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Part IV

Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <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	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, complete Schedule L, Part II</i> . . . . .	26		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	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28c	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		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	35b	Yes	
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> . . . . .	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

☐

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1c			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.		
2b		Yes	
3a			No
3b			
4a			No
b			
5a			No
5b			No
5c			
6a			No
6b			
7 Organizations that may receive deductible contributions under section 170(c).			
7a			No
7b			
7c			No
7d			
7e			No
7f			No
7g			
7h			
8			
9 Sponsoring organizations maintaining donor advised funds.			
9a			
9b			
10 Section 501(c)(7) organizations. Enter			
10a			
10b			
11 Section 501(c)(12) organizations. Enter			
11a			
11b			
12a			
12b			
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
13a			
13b			
13c			
14a			No
14b			

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year . . . . .	15	
	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 . . . . .	5	
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	Yes
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	Yes
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . . . . .	11a	Yes
	b Describe in Schedule O the process, if any, used by the organization to review this Form 990 . . . . .		
12a	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	No
15b	b Other officers or key employees of the organization . . . . .	15b	No
	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▶WI
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. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ELIZABETH A RITTER 400 W RIVER WOODS PARKWAY MILWAUKEE, WI 53212 (414) 465-3542

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

**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

[illegible]



## Part VII

<b>1b</b>	<b>Sub-Total . . . . .</b>	▼			
<b>c</b>	<b>Total from continuation sheets to Part VII, Section A . . . . .</b>	▼			
<b>d</b>	<b>Total (add lines 1b and 1c) . . . . .</b>	▼	780,749	10,190,286	1,240,412

**2** Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 42

		Yes	No
<b>3</b>	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	<b>3</b> Yes	
<b>4</b>	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> . . . . .	<b>4</b> Yes	
<b>5</b>	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> . . . . .	<b>5</b>	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
JP CULLEN AND SONS INC, 330 EAST DELAVAN DRIVE JANESVILLE WI 53546	CONSTRUCTION	4,703,718
RILEY CONSTRUCTION COMPANY, 5301 99th Ave KENOSHA WI 53144	CONSTRUCTION	3,107,224
ALL ABOUT STAFFING, 1000 SAWGRASS CORPORATE PKWY 6th f SUNRISE FL 33323	MEDICAL SUPPORT	1,804,444
ARAMARK CTS, 12483 COLLECTIONS CTR DRIVE CHICAGO IL 60693	Maintenance Services	1,473,381
MIDWEST ANESTHESIA SERVICES SC, 4555 WEST SCHROEDER DRIVE MILWAUKEE WI 53223	Medical Support	1,113,707

**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 ▶25

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	14,280			
	e	Government grants (contributions)	1e	10,000			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f . . . . .		24,280			
Program Service Revenue	2a	PATIENT SERVICES	Business Code 900099	126,413,963	126,413,963		
	b	MEDICARE MEDICAID PAYMENTS	900099	62,791,003	62,791,003		
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f . . . . .		189,204,966			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .		27,373		27,373
4		Income from investment of tax-exempt bond proceeds . . . . .		0			
5		Royalties . . . . .		0			
6a		Gross rents	(i) Real 636,947	(ii) Personal			
		b	Less rental expenses				
		c	Rental income or (loss)	636,947	0		
		d	Net rental income or (loss) . . . . .		636,947		636,947
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other 3,032			
		b	Less cost or other basis and sales expenses				
		c	Gain or (loss)		3,032		
		d	Net gain or (loss) . . . . .		3,032		3,032
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		CAFETERIA RECEIPTS	722514	780,714		780,714	
b	ELECTRONIC HEALTH RECORD	900099	1,105,815	1,105,815			
c	GIFT SHOP	453220	116,259		116,259		
d	All other revenue . . . . .		482,248	334,183	148,065		
e	Total. Add lines 11a-11d . . . . .		2,485,036				
12	Total revenue. See Instructions . . . . .		192,381,634	190,644,964		1,712,390	

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.	90,732	90,732		
4	Benefits paid to or for members.	0			
5	Compensation of current officers, directors, trustees, and key employees.	0			
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	65,171	65,171		
7	Other salaries and wages.	64,055,524	63,996,141		59,383
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	2,442,912	2,442,912		
9	Other employee benefits.	8,720,708	8,720,708		
10	Payroll taxes.	4,431,721	4,431,721		
11	Fees for services (non-employees):				
a	Management.	0			
b	Legal.	0			
c	Accounting.	0			
d	Lobbying.	11,730	11,730		
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	0			
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	8,269,534	8,269,534		
12	Advertising and promotion.	15,004	1,513		13,491
13	Office expenses.	3,629,977	3,617,786		12,191
14	Information technology.	0			
15	Royalties.	0			
16	Occupancy.	3,416,282	3,416,282		
17	Travel.	62,875	58,594		4,281
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	29,284	29,284		
20	Interest.	117,661		117,661	
21	Payments to affiliates.	828,000		828,000	
22	Depreciation, depletion, and amortization.	10,980,400	10,979,650		750
23	Insurance.	0			
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	MEDICAL/SURGICAL SUPPLIES	31,653,479	31,653,479		
b	MANAGEMENT FEES	25,617,599	7,501,364	18,116,235	
c	BAD DEBT	8,799,132	8,799,132		
d	HOSPITAL ASSESSMENT T19	5,904,178	5,904,178		
e	All other expenses	6,938,221	6,920,388		17,833
25	Total functional expenses. Add lines 1 through 24e.	186,080,124	166,910,299	19,061,896	107,929
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		-122,905	1	-122,897
	2	Savings and temporary cash investments		0	2	0
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		27,920,734	4	24,813,236
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		3,406,699	8	3,269,209
	9	Prepaid expenses and deferred charges		27,935	9	72,210
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a231,637,253			
	b	Less accumulated depreciation	10b134,832,398	91,525,773	10c	96,804,855
	11	Investments—publicly traded securities		0	11	0
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		5,300,000	14	4,770,000
	15	Other assets See Part IV, line 11		1,874,106	15	2,831,611
	16	Total assets. Add lines 1 through 15 (must equal line 34)		129,932,342	16	132,438,224
Liabilities	17	Accounts payable and accrued expenses		124,434,633	17	138,786,642
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		0	20	0
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		8,224,141	25	5,443,005
	26	Total liabilities. Add lines 17 through 25		132,658,774	26	144,229,647
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		-2,855,212	27	-11,920,046
	28	Temporarily restricted net assets		128,780	28	128,623
	29	Permanently restricted net assets		0	29	0
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		-2,726,432	33	-11,791,423
	34	Total liabilities and net assets/fund balances		129,932,342	34	132,438,224

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	192,381,634
2	Total expenses (must equal Part IX, column (A), line 25) . . . . .	2	186,080,124
3	Revenue less expenses Subtract line 2 from line 1 . . . . .	3	6,301,510
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	4	-2,726,432
5	Net unrealized gains (losses) on investments . . . . .	5	
6	Donated services and use of facilities . . . . .	6	
7	Investment expenses . . . . .	7	
8	Prior period adjustments . . . . .	8	
9	Other changes in net assets or fund balances (explain in Schedule O) . . . . .	9	-15,366,501
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	-11,791,423

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		No
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	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?		No
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		



**Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

[illegible]

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization WHEATON FRANCISCAN HEALTHCARE ST FRANCIS INC	Employer identification number 39-0907740
--	--

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	<input type="checkbox"/>	A church, convention of churches, or association of churches described in <b>section 170(b)(1)(A)(i).</b>
2	<input type="checkbox"/>	A school described in <b>section 170(b)(1)(A)(ii).</b> (Attach Schedule E )
3	<input checked="" type="checkbox"/>	A hospital or a cooperative hospital service organization described in <b>section 170(b)(1)(A)(iii).</b>
4	<input type="checkbox"/>	A medical research organization operated in conjunction with a hospital described in <b>section 170(b)(1)(A)(iii).</b> Enter the hospital's name, city, and state _____
5	<input type="checkbox"/>	An organization operated for the benefit of a college or university owned or operated by a governmental unit described in <b>section 170(b)(1)(A)(iv).</b> (Complete Part II )
6	<input type="checkbox"/>	A federal, state, or local government or governmental unit described in <b>section 170(b)(1)(A)(v).</b>
7	<input type="checkbox"/>	An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in <b>section 170(b)(1)(A)(vi).</b> (Complete Part II )
8	<input type="checkbox"/>	A community trust described in <b>section 170(b)(1)(A)(vi)</b> (Complete Part II )
9	<input type="checkbox"/>	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 <b>section 509(a)(2).</b> (Complete Part III )
10	<input type="checkbox"/>	An organization organized and operated exclusively to test for public safety See <b>section 509(a)(4).</b>
11	<input type="checkbox"/>	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 <b>section 509(a)(3).</b> Check the box that describes the type of supporting organization and complete lines 11e through 11h <b>a</b> <input type="checkbox"/> Type I <b>b</b> <input type="checkbox"/> Type II <b>c</b> <input type="checkbox"/> Type III - Functionally integrated <b>d</b> <input type="checkbox"/> Type III - Non-functionally integrated
e	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons? <b>(i)</b> 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? <b>(ii)</b> A family member of a person described in (i) above? <b>(iii)</b> A 35% controlled entity of a person described in (i) or (ii) above?
h	<input type="checkbox"/>	Provide the following information about the supported organization(s)

