
Benefit obligation at end of year	<u>\$ 1,350,052</u>	<u>1,271,770</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 1,019,876	883,197
Actual gain on plan assets	179,208	92,864
Employer contributions	49,860	66,906
Benefits paid	(109,513)	(23,091)
Fair value of plan assets at end of year	<u>\$ 1,139,431</u>	<u>1,019,876</u>
Reconciliation of funded status:		
Funded status	\$ (210,621)	(251,894)
Amounts recognized in the accompanying consolidated balance sheets:		
Accrued benefit liability	(210,621)	(251,894)
Amounts not yet reflected in net periodic benefit cost and included as an accumulated charge to unrestricted net assets:		
Prior service cost	\$ (1,920)	(2,495)
Actuarial loss	(208,701)	(249,399)
	<u>\$ (210,621)</u>	<u>(251,894)</u>

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	<u>2014</u>	<u>2013</u>
Changes recognized in unrestricted net assets:		
Net gain arising during the period	\$ (23,259)	(128,269)
Amortization of prior service credit	(575)	(575)
Amortization or settlement recognition of net loss	(17,439)	(29,301)
Total recognized in unrestricted net assets	<u>\$ (41,273)</u>	<u>(158,145)</u>
Total recognized in net periodic pension cost and unrestricted net assets	\$ 8,586	(91,239)
Estimated amounts that will be amortized from unrestricted net assets over the next fiscal year:		
Prior service credit	(575)	(575)
Net loss	(19,938)	(16,866)
Accumulated benefit obligation	1,237,243	1,169,337
Components of net periodic benefit cost:		
Service cost	\$ 47,117	49,622
Interest cost	65,606	60,884
Expected return on plan assets	(80,877)	(73,476)
Amortization of prior service cost	575	575
Amortization of net loss	17,439	29,301
Net periodic benefit cost	<u>\$ 49,860</u>	<u>66,906</u>
	<u>2014</u>	<u>2013</u>
Weighted average assumptions used to determine benefit obligations at June 30:		
Discount rate	4.74%	5.24%
Average rate of compensation increase	3.00	3.00
Measurement date	6/30/2014	6/30/2013
Weighted average assumptions used to determine net periodic benefit cost for the year ended June 30:		
Discount rate	5.24%	4.75%
Expected long-term return on plan assets	8.25	8.25
Average rate of compensation increase	3.00	3.00
Measurement date	6/30/2013	6/30/2012

The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual assets categories. The return is based exclusively on historical returns, without adjustments.

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As of June 30, 2014 and 2013, the Mercer Bond Model was used to determine the discount rate used to measure liabilities of the Plan. HSHS concluded the Mercer Bond Model provided the best estimate of the interest rates at which the pension benefits could be effectively settled in accordance with ASC Section 715-30-55-25. The Mercer Bond Model discounts the Plan's cash flow and calculates the Plan's appropriate equivalent single discount rate for the given cash flow based on a hypothetical bond portfolio whose cash flows from coupons and maturities match year-by-year the projected liability benefit payments from the Plan.

HSHS expects to contribute to its pension plan for the 2015 fiscal year the following amount	\$	53,985
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The following benefit payments that reflect expected future service, as appropriate, are expected to be paid:

2015	34,831
2016	40,763
2017	47,247
2018	54,036
2019	60,467
2020–2024	393,582

The expected benefits are based on the same assumptions used to measure HSHS' benefit obligation at June 30, 2014 and include estimated future employee service. In 2014, HSHS offered all participants of the plan terminated prior to June 30, 2013 a onetime option to take their full benefit in the form of a lump sum, which 1,643 deferred vested participants accepted for a total amount of \$80,773.

The Plan has developed an Investment Policy Statement (the IPS), which is reviewed and approved by the HSHS board of directors. The IPS establishes goals and objectives of the fund, asset allocations, allowable and prohibited investments, socially responsible guidelines, and asset classifications. The IPS dictates that assets should be rebalanced back to target allocation on a quarterly basis. Investments are managed by independent managers. Management monitors the performance of these managers on a quarterly basis.

The table below lists the target asset allocation and acceptable ranges and actual asset allocations as of June 30, 2014 and 2013:

Asset	Target allocation	Acceptable range	Actual allocation at June 30	
			2014	2013
Equities	57%	30%–70%	58%	58%
Debt securities	30	20–70	28	26
Alternative investments	13	0–15	13	13
Cash and cash equivalents	—	0–6	1	3

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(a) Overall Investment Objective

The overall investment objective of the Plan is to invest the Plan's assets in a prudent manner to best serve the participants of the Plan. Plan investment assets are to produce investment results that achieve the Plan's actuarial assumed rate of return, protect the integrity of the Plan, assist HSHS in meeting the obligations to the Plan's participants, manage risk exposures, focus on downside protection, and to maintain enough liquidity in the portfolio to ensure timely cash outflows and beneficiary payments. The Plans' investments are diversified among various asset classes incorporating multiple strategies and managers to exceed a weighted benchmark return based upon policy asset allocation targets and standard index returns. Major investment decisions are authorized by the Board's Retirement Committee, which oversees the Plan's investment program in accordance with established guidelines.

(b) Allocation of Investment Strategies

The Plan maintains a percent of assets in domestic and international equity stocks to achieve the expected rate of return. To manage risk exposure, up to 30% of the Plans' assets are invested in a liability driven investment strategy.

(c) Basis of Reporting

Investments are reported at estimated fair value. If an investment is held directly by the Plan and an active market with quoted prices exists, the market price of an identical security is used as reported fair value. Reported fair values for shares in mutual funds registered with them are based on share prices reported by the funds as of the last business day of the fiscal year. The Plan's ownership in alternative investment funds are generally reported at the net asset value reported by the fund managers, which is used as a practical expedient to estimate the fair value of the Plan's ownership therein, unless it is probable that all or a portion of the investment will be sold for an amount different from net asset value. As of June 30, 2014, the Plan had no plans or intentions to sell investments at amounts different from net asset value.

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The fair values of the Plan's assets at June 30, 2014, by asset category class, are as follows:

	June 30, 2014			Redemption or liquidation	Days' notice
	Level 1	Level 2	Level 3		
Pension plan assets excluding accrued interest of \$1.909					
Cash and cash equivalents \$	30,336	—	—	Daily	One
Common stocks	448,067	—	—	Daily	One
U S government securities	—	116,649	—	Daily	One
Commingled mutual funds	—	192,942	—	Daily	Three
Municipal bonds	—	2,781	—	Daily	Two
Corporate bonds, notes, and debentures	—	5,343	—	Daily	Two
Foreign securities	192,154	4,605	—	Daily	Three
Hedge funds					
K2 multistrategy fund	—	—	32,363	Note 6e*	Note 6e*
Mesirow multistrategy fund	—	—	112,282	Note 6e*	Note 6e*
Total assets at fair value	\$ 670,557	322,320	144,645		

* Liquidity terms are allocated the same as disclosed in note 6e for plan assets

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended June 30, 2014:

	Level 3 assets, year ended June 30, 2014		
	K2 fund	Escrow fund	Total funds
Balance, beginning of year	\$ 29,679	104,876	134,555
Purchases	—	—	—
Total net gains	2,684	7,406	10,090
Sales	—	—	—
Balance, end of year	\$ 32,363	112,282	144,645

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The fair values of the Plan's assets at June 30, 2013, by asset category class, are as follows:

	June 30, 2013			Redemption or liquidation	Days' notice
	Level 1	Level 2	Level 3		
Pension plan assets excluding accrued interest of \$2.084					
Cash and cash equivalents \$	56.421	—	—	Daily	One
Common stocks	409.767	—	—	Daily	One
U S government securities	—	105.915	—	Daily	One
Commingled mutual funds	—	143.194	—	Daily	Three
Municipal bonds	—	2.688	—	Daily	Two
Corporate bonds, notes, and debentures	—	5.794	—	Daily	Two
Foreign securities	154.366	5.092	—	Daily	Three
Hedge funds					
K2 multistrategy fund	—	—	29.679	Note 6e*	Note 6e*
Mesirow multistrategy fund	—	—	104.876	Note 6e*	Note 6e*
Total assets at fair value	\$ 620.554	262.683	134.555	1,017.792	

* Liquidity terms are allocated the same as disclosed in note 6e for plan assets

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended June 30, 2013:

	Level 3 assets, year ended June 30, 2013		
	K2 fund	Escrow fund	Total funds
Balance, beginning of year	\$ 20,537	86,305	106,842
Purchases	6,657	9,986	16,643
Total net gains	2,485	8,585	11,070
Sales	—	—	—
Balance, end of year	\$ 29,679	104,876	134,555

(d) Fair Value of Financial Instruments

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2014 and 2013.

- Cash and cash equivalents: Valued at the carrying amount that approximates fair value because of the short-term maturity of these investments.

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- Common and preferred stocks, U.S. government securities, commingled mutual funds, and foreign securities: Valued at the closing price reported on the active market on which the individual securities are traded.
- Municipal bonds, corporate bonds, notes, and debentures: Certain corporate bonds are valued at the closing price reported in the active market in which the bond is traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity.

The Plan has certain hedge fund investments for which quoted market prices are not available. The estimated fair value of these hedge fund investments includes estimates, appraisals, assumptions, and methods provided by external financial advisers and reviewed by HSHS.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

(e) Fair Value Hierarchy

The Plan has adopted ASC SubTopic 715-20-50, *Compensation – Retirement Benefits: Defined Benefit Plans – General: Disclosures*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. ASC SubTopic 715-20-50 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

(11) Long-Term Debt

HSSI and its 13 hospital affiliates are included in the HSSI Obligated Group. Under the terms of the Obligated Group MTI, each member of the Obligated Group is jointly and severally liable for all obligations issued thereunder. Bonds issued are unsecured general obligations, but carry covenants regarding withdrawals from the Obligated Group, issuance of additional debt, and creations of liens on property. Obligations outstanding under the Obligated Group MTI are issued through state health facility authorities and comprise both serial and term bonds with varying maturities.

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As of June 30, 2014, long-term debt consisted of the following:

Series	Interest rates	Final maturity dates	2014
Fixed interest rate issues:			
2007A	5.00%	March 15, 2028	\$ 72,035
2012B	4.00% and 5.00%	August 15, 2021	69,755
2012C	3.00% and 5.00%	August 15, 2021	62,290
Variable interest rate issues:			
2012A	Variable 0.85% at June 30, 2014	June 30, 2041	91,270
2012D	Variable 0.06% at June 30, 2014	August 1, 2040	61,050
2012E	Variable 0.06% at June 30, 2014	August 1, 2040	41,550
2012F	Variable 0.05% at June 30, 2014	August 1, 2040	31,645
2012G	Variable 0.05% at June 30, 2014	August 1, 2040	31,645
2012H	Variable 0.08% to 0.10% at June 30, 2014	August 1, 2040	65,885
2012I	Variable 0.07% to 0.09% at June 30, 2014	August 1, 2040	89,460
2012J	Variable 0.09% at June 30, 2014	August 1, 2040	14,160
Total fixed and variable interest debt			630,745
Other long-term debt			23,013
Plus unamortized bond issue premiums			19,437
Total debt			673,195
Less current installments			18,494
Less long-term debt subject to short-term remarketing agreements			169,508
Total long-term debt, excluding current installments			\$ 485,193

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As of June 30, 2013, long-term debt consisted of the following:

Series	Interest rates	Final maturity dates	2013
Fixed interest rate issues:			
2007A	5.00%	March 15, 2028	\$ 72,035
2012B	2.00% to 5.00%	August 15, 2021	76,880
2012C	2.00% to 5.00%	August 15, 2021	68,785
Variable interest rate issues:			
2012A	Variable 0.88% at June 30, 2013	June 30, 2041	20,300
2012D	Variable 0.05% at June 30, 2013	August 1, 2040	61,050
2012E	Variable 0.05% at June 30, 2013	August 1, 2040	41,550
2012F	Variable 0.07% at June 30, 2013	August 1, 2040	31,645
2012G	Variable 0.07% at June 30, 2013	August 1, 2040	31,645
2012H	Variable 0.15% and 0.16% at June 30, 2013	August 1, 2040	65,885
2012I	Variable 0.13% to 0.17% at June 30, 2013	August 1, 2040	89,460
2012J	Variable 0.16% at June 30, 2013	August 1, 2040	14,160
Total fixed and variable interest debt			573,395
Other long-term debt			23,974
Plus unamortized bond issue premiums			20,717
Total debt			618,086
Less current installments			17,909
Less long-term debt subject to short-term remarketing agreements			169,508
Total long-term debt, excluding current installments			\$ 430,669

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The Obligated Group's effective interest rates for variable debt for the years ended June 30, 2014 and 2013 are as follows:

	2014
Variable interest rate issues:	
2012A	0.57%
2012D	0.05
2012E	0.05
2012F	0.05
2012G	0.05
2012H	0.11
2012I	0.10
2012J	0.11

	2013
Variable interest rate issues:	
2012A	0.17%
2012D	0.10
2012E	0.10
2012F	0.10
2012G	0.10
2012H	0.16
2012I	0.15
2012J	0.16

Bond issue premiums and costs are amortized over the term of the related bonds using the bonds outstanding method. Bond issuance costs, net of amortization, are reported as other assets in the accompanying consolidated balance sheets.

HSSI has variable rate bonds, a portion of which has a put option available to the holder. If the put option is exercised, the bonds are presented to the bank, which in turn draws on the underlying direct pay letter of credit, if available. Self-liquidity bonds are backed by the financial assets of HSSI. The bond series and the underlying credit facility terms are described as follows as of June 30, 2014:

Series	Term
Series 2012 D, E, F, and G	Equal quarterly installments on the first business day of each January, April, July, or October whichever occurs first on or following the 367th day after the purchase date and paid in full no later than the third anniversary of the purchase date
Series 2012 H, I, and J	Self-liquidity – 270 days

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On October 1, 2012, HSSI issued \$601,475 of Series 2012 bonds. HSSI received a bond premium of \$19,360 related to this issuance as part of the proceeds prior to 2013. The proceeds of \$520,720 were used to refund prior outstanding bonds and issue new bonds. As part of this issuance, \$160,415 was issued as new bonds of which \$29,145 and \$100,115 remain held as bank bonds for the years ended June 30, 2014 and 2013. During 2014, bank bonds of \$70,970 were marketed as additional proceeds. The remaining part of the issuance of \$441,060 was issued as bonds refunding prior outstanding bonds. As a result of this issuance, HSSI incurred a noncash loss of \$5,073 for previously unamortized bond issue costs.