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

(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									

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

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2013



Part II

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

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

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

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

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

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

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

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

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

Part IV

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

Facts And Circumstances Test		
Return Reference	Explanation	

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527  
▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**  
▶ **See separate instructions.** ▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

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 WHEATON FRANCISCAN HEALTHCARE ST FRANCIS INC	Employer identification number 39-0907740
--	--

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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> 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 <b>Form 1120-POL</b> for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> 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?		<input type="checkbox"/> Yes <input type="checkbox"/> No													

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

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

Part II-B

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

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

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		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?	Yes		11,730
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		
j	Total. Add lines 1c through 1i.			11,730
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
Sch C Part II-B Line 1i	Wheaton Franciscan Healthcare and Franciscan Ministries are part of a controlled group of healthcare and housing organizations that are related through a common parent organization. Certain entities within this controlled group engage in limited lobbying activities that benefit each organization collectively. Wheaton Franciscan Healthcare employs one full time Vice President of Strategic Planning and Government Relations whose duties include a portion of lobbying activities. These lobbying activities approximate 20% of total annual salary. A benefits factor of 25% is added, and the total is allocated amongst the organizations receiving the benefit of these services. The lobbying activities include such things as preservation of Medicare and Medicaid funding, monitoring federal legislation that may impact the organization, participating in and coordinating visits with elected officials, coordinating advocacy activities in conjunction with relevant trade associations, and providing awareness on specific state related legislative issues when the need arises (e.g., state hospital assessment legislation in Wisconsin). The portion of direct expenses related to annual employee business travel to Washington DC or other locations, in order to lobby for issues important to healthcare providers and patients, have been included if applicable. Finally, any trade association dues containing a percentage portion allocable to lobbying activities, has been added or estimated, as appropriate. Wheaton Franciscan Healthcare - St. Francis, Inc. #39-0907740 \$11,730

[illegible]

SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization

WHEATON FRANCISCAN HEALTHCARE ST FRANCIS INC

Employer identification number

39-0907740

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

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

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

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

☐ Preservation of land for public use (e g , recreation or education)

☐ Preservation of an historically important land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

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

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

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

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

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

☐ Yes ☐ No

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

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

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

☐ Yes ☐ No

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

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

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

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

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

▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

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

a Revenues included in Form 990, Part VIII, line 1

▶ \$ \_\_\_\_\_

b Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

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

Cat No 52283D

Schedule D (Form 990) 2013



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

- 3

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

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

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

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

☐ Yes

☐ No

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

- 1a

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

☐ Yes

☐ No
- b

If "Yes," explain the arrangement in Part XIII and complete the following table
- |    |        |
|----|--------|
|    | Amount |
| 1c |        |
| 1d |        |
| 1e |        |
| 1f |        |

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance
- 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)

Yes

No

b

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

3b

Yes

No

4

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

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land . . . . .		853,355		853,355
b Buildings . . . . .		118,133,080	58,182,836	59,950,244
c Leasehold improvements . . . . .		2,859,804	2,824,925	34,879
d Equipment . . . . .		58,874,037	40,917,844	17,956,193
e Other . . . . .		50,916,977	32,906,793	18,010,184
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				96,804,855



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	183,555,190
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	2e	
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	183,555,190
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1	4c	
a	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	4a	
b	Other (Describe in Part XIII ) . . . . .	4b	8,826,444
c	Add lines 4a and 4b . . . . .	4c	8,826,444
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12 ) . . . . .	5	192,381,634

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	177,280,992
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	2e	
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	177,280,992
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	4c	
a	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	4a	
b	Other (Describe in Part XIII ) . . . . .	4b	8,799,132
c	Add lines 4a and 4b . . . . .	4c	8,799,132
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18 ) . . . . .	5	186,080,124

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 XI, LINE 4b	NET GAIN(LOSS) FROM SALES OF ASSETS OTHER THAN INVENTORY 3,032 DONATION INCOME-RESTRICTED ASSETS 24,280 BAD DEBT ALLOWANCE INCLUDED IN REVENUE ON AUDITED REPORT, BUT REPORTED IN PART IX LINE 24c IN THE 990 EXPENSES 8,799,132 FOR A TOTAL ADJUSTMENT IN SCHEDULE D, PART XI, LINE 4b 8,826,444 SCHEDULE D, PART XII, LINE 4b BAD DEBT ALLOWANCE 8,799,132 WAS INCLUDED ON REVENUE IN THE AUDITED REPORT, BUT REPORTED IN PART IX LINE 24c IN THE 990 EXPENSES

[illegible]

SCHEDULE F  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Statement of Activities Outside the United States

► Complete if the organization answered "Yes" to Form 990,  
Part IV, line 14b, 15, or 16.  
► Attach to Form 990. ► See separate instructions.  
► Information about Schedule F (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public  
Inspection

Name of the organization  
WHEATON FRANCISCAN HEALTHCARE ST FRANCIS INC

Employer identification number  
39-0907740

Part I General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

- 1 For grantmakers. Does the organization maintain records to substantiate the amount of its grants and other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☒ Yes ☐ No
- 2 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.
- 3 Activites per Region (The following Part I, line 3 table can be duplicated if additional space is needed )

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
( 1 ) Sub-Saharan Africa			Program Services	DONATED MED SUPPLIES	90,732
( 2 )					
( 3 )					
( 4 )					
( 5 )					
3a Sub-total					90,732
b Total from continuation sheets to Part I					
c Totals (add lines 3a and 3b)					90,732

Part II

Grants and Other Assistance to Organizations or Entities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
( 1 )									
( 2 )									
( 3 )									
( 4 )									

- 2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter . . . . ▶
- 3 Enter total number of other organizations or entities . . . . . ▶

Part III

Grants and Other Assistance to Individuals Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 16.  
Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)
( 1 ) HOSPITAL MISSION SISTERS	Sub-Saharan Africa				90,732	MED SUPPLIES	FMV
( 2 )							
( 3 )							
( 4 )							
( 5 )							
( 6 )							
( 7 )							
( 8 )							
( 9 )							
( 10 )							
( 11 )							
( 12 )							
( 13 )							
( 14 )							
( 15 )							
( 16 )							
( 17 )							
( 18 )							

**Part IV Foreign Forms**

- 1

Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)*

☐

Yes

☒

No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)*

☐

Yes

☒

No
- 3

Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations. (see Instructions for Form 5471)*

☐

Yes

☒

No
- 4

Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)*

☐

Yes

☒

No
- 5

Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships. (see Instructions for Form 8865)*

☐

Yes

☒

No
- 6

Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713).*

☐

Yes

☒

No



**Part V Supplemental Information**

Provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

**990 Schedule F, Supplemental Information**

Return Reference	Explanation
Schedule F Supplemental Information	<p>Form 990 Schedule F Part I Line 2 Wheaton Franciscan Healthcare and Franciscan Ministries maintain files and records to manage the decision-making and assistance process for organizations that it provides community sponsorship dollars or in kind donations to. Decisions are made by a Community Sponsorship Committee with leaders who hold positions in Diversity, Strategic Planning, Mission Services, Marketing and Philanthropy. The Committee generally strives to sponsor organizations that have missions that align with the mission, vision and values of the organization, with a special focus on world disaster relief and human assistance, in particular as it relates to our healthcare and housing ministries. The committee also looks for certain other criteria when deciding which organizations will receive contributions, including but not limited to supporting healthcare, housing, or other humanitarian needs worldwide, furthering diversity and cultural competency, aligning with other WFH business relationships or service lines, supporting student academic achievement or workforce development initiatives, and finally, supporting environmental "green" initiatives.</p> <p>Leaders periodically meet with representatives of sponsored organizations to discuss objectives including how dollars will be spent. Additionally, Wheaton Franciscan Healthcare may, at a later date, ask for documentation in order to monitor that funds were spent for their intended purpose. Currently, confirmation letters are sent to sponsored organizations when award dollars or in kind donations are given, that confirm the dollar amount (or approximate fair market value) awarded and the intended purpose, with a request that the recipient acknowledge receipt of the funds in written correspondence. Files are maintained in the Organizational Change and Leadership Performance Department to include copies of letters of request, award and denial letters, additional documentation if requested, and acknowledgement receipts from sponsored organizations.</p>

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  
WHEATON FRANCISCAN HEALTHCARE ST FRANCIS INC

Employer identification number  
39-0907740

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1) . . . . .			6,397,174		6,397,174	3 610 %
b Medicaid (from Worksheet 3, column a) . . . . .			43,685,652	31,503,342	12,182,310	6 870 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .						
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . . . . .			50,082,826	31,503,342	18,579,484	10 480 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			3,380		3,380	
f Health professions education (from Worksheet 5) . . . . .			153,823	134,172	19,651	0 010 %
g Subsidized health services (from Worksheet 6) . . . . .			6,282,515	4,577,165	1,705,350	0 960 %
h Research (from Worksheet 7) . . . . .						
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .			95,695		95,695	0 050 %
j <b>Total</b> Other Benefits . . . . .			6,535,413	4,711,337	1,824,076	1 020 %
k <b>Total.</b> Add lines 7d and 7j . . . . .			56,618,239	36,214,679	20,403,560	11 500 %