Scheduled principal repayments on long-term debt based on the variable rate demand notes being put back to HSHS and a corresponding draw being made on the underlying credit facility, if available, are as follows:

Year ending June 30:	
2015	\$ 188,002
2016	72,623
2017	72,535
2018	72,633
2019	17,661
Thereafter	230,304
	<u>\$ 653,758</u>

Scheduled principal repayments on the long-term debt based on the scheduled redemptions according to the Obligated Group MTI are as follows:

Year ending June 30:	
2015	\$ 18,494
2016	17,326
2017	17,238
2018	17,336
2019	17,661
Thereafter	565,703
	<u>\$ 653,758</u>

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(Dollars in thousands)

(12) Capital Leases

HSHS leases certain equipment under capital leases. Included with property, plant, and equipment are \$27,381 and \$25,184 of assets held under capital leases and \$10,130 and \$8,317 of related accumulated amortization at June 30, 2014 and June 30, 2013, respectively. A summary of future minimum lease payments and the present value of future minimum lease payments related to capital leases at June 30, 2014 are as follows:

	<u>Amount</u>
Year:	
2015	\$ 4,384
2016	3,284
2017	2,377
2018	1,680
2019	1,186
Thereafter	<u>9,839</u>
Total future minimum lease payments	22,750
Less amount representing interest at rates ranging from 5.0% to 6.5%	<u>5,273</u>
Present value of future minimum lease payments	17,477
Less current portion of obligations under capital leases included in current installments of long-term debt	<u>4,016</u>
Obligations under capital leases, excluding current portion included in long-term debt, excluding current installments	<u><u>\$ 13,461</u></u>

(13) Functional Expenses

HSHS provides general healthcare services to residents within its respective geographic regions. Expenses related to providing these services for the years ended June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Healthcare services	\$ 1,601,367	1,545,042
General and administrative services	470,982	440,960
	<u><u>\$ 2,072,349</u></u>	<u><u>1,986,002</u></u>

(14) Prevea

St. Vincent Hospital (St. Vincent) and St. Mary's Hospital Medical Center (St. Mary's) (collectively referred to as the Green Bay Hospitals), two members of the Obligated Group located in Green Bay,

HOSPITAL SISTERS HEALTH SYSTEM AND SUBSIDIARIES

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(Dollars in thousands)

Wisconsin, each have a 25% interest in Prevea Health Systems, Inc. (Prevea). The Green Bay Hospitals held \$21,989 (21,989 shares), at June 30, 2014 and 2013, of Prevea preferred stock. Prevea has 9,000 shares of authorized stock consisting of 900 shares of Class P voting common stock, 3,600 shares of Class P nonvoting, and 4,500 shares of Class H common stock.

With respect to all matters upon which shareholders are entitled to vote or give consent, the outstanding shares of Class P voting common stock constitute one voting group and the holders of outstanding shares of Class H common stock constitute a separate voting group. Each voting group gets 50% of the total voting privileges (with each entitled to elect one-half of the total authorized number of directors of the corporation). Based on Prevea numbers as of June 30, there are 100 voting shares for the Hospitals (Class H), 146 voting shares for Physicians (Class P). There are 457 nonvoting shares. The preferred stockholders of Prevea have liquidation preferences to common stockholders, as defined in the Articles of Incorporation of Prevea. The preferred stock entitles the Green Bay Hospitals to receive dividends equal to 7% of the face value of the preferred stock. Additionally, preferred stock dividends are cumulative. The Green Bay Hospitals' policy is to recognize preferred stock dividends when the dividends are declared. Dividends were declared and paid by Prevea totaling \$1,350 in 2014 and \$0 in 2013. The investment in Prevea is accounted for using the equity method. The carrying value of the Green Bay Hospitals' investment in Prevea, inclusive of preferred stock holdings, is reported as other assets in the accompanying consolidated balance sheets.

Prevea formed a wholly owned subsidiary, Prevea Clinic, Inc. (the Clinic). The Clinic started operations in 1995. The Clinic consists of several medical clinic locations throughout the Green Bay and Sheboygan area with 377 physicians and midlevel providers.

Prevea formed Prevea Regional Services, Inc. (Prevea Regional) in 1997 to develop a regional clinic system throughout the outlying areas of Green Bay. Prevea held all of the voting common stock of Prevea Regional on June 30, 2009. The Green Bay Hospitals held \$5,550 (1,110 shares) at June 30, 2009 of nonvoting preferred stock in Prevea Regional. In August 2009, Prevea Regional was merged into the Clinic by Prevea. Also in August 2009, the Green Bay Hospitals' preferred stock shares of \$5,550 (1,110 shares) in Prevea Regional were exchanged for preferred shares of equal value in Prevea Health Services, Inc.

In September 2009, St. Vincent assumed operations of the Clinic's medical clinic locations, and it is now operating these sites as St. Vincent doing business as Prevea Health receiving all of the Clinic's patient revenue and responsible for all of the operating expenses. The expenses directly related to Prevea Health, mainly for the leasing of all employees and doctors, for the years ended June 30, 2014 and 2013 are \$198,573 and \$184,806, respectively, included in other expenses in the consolidated statements of operations and change in unrestricted net assets.

During the years ended June 30, 2014 and 2013, the Green Bay Hospitals have \$882 and \$906, respectively, of notes receivable for cash advances to Prevea.

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(Dollars in thousands)

The following are Prevea's condensed unaudited financial statement data as of and for the years ended June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Total assets	\$ 90,644	86,283
Total liabilities	49,673	50,347
Total equity	40,971	35,935
Total net revenue	228,959	198,779
Net income	5,824	2,682

The Green Bay Hospitals' equity portion in Prevea at June 30, 2014 and 2013 increased by \$2,058 and \$774, respectively, and is included in other operating income in the accompanying consolidated statements of operations and change in unrestricted net assets.

During fiscal year 2010, the Obligated Group replaced the St. Vincent guarantee whereby the Obligated Group agreed to guarantee the lesser of \$10,500, or 39.92%, of the outstanding notes. In fiscal year 2013, the agreement changed, and now the Obligated Group is guaranteeing all outstanding debt. The Obligated Group will be paid 1.25% of the average outstanding principal amount of the outstanding notes. Included in the guarantee executed in December 2009 are \$2,920 taxable variable rate demand notes of PHP Insurance Plan, Inc. (PHP). PHP, a former health maintenance organization, sold its insurance license, changed its corporate structure, and became Prevea Ventures, LLC (PV). Prevea is the sole corporate member of PV. At June 30, 2014 and 2013, the Clinic has notes outstanding with balances of \$20,419 and \$21,291, respectively. At June 30, 2014 and 2013, PV has notes outstanding of \$2,267 and \$2,364, respectively.