Part IICommunity Building Activities

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

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

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

2

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

2

8,799,132

3

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

3

4

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

Section B. Medicare

5

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

5

45,916,611

6

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

6

51,834,330

7

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

7

-5,917,719

8

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

Section C. Collection Practices

9a

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

9a

Yes

b

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

9b

Yes

Part 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

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

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

ST FRANCIS 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	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input checked="" type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted . . . . .	3	Yes
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	4	Yes
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	<input checked="" type="checkbox"/> Hospital facility's website (list url) <u>www.mywheaton.org</u>		
b	<input type="checkbox"/> Other website (list url) _____		
c	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
d	<input checked="" type="checkbox"/> Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)		
a	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input checked="" type="checkbox"/> Execution of the implementation strategy		
c	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d	<input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
h	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input checked="" type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs . . . . .	7	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 200 % 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 400 % If "No," explain in Part VI the criteria the hospital facility used	11	Yes	
12	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)	12	Yes	
a	<input checked="" type="checkbox"/> Income level			
b	<input checked="" type="checkbox"/> Asset level			
c	<input checked="" type="checkbox"/> Medical indigency			
d	<input checked="" type="checkbox"/> Insurance status			
e	<input checked="" type="checkbox"/> Uninsured discount			
f	<input checked="" type="checkbox"/> Medicaid/Medicare			
g	<input type="checkbox"/> State regulation			
h	<input type="checkbox"/> Residency			
i	<input checked="" type="checkbox"/> Other (describe in Part VI)			
13	Explained the method for applying for financial assistance? . . . . .	13	Yes	
14	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	14	Yes	
a	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website			
b	<input type="checkbox"/> The policy was attached to billing invoices			
c	<input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d	<input type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e	<input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f	<input checked="" type="checkbox"/> The policy was available upon request			
g	<input checked="" type="checkbox"/> Other (describe in Part VI)			
Billing and Collections				
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? . . . . .	15	Yes	
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a	<input type="checkbox"/> Reporting to credit agency			
b	<input type="checkbox"/> Lawsuits			
c	<input type="checkbox"/> Liens on residences			
d	<input type="checkbox"/> Body attachments			
e	<input type="checkbox"/> Other similar actions (describe in Section C)			
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged	17		No
a	<input type="checkbox"/> Reporting to credit agency			
b	<input type="checkbox"/> Lawsuits			
c	<input type="checkbox"/> Liens on residences			
d	<input type="checkbox"/> Body attachments			
e	<input type="checkbox"/> Other similar actions (describe in Section C)			

Part V

Facility Information (continued)

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

☐

Notified individuals of the financial assistance policy on admission
- b

☐

Notified individuals of the financial assistance policy prior to discharge
- c

☐

Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- d

☐

Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☒

Other (describe in Section C)

Policy Relating to Emergency Medical Care

	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	19 Yes	
a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b <input type="checkbox"/> The hospital facility's policy was not in writing		
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d <input type="checkbox"/> 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 <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b <input checked="" type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d <input type="checkbox"/> 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	21	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	22	No

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

[illegible]



**Part V**

**Facility Information** *(continued)*

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

How many non-hospital health care facilities did the organization operate during the tax year? **6**

Name and address		Type of Facility (describe)
<b>1</b>	WHEATON FRANCISCAN HEALTHCARE-ST FRANCIS 2025 W OKLAHOMA AVE MILWAUKEE, WI 53215	OUTPATIENT CLINIC
<b>2</b>	WHEATON FRANCISCAN HEALTHCARE-ST FRANCIS 7410 W RAWSON AVE FRANKLIN, WI 53132	OUTPATIENT CLINIC CANCER CARE
<b>3</b>	WHEATON FRANCISCAN HEALTHCARE ST FRANCIS 3330 S 16th Street Milwaukee, WI 53215	EDUCATION BUILDING
<b>4</b>	WHEATON FRANCISCAN HEALTHCARE ST FRANCIS 3267 S 16TH STREET MILWAUKEE, WI 53215	MEDICAL OFFICE BUILDING
<b>5</b>	WHEATON FRANCISCAN HEALTHCARE ST FRANCIS 3201 S 16TH STREET MILWAUKEE, WI 53215	MEDICAL OFFICE BUILDING
<b>6</b>	ST FRANCIS OUTPATIENT CENTER 3237 SOUTH 16TH ST MILWAUKEE, WI 53215	OUTPATIENT CENTER
<b>7</b>		
<b>8</b>		
<b>9</b>		
<b>10</b>		

Part VI

Supplemental Information

Provide the following information

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

990 Schedule H, Supplemental Information

Form and Line Reference	Explanation
SEE REFERENCES BELOW	
SEE REFERENCES BELOW	<p>SCHEDULE H PART VI LINE 5 WHEATON FRANCISCAN HEALTHCARE IN SOUTHEAST WISCONSIN Wheaton Franciscan Healthcare's service to Southeast Wisconsin dates back to 1879 when the Franciscan Sisters began operating a health care ministry out of a small house Five years later they opened their first hospital in Milwaukee - St Joseph Over the next 100 years, the Sisters - known as the Wheaton Franciscans after 1947 - expanded their Milwaukee health care ministry and, in 1993, partnered with the Felician Sisters Through the union of numerous separate but common functions including Boards of Directors, medical groups, and corporate services, Wheaton Franciscan Healthcare has created a fully integrated region that allows it to share best practices and create cost efficiencies WHEATON FRANCISCAN HEALTHCARE IN SOUTHEAST WISCONSIN LIST OF ENTITIES Hospitals Wheaton Franciscan - Elmbrook Memorial, Midwest Spine and Orthopedic Hospital and Wisconsin Heart Hospital, and St Joseph Campuses Wheaton Franciscan Healthcare - All Saints Wheaton Franciscan Healthcare - St Francis Wheaton Franciscan Healthcare - Franklin Midwest Orthopedic Specialty Hospital (joint venture) Wheaton Franciscan Medical Group More than 300 physicians in 50 specialty and primary care locations across Southeast Wisconsin Transitional &amp; Extended Care Wheaton Franciscan Healthcare - Franciscan Woods Wheaton Franciscan Healthcare - Lakeshore Manor Wheaton Franciscan Healthcare - The Terrace at St Francis Outpatient Centers Wheaton Franciscan - Brown Deer Campus Wheaton Franciscan - Wauwatosa Campus Wheaton Franciscan Healthcare - St Francis Medical Arts Pavilion Wheaton Franciscan Healthcare - St Francis Outpatient Center Service Lines Wheaton Franciscan Cancer Care Wheaton Franciscan Women and Infants Wheaton Franciscan Diabetes Care Wheaton Franciscan Heart Care Wheaton Franciscan Mental Health and Addiction Care Wheaton Franciscan Orthopedic Care Wheaton Franciscan Rehabilitation Services Wheaton Franciscan Senior Care Midwest Orthopedic Sports Medicine Restore Integrated Work Injury Solutions Home Health &amp; Hospice Wheaton Franciscan Home Health Wheaton Franciscan Hospice Wheaton Franciscan Medical Equipment Team Pharmacy Wheaton Franciscan Pharmacy (multiple locations) Laboratory Wheaton Franciscan Laboratory Philanthropic Foundations Wheaton Franciscan Healthcare - All Saints Foundation Wheaton Franciscan Healthcare - Circle of Life Foundation Wheaton Franciscan Healthcare - Foundation for St Francis and Franklin Wheaton Franciscan - Elmbrook Memorial Wheaton Franciscan - St Joseph Foundation WHEATON FRANCISCAN HEALTHCARE COMMUNITY IMPACT IN SOUTHEAST WISCONSIN / June 30, 2014 Charity Care \$42,761,509 Charity Care is defined as free or discounted health services provided to those who cannot afford to pay and who meet all criteria for financial assistance Charity care is based on actual costs, not charges, and does not include bad debt Unreimbursed cost of public programs \$99,865,691 Unreimbursed cost of public programs is defined as the shortfall experienced when payments received are below the cost of treating public beneficiaries through Medicaid and other local public programs Community Health Improvement Services \$1,419,077 Community Health Improvement Services are defined as clinical and non-clinical services designed to improve community health, which are provided to the community for free or for fees that did not cover costs Financial contributions \$1,549,366 Financial contributions are defined as contributions, including cash, non-cash items such as food, furniture, equipment, supplies, and loaned staff for volunteer and charitable purposes, made to individuals, community groups, or nonprofit organizations for charitable purposes Health professions education \$3,535,457 Health professions education is defined as direct costs incurred for accredited training and education programs for physicians, nurses, allied health professionals and technicians (does not include ongoing education for staff) Community building activities \$432,633 Community building activities are defined as programs that, while not directly related to health care, provide opportunities to address the root causes of health problems, such as poverty, homelessness, and environmental issues Costs for these activities include cash and in-kind donations Community benefit operations \$51,719 Community benefit operations are defined as costs associated with dedicated staff and community health needs and/or assets assessment, as well as other costs associated with community benefit strategy and operations Subsidized Health Services \$8,424,499 Subsidized health services are defined as the negative margin for clinical services that are provided despite a financial loss because of an identified community need that would need to be met by the government or another not-for-profit if it was not offered The financial losses are so significant that negative margins remain after removing the effects of charity care, bad debt, and Medicaid shortfalls TOTAL BENEFIT TO THE COMMUNITY IN SOUTHEAST WISCONSIN FOR June 30, 2014 \$158,370,087 WHEATON FRANCISCAN HEALTHCARE IN SE WISCONSIN ENTITY-SPECIFIC PROFILES Wheaton Franciscan Healthcare - St Francis (Milwaukee, Wisconsin) Wheaton Franciscan Healthcare - St Francis, located on Milwaukee's south side, was founded in 1956 by the Felician Sisters, an order of Franciscan nuns based in Chicago, Illinois In 1993, The Felicians (St Francis Health Care, Inc ) affiliated with the Wheaton Franciscan Sisters' (Wheaton Franciscan Services Inc - Milwaukee) division to form Covenant Healthcare System, Inc When WFSI reorganized in 2006 to form Wheaton Franciscan Healthcare, St Francis became part of the system's Southeast Wisconsin region and is known today as Wheaton Franciscan Healthcare - St Francis Wheaton Franciscan Healthcare - St Francis is a general acute-care hospital Specialties include a comprehensive cardiac care program, including full surgical services, heart scanning, catheterization, angioplasty and electrophysiology, full orthopedic services, interventional radiology, including a 3-T MRI, comprehensive neurology and stroke program, women's health services, including obstetrics, a Level II neonatal nursery and prenatal assessment center, 24-hour emergency service and Urgent Care, outpatient services, cancer care, and sports medicine The newly built Outpatient Center at St Francis is home to the Center for Neurological Disorders, internationally known for cutting edge treatments for MS and Parkinson's Disease The Outpatient Center also houses a Neuro Rehab unit, a Sleep Disorders Center and physician offices St Francis is a fully accredited Chest Pain Center and an Advanced Primary Stroke Center The hospital also maintains its Baby-Friendly Hospital designation - one of only 55 hospitals nationwide to do so - from the World Health Organization and the United Nations Children's Fund in recognition of birth facilities promoting successful breastfeeding St Francis is a place where new technology and compassionate care are intertwined Rooted in the Mission of the hospital's founding Felician Sisters and sustained by the Mission of the Wheaton Franciscans, St Francis embraces a healing ministry that is patient-centered, reverent, and spiritual St Francis is meeting the challenges of a rapidly changing health care environment where those with inadequate health insurance far outnumber those with commercial insurance Since expanding the Emergency Department to 26 rooms in April 2009, volumes have increased by 20% Beyond providing exceptional and compassionate health care service on a daily basis, St Francis extends its healing Mission into the community through numerous programs and resources for all Community health fairs, free screenings, and health education benefit hundreds of individuals each year Through the efforts of hospital staff, St Francis provides community outreach and support through the mission integration activities of the mission committee Efforts such as the St Vincent de Paul Meal Program, food drives, Infant and Children Care Fund, and the Mission Closet provide an avenue for associates to actively help those in need Wheaton Franciscan Healthcare - Foundation for St Francis and Franklin Wheaton Franciscan Healthcare - Foundation for St Francis and Franklin supports a number of projects affiliated with WFH - St Francis and WFH - Franklin The Foundation solicits philanthropic contributions and grants on behalf of clinical and operational departments and engages in initiatives to benefit the health of our patients and communities Fundraising efforts help to make many valuable services possible, including medical innovations, community health initiatives, and direct assistance to patients Specific examples of how the Wheaton Franciscan Healthcare - Foundation for St Francis and Franklin meets t</p>