(15) Joint Ventures

Joint ventures are accounted for using the equity method of accounting and represent \$11,445 and \$14,925 of other long-term assets in the accompanying consolidated balance sheets at June 30, 2014 and 2013, respectively. The most significant of these investments, excluding Prevea (note 14), include:

- Protestant Memorial Medical Center and St. Elizabeth's Healthcare Services, LLP (held by St. Elizabeth's Hospital) – 50% ownership interest
- Northeast Wisconsin Radiation Therapy Services, LLC (held by St. Vincent and St. Mary's, Green Bay) – each hospital has a 25% ownership interest
- Pain Center of Wisconsin (held by St. Vincent) – 50% ownership interest
- Surgery Center of Sheboygan, LLC (held by St. Nicholas Hospital) – HSHS purchased 50% the Surgery Center during 2014 and it is a department of the hospital.
- Orange Cross Ambulance, Inc. (held by St. Nicholas Hospital) – 50% ownership interest

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- Holy Family (held by St. Vincent) – 50% ownership interest
- Wisconsin Upper Peninsula Oncology Management Services, Inc. (held by St. Vincent) – 50% ownership interest (sold May 27, 2014)
- Community Memorial Hospital – (held by St. Vincent (70%) and St. Mary's, Green Bay (30%)) – 24% ownership interest overall, beginning May 17, 2011 (note 19)

For the years ended June 30, 2014 and 2013, HSHS recognized income of \$2,135 and \$3,384, respectively, in investments in affiliated companies. This activity is included as a component of other revenue in the accompanying consolidated statements of operations and change in unrestricted net assets. During 2014 and 2013, HSHS received cash distributions of \$4,390 and \$4,230, respectively, from the joint ventures.

The following table summarizes the unaudited aggregated financial information of unconsolidated affiliated companies of HSHS as of June 30, 2014 and 2013:

		2014	2013
Total assets	\$	43,412	51,504
Total liabilities		12,853	17,143
Total equity		30,559	34,361
Total net revenue		59,035	66,567
Net income		3,155	6,590

(16) Pledges Receivable

Pledges, net of a present value discount rate, determined in the year the pledge is made, and an allowance for uncollectible pledges are recorded as a component of assets whose use is limited or restricted in the accompanying consolidated financial statements based on their expected collection date.

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(Dollars in thousands)

Included in assets whose use is limited or restricted at June 30, 2014 and 2013 are the following unconditional promises to give:

	2014	2013
Unconditional promises to give	\$ 6,506	7,103
Less unamortized discount	190	158
	<u>6,316</u>	<u>6,945</u>
Less allowance for uncollectible pledges	168	260
Net pledges receivable	<u>\$ 6,148</u>	<u>6,685</u>
Amounts due in:		
Less than one year	\$ 2,600	2,487
One to five years	3,732	4,413
More than five years	174	203
Total	<u>\$ 6,506</u>	<u>7,103</u>

(17) Temporarily and Permanently Restricted Assets

Temporarily restricted assets are available for the following purposes or periods at June 30, 2014 and 2013:

	2014	2013
Healthcare services	\$ 10,660	11,916
Capital expenditures	15,552	13,109
Catholic radio	271	255
College of nursing	212	207
	<u>\$ 26,695</u>	<u>25,487</u>

As of June 30, 2014 and 2013, HSHS has permanently restricted endowments as follows:

	2014	2013
Assets to be held in perpetuity, the income from which expendable to support nursing schools	\$ 2,578	2,430
Assets to be held in perpetuity, the income from which expendable to support specific operations of HSHS facilities	21,879	20,641
	<u>\$ 24,457</u>	<u>23,071</u>

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(Dollars in thousands)

As of June 30, 2014 and 2013, HSHS has unrestricted and temporarily restricted funds that represent the unspent accumulation of earnings for endowment funds as follows:

	<u>2014</u>	<u>2013</u>
Unspent income from which is expendable to support nursing schools	\$ 409	324
Unspent income from which is expendable to support specific operations of HSHS facilities	<u>10,010</u>	<u>8,673</u>
	<u>\$ 10,419</u>	<u>8,997</u>

(18) Commitments and Contingencies

(a) Operating Leases

HSHS occupies space in certain facilities and leases various pieces of equipment under long-term noncancelable operating lease arrangements. Total equipment rental, asset lease, and facility rental expense in 2014 and 2013 were \$34,309 and \$29,053, respectively.

The following is a schedule by year of future minimum lease payments to be made under operating leases as of June 30, 2014 that have initial or remaining lease terms in excess of one year:

	<u>Amount</u>
Year ending June 30:	
2015	\$ 28,105
2016	19,975
2017	18,491
2018	17,044
2019	14,417
Thereafter	30,852

(b) Legal, Regulatory, and Other Contingencies and Commitments

The laws and regulations governing the Medicare, Medicaid, and other government healthcare programs are extremely complex and subject to interpretation, making compliance an ongoing challenge for HSHS and other healthcare organizations. Recently, the federal government has increased its enforcement activity, including audits and investigations related to billing practices, clinical documentation, and related matters. HSHS maintains a compliance program designed to educate employees and to detect and correct possible violations.

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(c) *Litigation*

HSHS is involved in litigation arising in the ordinary course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the HSHS's future consolidated financial position or results of operations.

(d) *Unemployment*

The Wisconsin hospitals of HSHS pledged a U.S. Treasury note as collateral for any unpaid unemployment compensation claims with a face value of \$4,000 for 2014 and 2013 to the Wisconsin Unemployment Reserve Fund. The pledged U.S. Treasury note remained unused at June 30, 2014 and 2013.

(e) *The Patient Protection and Affordable Care Act*

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (often referred to, collectively, as the Affordable Care Act of the health care reform law), was signed into law on March 23, 2010. The statute will change how healthcare services are delivered and reimbursed through a variety of mechanisms. The law contains stronger antifraud enforcement provisions and provides additional funding for enforcement activity.

On May 6, 2011, the Centers for Medicare and Medicaid Services issued the final rule established a hospital value-based purchasing program (VBP) for acute care hospitals paid under the Medicare Inpatient Prospective Payment System. Beginning in federal fiscal year 2013, value-based incentive payments are made based upon a provider's achievement of or improvement in a set of clinical and quality measures designed to foster improved clinical outcomes. The VBP will start with a 1% reduction in Medicare inpatient payments in federal fiscal year 2014 that will increase annually by 0.25% up to 2% of payments by federal fiscal year 2017. These value based incentives are withheld and redistributed based on the hospital performance.

The Budget Control Act of 2011 (BCA) mandated significant reductions and spending caps on the federal budget for fiscal years 2012 through 2021. The BCA also created a joint select committee on deficit reduction (the Super Committee) to develop a plan to further reduce the federal deficit. Since the Super Committee failed to act before the mandatory deadline, a 2% reduction in Medicare spending, among other reductions, was to take effect January 1, 2013 in a process known as Sequestration. The BCA also required a 26.5% reduction in the sustainable growth rate formula regarding physician reimbursement under Medicare to be effective January 1, 2013.

On January 2, 2013, the President signed into law the American Taxpayers Relief Act (ATRA), which delayed Sequestration until March 1, 2013 and is now in effect as of March 1, 2013 and will continue until Congress takes further action. The ATRA delays the reduction in physician reimbursements until 2014. As such, only the 2% reduction for nonphysician payments was effective April 1, 2013. On April 1, 2014, the President signed into law the Protecting Access to Medicare Act of 2014, which further delayed any cuts to Medicare reimbursements rates to physicians until March 2015.