Additional Data

Software ID:

Software Version:

EIN: 39-0907740

Name: WHEATON FRANCISCAN HEALTHCARE ST FRANCIS INC

990 Schedule H, Supplemental Information

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

Form and Line Reference	Explanation
SEE REFERENCES BELOW	

Schedule J  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Compensation Information

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

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
WHEATON FRANCISCAN HEALTHCARE ST FRANCIS INC

Employer identification number  
39-0907740

Part I

Questions Regarding Compensation

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

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

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

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

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

Part III Supplemental Information

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

Return Reference	Explanation
VARIOUS - SEE REFERENCES BELOW	Schedule J Part I Line 4a Reportable compensation of Ken Buser includes \$239,996 in severance payments made during calendar year 2013. Schedule J Part I Line 4b Wheaton Franciscan Services, Inc., established the Wheaton Franciscan Services, Inc. Non-Qualified Benefit Restoration Plan to provide selected employees with certain benefits which they are unable to receive under the qualified plan because of limitations on such qualified plans under Sections 401(a)(17) and 415(b) of the Internal Revenue Code. This Plan is intended to satisfy the short-term deferral exception under Code Section 409(a). Accordingly, the Participant's Plan accruals are calculated as of the last day of each Plan Year and paid as a taxable distribution to the Participant in that Plan Year. At this time, there is one long-term senior official who is eligible for benefits under the plan, John Oliverio, Chief Executive Officer, who received a 2013 taxable payout of \$1,016,267. IRS Form 990 Part VII Section A Col F and Schedule J Part II Column C Retirement and Other Deferred Compensation of Kenneth Buser includes \$79,999 in accrued severance payments to be paid as wages in a future year.

Additional Data

Software ID:

Software Version:

EIN: 39-0907740

Name: WHEATON FRANCISCAN HEALTHCARE ST FRANCIS INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Saleem Aman MD Director	(i)	0	0	0	0	0	0	0
	(ii)	666,542	4,750	1,069	18,278	35,348	725,987	
David Ashpole MD Director	(i)	0	0	0	0	0	0	0
	(ii)	381,797	5,706	1,844		22,815	412,162	
Susan Boland Pres South Mrkt and President	(i)	0	0	0	0	0	0	0
	(ii)	385,440	80,200	10,155	42,784	17,775	536,354	
James Burhop MD Director	(i)	0	0	0	0	0	0	0
	(ii)	120,929		413		6,886	128,228	
Kenneth Buser Director	(i)	0	0	0	0	0	0	0
	(ii)	472,002	48,100	16,255	129,353	26,185	691,895	239,996
Kumari Chintamaneni MD Secretary / Treasurer - Direct	(i)	0	0	0	0	0	0	0
	(ii)	439,548	150,000	4,805	13,690	18,544	626,587	
Daniel Donovan DO Director	(i)	0	0	0	0	0	0	0
	(ii)	237,411	2,351	1,782	17,536	18,015	277,095	
Michelle Graham MD VP Medical Affairs Central Mar	(i)	0	0	0	0	0	0	0
	(ii)	274,564	47,800	276	13,642	11,805	348,087	
Jerry Hardacre MD Director	(i)	0	0	0	0	0	0	0
	(ii)	388,682		1,065	22,036	27,280	439,063	
Marlene James ADMIN DIR-MED IMAGING SRVCS	(i)	127,869	10,125	423	10,969	14,552	163,938	
	(ii)	0	0	0	0	0	0	0
John Jack Manley MD Director	(i)	0	0	0	0	0	0	0
	(ii)	394,848	4,328	2,623	18,278	37,135	457,212	
Daniel Mattes Pres Cntrl Mrkt and President/	(i)	0	0	0	0	0	0	0
	(ii)	395,443	118,900	11,688		26,203	552,234	
John Oliverio Director	(i)	0	0	0	0	0	0	0
	(ii)	992,620	633,600	1,090,249	167,110	62,577	2,946,156	
Nicholas Omdahl MD Director	(i)	0	0	0	0	0	0	0
	(ii)	197,993		1,019	17,493	22,425	238,930	
Eduardo Paz MD Director	(i)	0	0	0	0	0	0	0
	(ii)	180,460	156,848	410	13,669	14,116	365,503	
Andrew Pesch Pharmacist	(i)	145,162		354	9,658	18,054	173,228	
	(ii)	0	0	0	0	0	0	0
Tod Poremski MD Director	(i)	0	0	0	0	0	0	0
	(ii)	194,863	75,838	1,038	13,682	8,543	293,964	
Kenneth Redlin MD Director	(i)	0	0	0	0	0	0	0
	(ii)	103,259	151,001	263	18,259	7,651	280,433	
Donald Roach MD Director	(i)	0	0	0	0	0	0	0
	(ii)	245,932	2,234	1,853	21,641	15,395	287,055	
Jonathan W Sohn Director	(i)	0	0	0	0	0	0	0
	(ii)	448,302	150,500	16,627	55,413	24,613	695,455	

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				
Marilyn Spenner VP-PATIENT CARE SRVCS-SFH	(i) (ii)	152,312 0	27,100 0	547 0	14,640 0	3,471 0	198,070 0	0
Debra Standridge Pres Nrth Mrkt and President/C	(i) (ii)	0 450,021	0 69,200	0 15,249	0 48,275	0 27,958	0 610,703	0
Robert Stern MD Director	(i) (ii)	0 334,339	0	0 5,252	0 18,298	0 22,294	0 380,183	0
Christopher Trznadel ADMIN DIR-PT CARE SRVCS OPS	(i) (ii)	136,367 0	10,567 0	446 0	7,137 0	486 0	155,003 0	0
Eunice Walker DIRECTOR - PHARMACY	(i) (ii)	156,088 0	12,429 0	960 0	42,201 0	16,244 0	227,922 0	0



Schedule L  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

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

OMB No 1545-0047  
**2013**  
Open to Public Inspection

Name of the organization  
WHEATON FRANCISCAN HEALTHCARE ST FRANCIS INC

Employer identification number  
39-0907740

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) Emergency Medicine Specialists SC	Neal Harmelink is officer	393,291	Emergency Room Management		No
(2) Kelly Roche	Daughter of Kevin Roche	65,171	Employment		No

**Part V Supplemental Information**

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

Return Reference	Explanation
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2013

Open to Public Inspection

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury

Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on

Form 990 or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at

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

Name of the organization

WHEATON FRANCISCAN HEALTHCARE ST FRANCIS INC

Employer identification number

39-0907740

990 Schedule O, Supplemental Information

Return Reference	Explanation
See References Below	

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
WHEATON FRANCISCAN HEALTHCARE ST FRANCIS INC

Employer identification number  
39-0907740

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33.					
(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
See Additional Data Table							

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

Cat No 50135Y

Schedule R (Form 990) 2013

Part III

Identification of Related Organizations Taxable as a Partnership

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

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

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) WHEATON FRANCISCAN ENTERPRISES INC  400 WEST RIVER WOODS PARKWAY GLENDALE, WI 53212 39-1985204	HOLDING CO	WI	WF HOLDINGS INC	C CORP					No
(2) WHEATON FRANCISCAN HOLDINGS INC  400 WEST RIVER WOODS PARKWAY GLENDALE, WI 53212 39-1836357	HOLDING CO	WI	WFH-SE WI	C CORP					No
(3) WHEATON FRANCISCAN MED GRP-SUSSEX INC  400 WEST RIVER WOODS PARKWAY GLENDALE, WI 53212 39-1361100	MED GROUP	WI	WF HOLDINGS INC	C CORP					No
(4) WHEATON FRANCISCAN PROVIDER NETWORK INC  400 WEST RIVER WOODS PARKWAY GLENDALE, WI 53212 39-1952140	PROVDR CONTRA	WI	WFH-SE WI	C CORP					No
(5) WHEATON FRANCISCAN INSURANCE COMPANY    98-0691609	FINANCIAL	UK	WFSI						No

Part V

Transactions With Related Organizations

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Dividends from related organization(s)

g

Sale of assets to related organization(s)

h

Purchase of assets from related organization(s)

i

Exchange of assets with related organization(s)

j

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

k

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

l

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

m

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

n

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

o

Sharing of paid employees with related organization(s)

p

Reimbursement paid to related organization(s) for expenses

q

Reimbursement paid by related organization(s) for expenses

r

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

s

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

Yes

No

1a

No

1b

Yes

1c

Yes

1d

Yes

1e

Yes

1f

1g

No

1h

No

1i

Yes

1j

Yes

1k

Yes

1l

Yes

1m

Yes

1n

Yes

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
(1) WFH-FNDN FOR ST FRANCIS AND FRANKLIN INC	C	14,280	FMV

Schedule R (Form 990) 2013

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

[illegible]

**Part VII**   **Supplemental Information**

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

Return Reference	Explanation
FORM 990 - PART V, SCHEDULE R, PART II	(1) The sponsorship of Rush Oak Park Hospital, Inc and Synergon Health System, Inc were transferred to Rush University Medical Center, Inc effective October 25, 2013 As such, this is the last fiscal year the two organizations will be listed as related (2) Synergon Health System Inc is listed with no direct controlling entity because of the two organizations with an interest, Rush Presbyterian and OSF Services Inc, neither can appoint a majority of the board, therefore neither organization "controls" (3) UHS, Inc is listed without a direct controlling entity because of the two organizations with an interest, KHMC Community Board and OSF Services Inc, neither can appoint a majority of the board, and since KHMC is not an entity (it is a community board), neither body "controls"



Additional Data

Software ID:

Software Version:

EIN: 39-0907740

Name: WHEATON FRANCISCAN HEALTHCARE ST FRANCIS INC

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
(1) WHEATON FRANCISCAN SERVICES INC  26 W 171 ROOSEVELT RD WHEATON, IL 60187 36-3262111	PARENT CORP	IL	501(c)(3)	11 - III-FI	NA		No
(1) WFH - SOUTHEAST WISCONSIN INC  400 WEST RIVER WOODS PARKWAY GLENDALE, WI 53212 39-1568865	HOLDING CO	IL	501(c)(3)	11 - III-FI	WFSI		No
(2) WFH - ALL SAINTS INC  3801 SPRING STREET RACINE, WI 53405 39-1264986	HOSPITAL	WI	501(c)(3)	3	WFH-SE WI		No
(3) WFH - ALL SAINTS FOUNDATION INC  3805B SPRING STREET RACINE, WI 53405 39-1570877	FOUNDATION	WI	501(c)(3)	11 - I	WFH-AS INC		No
(4) VOLUNTEERS IN PTNRSHIP WITH WFH-AS INC  3807 SPRING STREET RACINE, WI 53405 93-0838390	FOUNDATION	WI	501(c)(3)	11 - III-O	WFH-AS INC		No
(5) WFH - CIRCLE OF LIFE FOUNDATION INC  4300 WEST BROWN DEER RD STE 250 BROWN DEER, WI 53223 56-2426294	FOUNDATION	WI	501(c)(3)	11 - I	WFH-PE		No
(6) WHEATON FRAN HOME HEALTH & HOSPICE INC  3070 NORTH 51ST STREET STE 406 MILWAUKEE, WI 53210 39-1559428	HOME HLTH	WI	501(c)(3)	3	WFH-SE WI		No
(7) WHEATON FRANCISCAN MEDICAL GROUP INC  400 WEST RIVER WOODS PARKWAY GLENDALE, WI 53212 39-1791586	MED GROUP	WI	501(c)(3)	3	WFH-SE WI		No
(8) WHEATON FRANCISCAN -ELMBROOK FNDN  19333 WEST NORTH AVENUE BROOKFIELD, WI 53045 39-2028808	FOUNDATION	WI	501(c)(3)	11 - I	WF INC		No
(9) WHEATON FRANCISCAN LABORATORIES INC  3237 SOUTH 16TH STREET MILWAUKEE, WI 53215 39-1701402	LABORATORY	WI	501(c)(3)	9	WFH-SE WI		No
(10) WFH PHARMACY ENT AND FRAN WOODS INC  19525 WEST NORTH AVENUE BROOKFIELD, WI 53005 39-1613624	PHARMACY	WI	501(c)(3)	9	WFH-SE WI		No
(11) WF - ST JOSEPH FOUNDATION INC  5000 WEST CHAMBERS STREET MILWAUKEE, WI 53210 39-1636804	FOUNDATION	WI	501(c)(3)	11 - I	WF INC		No
(12) WHEATON FRANCISCAN INC  5000 WEST CHAMBERS STREET MILWAUKEE, WI 53210 39-0816857	HOSPITAL	WI	501(c)(3)	3	WFH-SE WI		No
(13) WFH-FNDN FOR ST FRANCIS AND FRANKLIN INC  3237 SOUTH 16TH STREET MILWAUKEE, WI 53215 32-0135258	FOUNDATION	WI	501(c)(3)	11 - I	WFH-SFH	Yes	
(14) WFH - TERRACE AT ST FRANCIS INC  3200 SOUTH 20TH STREET MILWAUKEE, WI 53215 39-1486775	NURSING HOME	WI	501(c)(3)	9	WFH-SE WI		No
(15) WFH - FRANKLIN INC  10101 SOUTH 27TH STREET FRANKLIN, WI 53132 56-2592868	HOSPITAL	WI	501(c)(3)	3	WFH-SE WI		No
(16) WHEATON WAY CONDO OWNERS ASSCN INC  10101 SOUTH 27TH STREET FRANKLIN, WI 53132 30-0659830	CONDO ASSCN	WI	N/A	N/A	WFH-FRKLN		No
(17) METRO PHYSICIANS INC  400 WEST RIVER WOODS PARKWAY GLENDALE, WI 53212 94-3436893	MED GROUP	WI	501(c)(3)	3	WFMG		No
(18) MARIANJOY INC  26 W 171 ROOSEVELT RD WHEATON, IL 60187 36-3483589	HOLDING CO	IL	501(c)(3)	11 - III-FI	WFSI		No
(19) MARIANJOY FOUNDATION INC  26 W 171 ROOSEVELT RD WHEATON, IL 60187 35-2165613	FOUNDATION	IL	501(c)(3)	7	MJ HOSP		No