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Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

HSHS continues to monitor the impact of these regulations

(f) Tax Exemption for Sales Tax and Property Tax

Effective June 14, 2012, the Governor of Illinois signed into law, Public Act 97-0688, which creates new standards for state sales tax and property tax exemptions in Illinois. The law establishes new standards for the issuance of charitable exemptions, including requirements for a nonprofit hospital to certify annually that in the prior year, it provided an amount of qualified services and activities to low-income and underserved individuals with a value at least equal to the hospital's estimated property tax liability. HSHS certified in 2014 and has not recorded a liability for related property taxes based upon management's current determination of qualified services provided.

(g) Investment Risk and Uncertainties

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

(h) Guarantee Agreement

During fiscal year 2014, the Obligated Group executed a Guarantee Agreement with JPMorgan Chase, NA to guaranty \$10,000 of debt for Touchette Regional Hospital. The Obligated Group will be paid a fee of 0.90% of the average outstanding principal amount of the outstanding debt. No amounts have been paid or accrued for the guarantee as of June 30, 2014.

(19) Subsequent Events

On September 1, 2014, HSSI became the sole corporate member of Community Memorial Hospital (CMH) in Octonto Falls, Wisconsin. Effective on the acquisition date, CMH became a Catholic entity and the hospital name was changed to St. Clare Memorial Hospital, Inc. Previous to the acquisition, two HSSI affiliates held a combined 24% minority interest in CMH. Revised governing documents are consistent with HSHS policies applicable to affiliates. HSSI will retain certain reserve powers over St. Clare Memorial Hospital, Inc. consistent with other HSSI subsidiaries.

St. Vincent Hospital executed a Guarantee Agreement with Fifth Third Bank to guaranty CMH's outstanding debt with the Bank. The amount of the debt at the time of the guarantee was \$8,586. No amounts have been paid or accrued for the guarantee as of June 30, 2014.

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(Dollars in thousands)

For eligible employees hired or rehired on or after July 1, 2014, the defined benefit retirement plan has been changed from the current final average pay formula to a cash balance design where the participant's annual pay credit may range from 3% to 7% based on the participant's years of service. The current plan design remains applicable for employees hired before July 1, 2014. In addition to the updated defined benefit plan design, eligible employees hired or rehired after July 1, 2014 may also be eligible to receive an employer matching contribution of 50% on the first 4% of the participant's contribution into the Hospital's 403(b) plan.

In connection with the preparation of the consolidated financial statements and in accordance with ASC Topic 855, *Subsequent Events*, Hospital Sisters Health System evaluated subsequent events after the consolidated statements of financial position date of June 30, 2014 through October 20, 2014, which was the date the financial statements were issued.

HOSPITAL SISTERS HEALTH SYSTEM AND SUBSIDIARIES
Springfield Illinois

Consolidating Balance Sheet Information

June 30 2014

(Dollars in thousands)

Assets	HSSI – Obligated Group	RQIL	Unity Limited Partnership	KC IN	HCW
Current assets					
Cash and cash equivalents	\$ 85 690	—	4 112	1 823	226
Receivables					
Patients' accounts less allowance for uncollectible accounts	307 841	—	1 869	—	—
Due from third-party reimbursement programs	4 887	—	—	—	—
Other	32 868	—	444	208	—
Total receivables	345 596	—	2 313	208	—
Current portion of assets whose use is limited or restricted	149 156	16 478	4 557	826	—
Inventories	36 376	—	—	—	—
Prepaid expenses	9 873	—	—	753	—
Total current assets	626 691	16 478	10 982	3 610	226
Assets whose use is limited or restricted net of current portion	1 692 679	83 780	354	—	9 807
Property plant and equipment net	1 129 839	—	4 913	4 916	2 001
Other assets	77 815	—	—	—	—
	<u>\$ 3 527 024</u>	<u>100 258</u>	<u>16 249</u>	<u>8 526</u>	<u>12 034</u>
Liabilities and Net Assets					
Current liabilities					
Current installments of long-term debt	\$ 14 792	—	—	2	—
Long-term debt subject to short-term remarketing agreements	169 508	—	—	—	—
Current portion of estimated self-insurance liabilities	—	16 478	—	—	—
Accounts payable	83 305	416	1 792	950	174
Accrued liabilities	102 309	—	49	540	4
Estimated payables under third-party reimbursement programs	60 586	—	—	—	—
Total current liabilities	430 500	16 894	1 841	1 492	178
Long-term debt excluding current installments	555 075	—	—	5 007	—
Estimated self-insurance liabilities	—	76 335	—	—	—
Derivative instruments	43 052	—	—	—	—
Accrued benefit liability	186 233	—	—	—	—
Other noncurrent liabilities	29 374	—	6 484	—	418
Total liabilities	1 244 234	93 229	8 325	6 499	596
Net assets					
Unrestricted	2 179 050	7 029	7 924	2 027	11 438
Temporarily restricted	79 283	—	—	—	—
Permanently restricted	24 457	—	—	—	—
Total net assets	2 282 790	7 029	7 924	2 027	11 438
Stockholders' equity	—	—	—	—	—
	<u>\$ 3 527 024</u>	<u>100 258</u>	<u>16 249</u>	<u>8 526</u>	<u>12 034</u>

See accompanying independent auditors' report

Schedule 1

SSC	HSHS Medical Group	Health Care Trust Fund	Flex Plan	Foundation	Kiara, Inc.	PERC	Eliminations	Total
10 997	7 983	—	866	2 042	9 294	1 206	(2 042)	122 197
—	8 472	—	—	—	7 470	—	—	325 652
—	—	—	—	—	—	—	—	4 887
14 629	3 101	—	2 102	6 148	3 604	814	(25 391)	38 527
14 629	11 573	—	2 102	6 148	11 074	814	(25 391)	369 066
16 936	7 368	10 418	—	—	8 141	1 018	—	214 898
—	—	—	—	—	1 659	—	—	38 035
9 418	342	—	—	—	433	59	—	20 878
51 980	27 266	10 418	2 968	8 190	30 601	3 097	(27 433)	765 074
126 815	—	57 269	—	96 070	—	—	(316 816)	1 749 958
173 791	6 906	—	—	—	5 263	249	—	1 327 878
32 022	—	—	—	939	9 181	—	(46 412)	73 545
384 608	34 172	67 687	2 968	105 199	45 045	3 346	(390 661)	3 916 455
3 495	—	—	—	—	205	—	—	18 494
—	—	—	—	—	—	—	—	169 508
—	—	10 418	—	—	—	—	—	26 896
5 297	1 356	26 620	42	—	1 191	99	(17 141)	104 101
13 902	14 624	3 114	2 777	105 199	9 001	1 640	(107 542)	145 617
—	—	—	—	—	—	—	—	60 586
22 694	15 980	40 152	2 819	105 199	10 397	1 739	(124 683)	525 202
143 049	—	—	—	—	7 567	—	(225 505)	485 193
—	—	—	—	—	—	—	—	76 335
—	—	—	—	—	—	—	—	43 052
20 721	4 486	—	—	—	(819)	—	—	210 621
6 894	—	—	—	—	2 380	—	—	45 550
193 358	20 466	40 152	2 819	105 199	19 525	1 739	(350 188)	1 385 953
190 426	13 706	27 535	149	—	—	1 607	38 459	2 479 350
824	—	—	—	—	—	—	(53 412)	26 695
—	—	—	—	—	—	—	—	24 457
191 250	13 706	27 535	149	—	—	1 607	(14 953)	2 530 502
—	—	—	—	—	25 520	—	(25 520)	—
384 608	34 172	67 687	2 968	105 199	45 045	3 346	(390 661)	3 916 455