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) MARIANJOY REHAB CENTER AUXILIARY INC  26 W 171 ROOSEVELT RD WHEATON, IL 60187 36-3896976	AUXILIARY	IL	501(c)(3)	11 - I	MJ HOSP		No
(1) MARIANJOY REHAB HOSPITAL & CLINICS INC  26 W 171 ROOSEVELT RD WHEATON, IL 60187 36-2680776	REHAB HOSPITA	IL	501(c)(3)	3	MARIANJOY		No
(2) REHABILITATION MEDICINE CLINIC INC  26 W 171 ROOSEVELT RD WHEATON, IL 60187 36-3236791	MEDICAL GRP	IL	501(c)(3)	3	MARIANJOY		No
(3) OSF SERVICES INC  PO Box 667 WHEATON, IL 601870667 39-1471463	HOLDING CO	WI	501(c)(3)	11 - III-FI	WFSI		No
(4) CANTICLE MINISTRIES INC  PO Box 667 WHEATON, IL 601870667 36-4091836	HOUSING/ADVCY	IL	501(c)(3)	7	OSF SVCS INC		No
(5) FRANCISCAN SISTERS CHARITABLE FUND OF CO  2626 OSCEOLA STREET DENVER, CO 80212 84-0733072	AUXILIARY	CO	501(c)(3)	7	OSF SVCS INC		No
(6) RUSH OAK PARK HOSPITAL INC (1)  520 SOUTH MAPLE AVENUE OAK PARK, IL 60304 36-2183812	HOSPITAL	IL	501(c)(3)	3	OSF SVCS INC		No
(7) SET MINISTRY INC  2977 NORTH 50TH STREET MILWAUKEE, WI 53210 39-1618277	SOCIAL WORK	WI	501(c)(3)	9	OSF SVCS INC		No
(8) ST CATHERINE'S HOSPITAL INC  9555 76TH STREET PLEASANT PRAIRIE, WI 53158 39-0855075	HOSPITAL	WI	501(c)(3)	3	OSF SVCS INC		No
(9) SYNERGON HEALTH SYSTEM INC (1)(2)  520 SOUTH MAPLE AVENUE OAK PARK, IL 60304 36-3739067	HOSPITAL	IL	501(c)(3)	3	NONE		No
(10) UHS INC (3)  6308 EIGHTH AVENUE KENOSHA, WI 53143 39-1956749	HOSPITAL	WI	501(c)(3)	3	NONE		No
(11) UPENDO VILLAGE NFP  PO Box 667 WHEATON, IL 601870667 33-1007368	HIV SUPPORT	IL	501(c)(3)	9	OSF SVCS INC		No
(12) WFH - IOWA INC  3421 WEST NINTH STREET WATERLOO, IA 50702 42-1177001	HOLDING CO	IA	501(c)(3)	11 - III-FI	WFSI		No
(13) COVENANT FOUNDATION INC  3421 WEST NINTH STREET WATERLOO, IA 50702 42-1295784	FOUNDATION	IA	501(c)(3)	9	COV MED CTR		No
(14) COVENANT MEDICAL CENTER INC  3421 WEST NINTH STREET WATERLOO, IA 50702 42-1264647	HOSPITAL	IA	501(c)(3)	3	WFH-IOWA		No
(15) MERCY HOSPITAL OF FRANCISCAN SISTERS INC  3421 WEST NINTH STREET WATERLOO, IA 50702 42-1178403	HOSPITAL	IA	501(c)(3)	3	WFH-IOWA		No
(16) NE IOWA REAL ESTATE INVESTMENTS LTD  3421 WEST NINTH STREET WATERLOO, IA 50702 42-1207432	HOLDING CO	IA	501(c)(2)	N/A	WFH-IOWA		No
(17) SARTORI HEALTH CARE FOUNDATION INC  3421 WEST NINTH STREET WATERLOO, IA 50702 42-1240996	FOUNDATION	IA	501(c)(3)	11 - I	SARTORI HOSP		No
(18) SARTORI MEMORIAL HOSPITAL INC  515 COLLEGE STREET CEDAR FALLS, IA 50613 42-0758901	HOSPITAL	IA	501(c)(3)	3	WFH-IOWA		No
(19) FRANCISCAN MINISTRIES INC  26W171 ROOSEVELT ROAD WHEATON, IL 601870667 36-3259684	HOLDING CO	IL	501(c)(3)	11 - III-FI	WFSI		No

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
(41) ASSISI HOMES - BATAVIA APARTMENTS INC  1259 EAST WILSON STREET BATAVIA, IL 60510 36-3914084	HOUSING	IL	501(c)(3)	9	FMI		No
(1) ASSISI HOMES - COLONY PARK INC  550 EAST THORNHILL DRIVE CAROL STREAM, IL 60188 36-4039278	HOUSING	IL	501(c)(3)	9	FMI		No
(2) ASSISI HOMES - CONSTITUTION HOUSE INC  401 NORTH CONSTITUTION DRIVE AURORA, IL 60506 36-4049150	HOUSING	IL	501(c)(3)	9	FMI		No
(3) ASSISI HOMES - JEFFERSON COURT INC  415 EAST KNAPP STREET MILWAUKEE, WI 53202 39-1771526	HOUSING	WI	501(c)(3)	9	FMI		No
(4) ASSISI HOMES - KENOSHA INC  1860 27TH AVENUE KENOSHA, WI 53140 39-1814815	HOUSING	WI	501(c)(3)	9	FMI		No
(5) ASSISI HOMES - SAXONY INC  1876 22ND AVENUE KENOSHA, WI 53140 39-1790498	HOUSING	WI	501(c)(3)	9	FMI		No
(6) ASSISI HOMES OF GURNEE INC  3495 WEST GRAND AVENUE GURNEE, IL 60031 36-3942336	HOUSING	IL	501(c)(3)	9	FMI		No
(7) ASSISI HOMES OF ILLINOIS INC  2126 WEST ROOSEVELT ROAD WHEATON, IL 60187 36-3803443	HOUSING	IL	501(c)(3)	9	FMI		No
(8) Assisi HOMES OF NEENAH INC  210 BYRD AVENUE NEENAH, WI 54946 36-3767250	HOUSING	WI	501(c)(3)	9	FMI		No
(9) CANTICLE PLACE INC  26W171 ROOSEVELT ROAD WHEATON, IL 601870667 36-3957850	HOUSING	IL	501(c)(3)	9	FMI		No
(10) CATHERINE MARIAN HOUSING INC  806 SOUTH WISCONSIN AVENUE RACINE, WI 53403 39-1657098	HOUSING	WI	501(c)(3)	9	FMI		No
(11) CLARE GARDENS INC  2626 OSCEOLA STREET DENVER, CO 80212 23-7200039	HOUSING	CO	501(c)(3)	9	FMI		No
(12) CLARE OF ASSISI HOMES-WESTMINSTER INC  2451 WEST 82ND PLACE WESTMINSTER, CO 80031 74-2740978	HOUSING	CO	501(c)(3)	9	FMI		No
(13) DAYSPRING VILLA INC  3777 WEST 26TH AVENUE DENVER, CO 80211 36-3933908	HOUSING	CO	501(c)(3)	9	FMI		No
(14) FRANCIS HEIGHTS INC  2626 OSCEOLA STREET DENVER, CO 80212 84-0626174	HOUSING	CO	501(c)(3)	9	FMI		No
(15) FRANCISCAN MINISTRIES COMMUNITY FNDN INC  26W171 ROOSEVELT ROAD WHEATON, IL 601870667 36-4456204	FOUNDATION	IL	501(c)(3)	11 - II	FMI		No
(16) MARIAN HOUSING CENTER INC  4105 SPRING STREET RACINE, WI 53405 39-1515867	HOUSING	WI	501(c)(3)	9	FMI		No
(17) MARIAN PARK INC  2126 WEST ROOSEVELT ROAD WHEATON, IL 60187 36-2750105	HOUSING	IL	501(c)(3)	9	FMI		No
(18) RIDGEWAY PLACE INC  155 EAST RIDGEWAY AVENUE WATERLOO, IA 50702 42-1416064	HOUSING	IA	501(c)(3)	9	FMI		No
(19) VILLA MARIA INC  2461 WEST 82ND PLACE WESTMINSTER, CO 80031 84-1347868	HOUSING	CO	501(c)(3)	9	FMI		No

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
(61) VILLA ST CLARE INC  130 BYRD AVENUE NEENAH, WI 54946 39-1769395	HOUSING	WI	501(c)(3)	9	FMI		No
(1) ASSISI HOMES LASALLE MANOR INC  26W171 ROOSEVELT ROAD WHEATON, IL 601890795 80-0623447	HOUSING	IL	501(c)(3)	9	FMI		No



*cutting through complexity*

**WHEATON FRANCISCAN SERVICES, INC.**

Consolidated Financial Statements and  
Supplementary Information  
June 30, 2014 and 2013  
(With Independent Auditors' Report Thereon)

# **WHEATON FRANCISCAN SERVICES, INC.**

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

## Independent Auditors' Report

The Board of Directors  
Wheaton Franciscan Services, Inc..

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Wheaton Franciscan Services, Inc. (WFSI), which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations and changes 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. We did not audit the financial statements of Franciscan Ministries, Inc. (FMI), a wholly owned subsidiary, which statements reflect total assets constituting 5.1% for 2014 and 4.7% for 2013 and total revenue constituting 1.5% for both 2014 and 2013, of the related consolidated totals. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for FMI, is based solely on the reports of the other auditors.

### 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 Wheaton Franciscan Services, Inc. as of June 30, 2014 and 2013, and the results of their operations and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

## **Other Matter**

Our audits were 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 audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

**KPMG LLP**

Chicago, Illinois  
October 22, 2014





# Financial Statements

**WHEATON FRANCISCAN SERVICES, INC.**

## Consolidated Balance Sheets

June 30, 2014 and 2013

(In thousands)

<b>Assets</b>	<b>2014</b>	<b>2013</b>
Current assets		
Cash and cash equivalents	\$ 58,155	25,660
Short-term investments	11,531	11,448
Assets whose use is limited – required for current liabilities	65,597	57,286
Patient accounts receivable, net of uncollectible accounts of approximately \$55,072 in 2014 and \$56,767 in 2013	210,424	220,309
Securities lending collateral	7,334	—
Inventories of supplies	25,435	25,229
Prepaid expenses and other	55,614	46,285
Total current assets	434,090	386,217
Noncurrent assets whose use is limited	720,722	733,766
Property, plant, and equipment, net	1,125,629	1,103,788
Other assets		
Restricted assets	20,720	19,288
Deferred expenses, net	5,299	5,367
Investments in unconsolidated affiliates	23,271	24,472
Other long-term assets	20,718	28,988
Total other assets	70,008	78,115
Total assets	\$ 2,350,449	2,301,886
<b>Liabilities and Net Assets</b>		
Current liabilities		
Current installments of long-term debt – bonds	\$ 20,685	11,760
Long-term debt subject to short-term remarketing agreements	39,764	39,978
Current installments of long-term debt – mortgages	7,641	8,234
Accounts payable and accrued expenses	236,878	255,221
Payable under securities lending agreement	7,334	—
Estimated third-party payor settlements	19,928	18,817
Total current liabilities	332,230	334,010
Long-term debt, excluding current installments and net unamortized bond issue premiums – bonds	666,738	699,131
Long-term debt, excluding current installments – mortgages	45,047	30,738
Accrued pension liability	68,598	136,712
Other	109,752	101,913
Total liabilities	1,222,365	1,302,504
Net assets		
Unrestricted	1,107,364	980,094
Temporarily restricted	17,356	16,190
Permanently restricted	3,364	3,098
Total net assets	1,128,084	999,382
Total liabilities and net assets	\$ 2,350,449	2,301,886

See accompanying notes to consolidated financial statements

**WHEATON FRANCISCAN SERVICES, INC.**

## Consolidated Statements of Operations and Changes in Unrestricted Net Assets

Years ended June 30, 2014 and 2013

(In thousands)

	<b>2014</b>	<b>2013</b>
Net patient service revenue before bad debt	\$ 1,622,111	1,642,700
Provision for bad debts	74,510	75,197
Net patient service revenue	1,547,601	1,567,503
Other revenue		
Other	205,146	194,413
Net assets released from restrictions	1,463	1,499
Total revenue	1,754,210	1,763,415
Expenses		
Salaries and fringe benefits	1,006,232	1,015,594
Purchased services, supplies, and other	583,064	566,539
Interest	30,196	33,119
Depreciation and amortization	107,917	108,675
Total expenses	1,727,409	1,723,927
Income from operations	26,801	39,488
Nonoperating gains (losses)		
Investment return	51,015	26,242
Loss on early extinguishment of debt	(744)	—
Swap valuation adjustments	780	2,037
Other, net	(254)	855
Nonoperating gains, net	50,797	29,134
Revenue and gains in excess of expenses and losses	77,598	68,622
Other changes in unrestricted net assets		
Net assets released from restrictions used for purchase of property, plant, and equipment	2,872	2,135
Change in unrecognized net defined-benefit plan costs	47,263	103,708
Equity transactions with unconsolidated entities and other, net	(463)	445
Change in unrestricted net assets	\$ 127,270	174,910

See accompanying notes to consolidated financial statements

**WHEATON FRANCISCAN SERVICES, INC.**  
Consolidated Statements of Changes in Net Assets  
Years ended June 30, 2014 and 2013  
(In thousands)

	<u>2014</u>	<u>2013</u>
Unrestricted net assets		
Revenue and gains in excess of expenses and losses	\$ 77,598	68,622
Net assets released from restrictions used for purchase of property, plant, and equipment	2,872	2,135
Change in unrecognized net defined-benefit plan costs	47,263	103,708
Equity transactions with unconsolidated entities and other, net	(463)	445
Change in unrestricted net assets	<u>127,270</u>	<u>174,910</u>
Temporarily restricted net assets		
Contributions for specific purposes	4,801	5,557
Net assets released from restrictions used for purchase of property, plant, and equipment	(2,872)	(2,135)
Net assets released from restrictions for operations	(1,463)	(1,499)
Investment income	589	425
Equity transactions with unconsolidated entities and other, net	111	—
Change in temporarily restricted net assets	<u>1,166</u>	<u>2,348</u>
Permanently restricted net assets		
Investment income	266	201
Change in permanently restricted net assets	<u>266</u>	<u>201</u>
Change in net assets	128,702	177,459
Net assets at beginning of year	<u>999,382</u>	<u>821,923</u>
Net assets at end of year	<u>\$ 1,128,084</u>	<u>999,382</u>

See accompanying notes to consolidated financial statements

**WHEATON FRANCISCAN SERVICES, INC**  
Consolidated Statements of Cash Flows  
Years ended June 30, 2014 and 2013  
(In thousands)

	<b>2014</b>	<b>2013</b>
Cash flows from operating activities		
Change in net assets	\$ 128,702	177,459
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	107,917	108,675
Provision for bad debts	74,510	75,197
Amortization of bond issuance costs and premiums or discounts included in interest expense	(1,040)	(1,134)
Net realized and change in unrealized gains and losses on investments	(33,475)	(2,332)
Loss on early extinguishment of debt	744	—
Net assets released from restrictions and used for operations	1,463	1,499
Restricted contributions	(5,656)	(6,183)
Income of unconsolidated affiliates	(18,360)	(18,456)
Cash distributions from investment in unconsolidated affiliates	19,561	16,182
Change in unrecognized net defined-benefit plan costs, net of additional pension contribution in 2014 of \$20,851 and 2013 of \$57,777	(68,114)	(161,486)
Equity transactions with unconsolidated entities and other	352	(445)
Nonoperating gains – swap valuation adjustments	(780)	(2,037)
Changes in assets and liabilities		
Patient accounts receivable	(64,625)	(94,069)
Estimated third-party payor settlements, net	1,111	(3,566)
Inventories of supplies	(206)	80
Prepaid expenses and other	(9,329)	(4,172)
Accounts payable and accrued expenses	(18,343)	(10,350)
Other liabilities	8,619	5,942
Net cash provided by continuing operating activities	<u>123,051</u>	<u>80,804</u>
Cash flows from investing activities		
Purchase of property, plant, and equipment	(129,009)	(125,371)
Gross purchases of investments	(951,501)	(702,124)
Gross sales or maturities of investments	989,626	723,113
Net change in notes receivable and other	7,521	(4,719)
Net change in restricted assets	(1,432)	(2,549)
Net cash used in continuing investing activities	<u>(84,795)</u>	<u>(111,650)</u>
Cash flows from financing activities		
Repayments of long-term debt – bonds	(109,455)	(9,255)
Repayments of long-term debt – mortgages	(6,850)	(11,798)
Proceeds from issuance of long-term debt – bonds	87,300	—
Proceeds from issuance of long-term debt – mortgages	20,566	12,560
Payment of bond issuance costs and deferred expenses	(1,163)	—
Transfers from (to) consolidated affiliates and other	(352)	445
Net assets released from restrictions and used for operations	(1,463)	(1,499)
Proceeds from restricted contributions and investment income	5,656	6,183
Net cash used in continuing financing activities	<u>(5,761)</u>	<u>(3,364)</u>
Net change in cash and cash equivalents	32,495	(34,210)
Cash and cash equivalents at beginning of year	<u>25,660</u>	<u>59,870</u>
Cash and cash equivalents at end of year	<u>\$ 58,155</u>	<u>25,660</u>
Supplemental disclosure of cash flow information		
Cash paid for interest, net of amounts capitalized	\$ 32,785	34,443

See accompanying notes to consolidated financial statements



# Notes to Financial Statements

## **WHEATON FRANCISCAN SERVICES, INC.**

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands)

### **(1) ORGANIZATION**

---

Wheaton Franciscan Services, Inc. (WFSI) is organized as an Illinois not-for-profit organization and operates under the tenets of the Roman Catholic Church and in accordance with the philosophy and values of the Franciscan Sisters. WFSI's subsidiaries provide (1) general healthcare services to residents within their geographic locations including inpatient, outpatient, emergency room, physician, long-term care, and other related services and (2) affordable housing for low-income families and the elderly. Expenses included in the accompanying consolidated financial statements relate primarily to the provision of healthcare services, housing services, and general and administrative costs.

### **(2) BASIS OF CONSOLIDATION**

---

WFSI considers all wholly owned or controlled entities in which it has an economic interest as subsidiaries for consolidated financial statement purposes. The accompanying consolidated financial statements include WFSI and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

WFSI and its subsidiaries are not-for-profit corporations 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, except as follows:

- Wheaton Franciscan Holdings, Inc., Wheaton Franciscan Provider Network, Inc., Wheaton Franciscan Enterprises, Inc., Wheaton Franciscan Medical Group – Sussex, and Wheaton Franciscan Healthcare Network, LLC are for-profit organizations.
- Northeast Iowa Real Estate Investments, Ltd. is a not-for-profit corporation exempt from federal income taxes on related income under Section 501(c)(2) of the Code.

WFSI and certain of its subsidiaries (herein referred to as The Obligated Group) entered into a Master Trust Indenture (MTI), dated as of June 1, 1985 and amended and restated as of April 22, 2004, in order to obtain financing or refinancing for the acquisition or betterment of various hospital and long-term care facilities. The Obligated Group members comprise the following at June 30, 2014:

Wheaton Franciscan Services, Inc.

Southeast Wisconsin Region

Wheaton Franciscan Healthcare – Southeast Wisconsin, Inc.