HOSPITAL SISTERS HEALTH SYSTEM AND SUBSIDIARIES

Springfield, Illinois

Consolidating Statement of Operations and Change in Unrestricted Net Assets Information

Year ended June 30, 2014

(Dollars in thousands)

	HSSI – Obligated Group	RQIL	Unity Limited Partnership	KCIN	HCW
Net patient service revenue	\$ 1,966,635	—	17,695	—	—
Provision for uncollectible accounts	(94,220)	—	—	—	—
Net patient service revenue less provision for uncollectible accounts	1,872,415	—	17,695	—	—
Other revenues					
Investment income	361	10,174	564	—	—
Net assets released from restrictions used for operations	1,230	—	—	—	—
Other	66,469	22,659	681	6,360	1,011
Total revenue	1,940,475	32,833	18,940	6,360	1,011
Expenses					
Sisters' services	175	—	—	—	—
Salaries and wages	550,366	—	9,420	—	—
Employee benefits	184,149	—	3,614	—	—
Professional fees	96,139	—	390	141	—
Supplies	283,897	—	194	20	26
Depreciation and amortization	112,121	—	420	3,472	375
Interest	9,434	—	—	109	—
Restructuring costs	2,265	—	—	—	—
Other	629,696	32,833	4,606	7,050	304
Total expenses	1,868,242	32,833	18,644	10,792	705
Income (loss) from operations	72,233	—	296	(4,432)	306
Nonoperating gains (losses)					
Investment income	181,432	—	—	—	985
Change in fair value of interest rate swaps	(1,221)	—	—	—	—
Revenue and gains in excess (deficient) of expenses	252,444	—	296	(4,432)	1,291
Other changes in unrestricted net assets					
Net assets released from restrictions used for the purchase of property plant and equipment	9,541	—	—	—	—
Recognition of change in pension funded status	46,277	—	—	—	—
Transfers (to) from affiliates	(59,096)	844	—	5,206	—
Change in unrestricted net assets	\$ 249,166	844	296	774	1,291

See accompanying independent auditor's report

Schedule 2

SSC	HSHS Medical Group	Health Care Trust Fund	Flex Plan	Foundation	Kiara, Inc.	PERC	Eliminations	Total
—	61 220	—	—	—	33 006	—	—	2 078 556
—	(3 533)	—	—	—	(250)	—	—	(98 003)
—	57 687	—	—	—	32 756	—	—	1 980 553
—	—	7 142	1	—	1 010	—	(17 425)	1 827
—	—	—	—	6 628	—	—	(6 201)	1 657
127 001	55 888	137 712	181	2 825	29 462	3 655	(348 924)	104 980
127 001	113 575	144 854	182	9 453	63 228	3 655	(372 550)	2 089 017
1 027	—	—	—	—	—	—	—	1 202
56 959	83 172	—	—	—	61 732	1 850	—	763 499
16 038	12 289	142 853	221	—	11 506	307	(145 060)	225 917
5 435	14 118	—	—	—	1 005	423	—	117 651
244	3 190	—	—	—	1 223	15	(4 932)	283 877
32 191	1 600	—	—	—	1 447	57	—	151 683
2 871	—	—	—	—	263	—	(4 078)	8 599
—	—	—	—	—	—	—	—	2 265
47 999	19 165	—	—	12 270	9 332	1 176	(246 775)	517 656
162 764	133 534	142 853	221	12 270	86 508	3 828	(400 845)	2 072 349
(35 763)	(19 959)	2 001	(39)	(2 817)	(23 280)	(173)	28 295	16 668
23 628	807	—	—	8 137	—	1 780	(3 966)	212 803
—	—	—	—	—	—	—	—	(1 221)
(12 135)	(19 152)	2 001	(39)	5 320	(23 280)	1 607	24 329	228 250
—	—	—	—	—	—	—	(2 665)	6 876
(5 241)	(1 081)	—	—	—	1 318	—	—	41 273
37 343	16 547	—	—	(5 320)	21 962	—	(17 486)	—
19 967	(3 686)	2 001	(39)	—	—	1 607	4 178	276 399

HOSPITAL SISTERS HEALTH SYSTEM AND SUBSIDIARIES
Springfield Illinois
Consolidating Statement of Changes in Net Assets Information
Year ended June 30 2014
(Dollars in thousands)

	HSSI – Obligated Group	RQIL	Unity Limited Partnership	KCIN	HCW
Unrestricted net assets					
Revenue and gains in excess (deficient) of expenses	\$ 252 444	—	296	(4 432)	1 291
Other changes in unrestricted net assets					
Net assets released from restrictions used for the purchase of property plant and equipment	9 541	—	—	—	—
Recognition of change in pension funded status	46 277	—	—	—	—
Transfers (to) from affiliates	(59 096)	844	—	5 206	—
Change in unrestricted net assets	249 166	844	296	774	1 291
Temporarily restricted net assets					
Investment income	9 424	—	—	—	—
Contributions	7 809	—	—	—	—
Transfers (to) from affiliates	—	—	—	—	—
Net assets released from restrictions	(10 771)	—	—	—	—
Change in temporarily restricted net assets	6 462	—	—	—	—
Permanently restricted net assets					
Investment income	9	—	—	—	—
Contributions	1 377	—	—	—	—
Transfers (to) from affiliates	—	—	—	—	—
Change in permanently restricted net assets	1 386	—	—	—	—
Change in net assets	257 014	844	296	774	1 291
Net assets at beginning of year	2 025 776	6 185	7 628	1 253	10 147
Net assets at end of year	\$ 2 282 790	7 029	7 924	2 027	11 438

See accompanying independent auditors' report

Schedule 3

SSC	HSHS Medical Group	Health Care Trust Fund	Flex Plan	Foundation	Kiara, Inc.	PERC	Eliminations	Total
(12 135)	(19 152)	2 001	(39)	5 320	(23 280)	1 607	24 329	228 250
—	—	—	—	—	—	—	(2 665)	6 876
(5 241)	(1 081)	—	—	—	1 318	—	—	41 273
37 343	16 547	—	—	(5 320)	21 962	—	(17 486)	—
19 967	(3 686)	2 001	(39)	—	—	1 607	4 178	276 399
826	—	—	—	2 109	—	—	(10 250)	2 109
(762)	—	—	—	5 707	—	—	(5 122)	7 632
—	—	—	—	(1 188)	—	—	1 188	—
—	—	—	—	(6 628)	—	—	8 866	(8 533)
64	—	—	—	—	—	—	(5 318)	1 208
—	—	—	—	9	—	—	(9)	9
—	—	—	—	1 376	—	—	(1 376)	1 377
—	—	—	—	(1 385)	—	—	1 385	—
—	—	—	—	—	—	—	—	1 386
20 031	(3 686)	2 001	(39)	—	—	1 607	(1 140)	278 993
171 219	17 392	25 534	188	—	—	—	(13 813)	2 251 509
191 250	13 706	27 535	149	—	—	1 607	(14 953)	2 530 502

HOSPITAL SISTERS SERVICES, INC. –
OBLIGATED GROUP
Springfield, Illinois
Consolidating Balance Sheet Information
June 30, 2014
(Dollars in thousands)

Assets	St. Elizabeth's Belleville, Illinois	St. Joseph's Brees, Illinois	St. Mary's Decatur, Illinois	St. Anthony's Effingham, Illinois	St. Joseph's Highland, Illinois	St. Francis Litchfield, Illinois
Current assets						
Cash and cash equivalents	\$ 946	3,904	4,731	3,079	2,148	6,694
Receivables						
Patients' accounts, less allowance for uncollectible accounts	31,274	8,758	24,623	25,524	6,469	756
Due from third-party reimbursement programs	917	150	935	380	1,584	(3)
Other	8,277	80	6,864	623	85	103
Total receivables	40,468	8,988	32,422	26,527	8,138	856
Current portion of assets whose use is limited or restricted	2	2,577	(849)	7,965	1,309	1,310
Inventories	2,338	635	2,697	4,516	474	384
Prepaid expenses	694	240	441	220	235	226
Total current assets	44,448	16,344	39,442	42,307	12,304	9,470
Assets whose use is limited or restricted, net of current portion	7,695	104,567	7,136	296,482	3,295	24,841
Property, plant, and equipment, net	62,148	21,221	96,459	60,016	50,175	23,601
Other assets	5,134	140	457	144	297	57
	<u>\$ 119,425</u>	<u>142,272</u>	<u>143,494</u>	<u>398,949</u>	<u>66,071</u>	<u>57,969</u>
Liabilities and Net Assets						
Current liabilities						
Current installments of long-term debt	\$ 832	196	707	858	1,157	102
Long-term debt subject to short-term remarketing agreements	10,081	2,381	8,565	7,107	14,002	1,210
Current portion of estimated self-insurance liabilities	—	—	—	—	—	—
Accounts payable	4,796	1,011	4,735	4,578	1,317	1,279
Accrued liabilities	8,349	2,372	4,734	4,503	1,222	1,408
Estimated payables under third-party reimbursement programs	2,885	5,372	11,156	8,836	1,105	3,530
Total current liabilities	26,943	11,332	29,897	25,882	18,803	7,529
Long-term debt, excluding current installments	85,563	5,920	30,868	20,432	42,752	8,766
Derivative instruments	—	2,604	5	7,463	33	560
Accrued benefit liability	15,636	4,254	14,865	8,306	3,335	6,076
Other noncurrent liabilities	8,733	2,577	1,829	572	—	889
Total liabilities	136,875	26,687	77,464	62,655	64,923	23,820
Net assets						
Unrestricted	(25,145)	113,747	58,899	334,243	(2,114)	30,823
Temporarily restricted	7,593	1,838	5,930	1,873	3,262	2,078
Permanently restricted	102	—	1,201	178	—	1,248
Total net assets	(17,450)	115,585	66,030	336,294	1,148	34,149
	<u>\$ 119,425</u>	<u>142,272</u>	<u>143,494</u>	<u>398,949</u>	<u>66,071</u>	<u>57,969</u>

See accompanying independent auditors' report.

Schedule 4

St John's Springfield, Illinois	St Mary's Streator, Illinois	St Joseph's Chippewa Falls, Wisconsin	Sacred Heart Eau Claire, Wisconsin	St Mary's Green Bay, Wisconsin	St Vincent Green Bay, Wisconsin	St Nicholas Sheboygan, Wisconsin	Hospital Sisters Services, Inc	Eliminations	Total
8 099	2 757	884	5 606	7 169	28 712	8 342	2 619	—	85 690
91 870	6 593	8 597	27 047	13 494	50 854	11 982	—	—	307 841
—	489	—	—	237	—	198	—	—	4 887
2 191	281	152	863	753	12 872	1 046	1 166	(2 488)	32 868
94 061	7 363	8 749	27 910	14 484	63 726	13 226	1 166	(2 488)	345 596
72 752	3 754	4 684	17 706	9 814	23 018	4 858	256	—	149 156
9 808	696	350	4 939	2 550	5 468	1 521	—	—	36 376
4 037	381	123	806	143	2 171	156	—	—	9 873
188 757	14 951	14 790	56 967	34 160	123 095	28 103	4 041	(2 488)	626 691
244 266	27 236	105 137	404 018	70 684	353 248	44 074	—	—	1 692 679
384 977	35 993	23 960	106 930	78 586	137 500	48 273	—	—	1 129 839
11 352	433	88	331	11 444	38 928	891	8 119	—	77 815
829 352	78 613	143 975	568 246	194 874	652 771	121 341	12 160	(2 488)	3 527 024
5 552	287	357	1 351	749	2 023	621	—	—	14 792
67 200	3 467	4 327	16 355	9 065	21 261	4 487	—	—	169 508
19 131	2 784	3 147	14 098	5 271	17 050	6 596	—	(2 488)	83 305
23 450	2 441	3 612	7 640	3 700	32 113	3 130	3 635	—	102 309
15 315	4 492	806	6 679	74	322	14	—	—	60 586
130 648	13 471	12 249	46 123	18 859	72 769	14 848	3 635	(2 488)	430 500
204 684	8 624	10 759	40 671	22 544	57 975	15 517	—	—	555 075
7 116	779	2 472	10 112	1 795	9 101	1 012	—	—	43 052
37 565	7 627	13 296	20 318	11 460	37 708	5 787	—	—	186 233
9 893	1 895	—	500	235	666	495	1 090	—	29 374
389 906	32 396	38 776	117 724	54 893	178 219	37 659	4 725	(2 488)	1 244 234
407 663	43 238	93 642	441 822	132 539	466 270	75 988	7 435	—	2 179 050
29 181	2 891	5 157	3 156	5 143	5 173	6 008	—	—	79 283
2 602	88	6 400	5 544	2 299	3 109	1 686	—	—	24 457
439 446	46 217	105 199	450 522	139 981	474 552	83 682	7 435	—	2 282 790
829 352	78 613	143 975	568 246	194 874	652 771	121 341	12 160	(2 488)	3 527 024

**HOSPITAL SISTERS SERVICES, INC. –
OBLIGATED GROUP**
Springfield, Illinois

Consolidating Statement of Operations and Change in Unrestricted Net Assets Information

Year ended June 30, 2014

(Dollars in thousands)

	St. Elizabeth's Belleville, Illinois	St. Joseph's Breese, Illinois	St. Mary's Decatur, Illinois	St. Anthony's Effingham, Illinois	St. Joseph's Highland, Illinois	St. Francis Litchfield, Illinois
Net patient service revenue	\$ 166,599	52,322	138,095	118,840	35,782	36,127
Provision for uncollectible accounts	(19,361)	(2,833)	(10,701)	(5,172)	(2,421)	(2,544)
Net patient service revenue less provision for uncollectible accounts	147,238	49,489	127,394	113,668	33,361	33,583
Other revenues						
Investment income	66	7	69	10	—	11
Net assets released from restrictions used for operations	—	—	—	—	—	—
Other	5,524	2,021	5,392	4,520	454	633
Total revenue	152,828	51,517	132,855	118,198	33,815	34,227
Expenses						
Sisters' services	—	—	7	—	13	—
Salaries and wages	52,325	17,248	40,023	30,357	9,467	10,838
Employee benefits	17,578	6,457	10,130	12,922	3,592	3,792
Professional fees	4,158	2,836	6,780	5,617	2,763	2,758
Supplies	23,037	4,067	18,774	15,565	2,914	2,510
Depreciation and amortization	9,290	3,006	8,453	6,571	3,164	2,017
Interest	1,172	37	593	364	2,050	476
Restructuring costs	—	—	—	—	—	—
Other	61,238	11,120	42,467	27,697	8,638	8,873
Total expenses	168,798	44,771	127,227	99,093	32,601	31,264
Income (loss) from operations	(15,970)	6,746	5,628	19,105	1,214	2,963
Nonoperating income (loss)						
Investment income	890	10,072	9	29,765	310	2,226
Change in fair value of interest rate swap	34	(202)	7	(456)	(24)	(25)
Revenue in excess (deficient) of expenses and losses	(15,046)	16,616	5,644	48,414	1,500	5,164
Other changes in unrestricted net assets						
Net assets released from restrictions used for the purchase of property, plant, and equipment	490	191	1,375	515	2,593	804
Transfer from (to) affiliate	(5,665)	(1,019)	(6,195)	(2,564)	113	(1,252)
Recognition of changes in pension funded status	6,003	428	2,998	1,162	223	41
Change in unrestricted net assets	\$ (14,218)	16,216	3,822	47,527	4,429	4,757

Schedule 5

St. John's Springfield, Illinois	St. Mary's Streator, Illinois	St. Joseph's Chippewa Falls, Wisconsin	Sacred Heart Eau Claire, Wisconsin	St. Mary's Green Bay, Wisconsin	St. Vincent Green Bay, Wisconsin	St. Nicholas Sheboygan, Wisconsin	Hospital Sisters Services, Inc.	Eliminations	Total
455 640 (28 111)	42 678 (1 620)	68 096 (1 348)	220 033 (4 157)	126 804 (3 913)	433 001 (10 279)	72 618 (1 760)	— —	— —	1 966 635 (94 220)
427 529	41 058	66 748	215 876	122 891	422 722	70 858	—	—	1 872 415
136 1 230 20 710	15 — 2 176	4 — 2 635	17 — 5 735	3 — 7 969	6 — 12 942	17 — 4 111	— — 323	— — (8 676)	361 1 230 66 469
449 605	43 249	69 387	221 628	130 863	435 670	74 986	323	(8 676)	1 940 475
47 141 358 45 709 41 479 84 583 26 481 2 469 1 800 117 912	— 14 953 4 129 5 580 4 212 3 679 127 465 15 558	— 27 025 9 756 4 072 4 793 3 261 158 — 15 677	— 70 562 23 500 5 814 34 187 12 894 597 — 42 538	— 35 204 12 546 3 327 20 010 7 245 332 — 36 939	108 80 142 27 112 12 749 58 355 17 908 858 — 221 589	— 20 864 6 926 1 081 10 890 8 152 201 — 25 249	— — — — — — — 2 2	— — — (2 875) — — — — (5 801) (8 676)	175 550 366 184 149 96 139 283 897 112 121 9 434 2 265 629 696
461 838 (12 233)	48 703 (5 454)	64 742 4 645	190 092 31 536	115 603 15 260	418 821 16 849	73 363 1 623	— 321	— —	1 868 242 72 233
36 428 976	3 253 61	9 914 (201)	40 181 (688)	6 969 (253)	37 236 (487)	4 087 37	92 —	— —	181 432 (1 221)
25 171	(2 140)	14 358	71 029	21 976	53 598	5 747	413	—	252 444
553 (35 004) 14 434	256 (3 626) 1 791	45 (1 425) 670	342 (1 994) 3 649	516 (1 065) 4 368	1 239 (1 943) 9 317	622 (1 022) 1 193	— 3 565 —	— — —	9 541 (59 096) 46 277
5 154	(3 719)	13 648	73 026	25 795	62 211	6 540	3 978	—	249 166

HOSPITAL SISTERS SERVICES, INC. –
OBLIGATED GROUP
Springfield, Illinois
Consolidating Statement of Changes in Net Assets Information
Year ended June 30, 2014
(Dollars in thousands)

	St. Elizabeth's Belleville, Illinois	St. Joseph's Breese, Illinois	St. Mary's Decatur, Illinois	St. Anthony's Effingham, Illinois	St. Joseph's Highland, Illinois	St. Francis Litchfield, Illinois
Unrestricted net assets						
Revenue in excess (deficient) of expenses and losses	\$ (15,046)	16,616	5,644	48,414	1,500	5,164
Other changes in unrestricted net assets						
Net assets released from restrictions used for the purchase of property, plant, and equipment	490	191	1,375	515	2,593	804
Transfer from (to) affiliate	(5,665)	(1,019)	(6,195)	(2,564)	113	(1,252)
Recognition of changes in pension funded status	6,003	428	2,998	1,162	223	41
Change in unrestricted net assets	(14,218)	16,216	3,822	47,527	4,429	4,757
Temporarily restricted net assets						
Investment income	674	157	580	200	288	292
Contributions	611	226	945	207	120	212
Net assets released from restrictions	(490)	(191)	(1,375)	(515)	(2,593)	(804)
Change in temporarily restricted net assets	795	192	150	(108)	(2,185)	(300)
Investment income	—	—	—	—	—	—
Contributions	10	—	—	66	—	625
Change in permanently restricted net assets	10	—	—	66	—	625
Change in net assets	(13,413)	16,408	3,972	47,485	2,244	5,082
Net assets at beginning of year	(4,037)	99,177	62,058	288,809	(1,096)	29,067
Net assets at end of year	\$ (17,450)	115,585	66,030	336,294	1,148	34,149

See accompanying independent auditors' report.

St John's Springfield, Illinois	St Mary's Streator, Illinois	St Joseph's Chippewa Falls, Wisconsin	Sacred Heart Eau Claire, Wisconsin	St Mary's Green Bay, Wisconsin	St Vincent Green Bay, Wisconsin	St Nicholas Sheboygan, Wisconsin	Hospital Sisters Services, Inc	Eliminations	Total
25 171	(2 140)	14 358	71 029	21 976	53 598	5 747	413	—	252 444
553	256	45	342	516	1 239	622	—	—	9 541
(35 004)	(3 626)	(1 425)	(1 994)	(1 065)	(1 943)	(1 022)	3 565	—	(59 096)
14 434	1 791	670	3 649	4 368	9 317	1 193	—	—	46 277
5 154	(3 719)	13 648	73 026	25 795	62 211	6 540	3 978	—	249 166
2 900	259	1 062	783	713	751	765	—	—	9 424
2 606	549	676	902	262	421	72	—	—	7 809
(1 783)	(256)	(45)	(342)	(516)	(1 239)	(622)	—	—	(10 771)
3 723	552	1 693	1 343	459	(67)	215	—	—	6 462
—	—	—	9	—	—	—	—	—	9
110	6	50	198	—	277	35	—	—	1 377
110	6	50	207	—	277	35	—	—	1 386
8 987	(3 161)	15 391	74 576	26 254	62 421	6 790	3 978	—	257 014
430 459	49 378	89 808	375 946	113 727	412 131	76 892	3 457	—	2 025 776
439 446	46 217	105 199	450 522	139 981	474 552	83 682	7 435	—	2 282 790