Wheaton Franciscan, Inc. (previously named St. Joseph Regional Medical Center, Inc., The Heart Hospital of Wisconsin, Inc., and Wheaton Franciscan Healthcare – Elmbrook Memorial, Inc.)

Wheaton Franciscan Healthcare – St. Francis, Inc.

Wheaton Franciscan Healthcare – Franklin, Inc.

Wheaton Franciscan Healthcare – All Saints, Inc.

Wheaton Franciscan Medical Group, Inc.

Marianjoy Rehabilitation Hospital & Clinics, Inc.

**WHEATON FRANCISCAN SERVICES, INC.**

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands)

Iowa Region

Wheaton Franciscan Healthcare – Iowa Inc

Covenant Medical Center, Inc

St Catherine's Hospital, Inc (St Catherine's)

The non-Obligated Group members are as follows

O S F Services, Inc

Southeast Wisconsin Region

Wheaton Franciscan Healthcare – Terrace at St Francis, Inc

Wheaton Franciscan Home Health and Hospice, Inc

Wheaton Franciscan Healthcare – Pharmacy Enterprises and Franciscan Woods, Inc

Wheaton Franciscan Holdings, Inc

Marianjoy Region

Marianjoy, Inc

Rehabilitation Medicine Clinic, Inc

Iowa Region

Sartori Memorial Hospital, Inc

Mercy Hospital of Franciscan Sisters, Inc

Franciscan Ministries, Inc

**(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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- 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. Actual results could differ from those estimates.
- The consolidated statements of operations and changes in unrestricted net assets include revenue and gains in excess of expenses and losses. Transactions deemed by management to be ongoing, major, or central to the provision of healthcare services are reported as revenue and expenses. Transactions incidental to the provision of healthcare services are reported as nonoperating gains and losses.
- Net patient service revenue are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. 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.



**WHEATON FRANCISCAN SERVICES, INC.**

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands)

- Cash and cash equivalents include demand deposits and investments in highly liquid debt instruments with a maturity of three months or less at the time of purchase, excluding amounts presented as assets whose use is limited and restricted assets. Short-term investments comprise highly liquid debt instruments with maturity greater than three months and less than 12 months at the time of purchase.
- Inventories of supplies are stated at the lower of cost (first-in, first-out) or market.
- Investments are measured at fair value in the accompanying consolidated balance sheets. Fair value is determined primarily on the basis of quoted market prices or observable market inputs. All investments are classified as trading securities. Investment income or loss (including realized gains and losses on investments, unrealized gains and losses on trading securities, interest, and dividends) is included in revenue and gains in excess of expenses and losses unless the income or loss is restricted by donors, in which case the investment return is recorded directly to temporarily or permanently restricted net assets.
- Assets whose use is limited include assets set aside by the boards of directors for specific purposes, and deferred compensation plans, over which the boards retain control and may at their discretion subsequently use for other purposes, assets held under escrow agreements, assets held by trustees under bond indenture agreements, assets posted as collateral for swap agreements, assets held through interests in foundations, assets held by a captive insurance company, and assets held by Franciscan Ministries, Inc. (FMI). Assets whose use is limited, which are required for obligations classified as current liabilities, are reported as current assets in the accompanying consolidated balance sheets.
- Property, plant, and equipment acquisitions are recorded at cost. Property, plant, and equipment donated for operations are recorded as additions to temporarily restricted net assets at fair value at the date of receipt and as net assets released from restriction when the assets are placed in service. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Net interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component cost of acquiring those assets.
- Deferred finance charges are included in deferred expenses and are amortized over the life of the respective debt or underlying liquidity facility, whichever is shorter, using either the straight-line or the weighted average bonds outstanding method. Bond discounts and premiums are amortized over the life of the respective debt using the straight-line or the weighted average bonds outstanding method. Amortization of deferred finance charges and bond discounts and premiums are reflected as a component of interest expense in the accompanying consolidated statements of operations.
- Income taxes are accounted for under the asset-and-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using 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

**WHEATON FRANCISCAN SERVICES, INC.**

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands)

a change in tax rates is recognized in income within nonoperating gains (losses) in the period that includes the enactment date. WFSI recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

At June 30, 2014 and 2013, WFSI had net operating loss (NOL) carryforwards for financial reporting and federal and state income tax purposes aggregating approximately \$1,219 and \$228, respectively, for federal and \$1,798 and \$491, respectively, for state. Using a federal tax rate of 34.0% and state tax rate of 7.9%, these NOL carryforwards give rise to deferred tax assets before valuation allowance of \$556 and \$116 at June 30, 2014 and 2013, respectively. The valuation allowance for deferred tax assets was \$556 and \$116 at June 30, 2014 and 2013, respectively. The NOL carryforwards have expiration dates through 2029. Management evaluates the need to maintain a valuation allowance for deferred tax assets based on the assessment of whether it is more likely than not that deferred tax benefits will be realized through the generation of future taxable income. Appropriate consideration is given to all available evidence, both positive and negative, in assessing the need for a valuation allowance. Amounts released from the valuation allowance are included in other, net in nonoperating gains (losses) in the consolidated statements of operations.

No other temporary differences have been considered based on materiality to the consolidated financial statements.

- Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is to be reviewed for impairment at least annually or whenever events or circumstances indicate that the carrying value may not be recoverable. In September 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-08, *Testing Goodwill for Impairment*, which provides an entity the option to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount prior to performing the two-step goodwill impairment test. If this is the case, the two-step goodwill impairment test is required. If it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, the two-step goodwill impairment test is not required. WFSI adopted this guidance in 2013.

If the two-step goodwill impairment test is required, first, the fair value of the reporting unit is compared with its carrying value including goodwill. If the fair value of the reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and the entity must perform step two of the impairment test (measurement). Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and the residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds its carrying value, step two does not need to be performed.

**WHEATON FRANCISCAN SERVICES, INC.**

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands)

WFSI performed its annual goodwill impairment test as of June 30, 2014 and did not identify any impairment issues. The fair value of the reporting unit is in excess of its carrying value. Goodwill totaling \$5,136 at June 30, 2014 and 2013 is reported in the accompanying consolidated balance sheets within other long-term assets.

WFSI has net amortizable intangible assets of \$8,611 and \$10,110 at June 30, 2014 and 2013, respectively, included in other long-term assets on the consolidated balance sheets, which are being amortized from 2 to 10 years. WFSI recorded amortization expense of \$1,499 and \$1,019 for 2014 and 2013, respectively.

- Long-lived assets (including property, plant, and equipment, goodwill, and other intangibles) are periodically assessed for recoverability based on the occurrence of a significant adverse event or change in the environment in which WFSI operates, or if the expected future cash flows generated by the long-lived asset (undiscounted and without interest) are less than the carrying amount of the long-lived asset. An impairment loss is recognized in the period an impairment determination is made to the extent the impaired long-lived asset's carrying value exceeds its fair value. No impairments have been recorded as of June 30, 2014 and 2013, respectively.
- Changes in unrestricted net assets, which are excluded from revenue and gains in excess of expenses and losses, consistent with industry practice, include unrealized gains and losses on investments on other-than-trading securities, permanent transfers of assets to and from unconsolidated subsidiaries and affiliates for other than goods and services, contributions of long-lived assets (including assets acquired using contributions, which by donor restriction were to be used for the purposes of acquiring such assets), changes in the funded status of the defined-benefit pension plan, and equity transactions of unconsolidated affiliates and other, net.
- Certain subsidiaries of WFSI provide care to patients who meet criteria under the community care program (charity care) without charge or at amounts less than their established rates. Because there is no effort to pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.
- Temporarily restricted net assets represent those net assets whose use by WFSI and its subsidiaries 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 WFSI and its subsidiaries in perpetuity. WFSI and its subsidiaries' temporarily restricted net assets are restricted for various programs related to the provision of health and pastoral care. WFSI and its subsidiaries' investment income from permanently restricted net assets is expendable to support healthcare or other donor-designated services.
- 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. Conditional promises to give are reported at fair value at the date the gift is received. 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

**WHEATON FRANCISCAN SERVICES, INC.**

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands)

in the consolidated statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as other revenue in the accompanying consolidated statements of operations.

- Gifts of long-lived assets such as land, buildings, and equipment are reported as unrestricted support and are excluded from the revenue and gains in excess of expenses and losses 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. Absent 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.
- Provisions for self-insured liability claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported as of the respective consolidated balance sheet dates.
- Accounting Standards Codification (ASC) No. 815, *Derivatives and Hedging*, requires that an entity recognize all derivatives as either assets or liabilities in the consolidated balance sheets and measure those instruments at fair value. The accounting for changes in the fair value of a derivative is dependent upon the intended use of the derivative and the resulting designation. WFSI is involved in various interest rate swap programs. These derivatives are not designated as hedge instruments, and therefore, changes in their fair value are recognized in the consolidated statements of operations as nonoperating gains or losses in the period of change. WFSI is exposed to credit loss in the event of nonperformance by the counterparty in any of its interest rate swap agreements.

WFSI also maintains interest rate swap agreements, which were originally intended to effectively change the interest rate exposure on Series 1998B Bonds and the St. Francis Series 1997 Bonds, prior to redemption of debt (note 11). Notional amounts on these interest rate swap agreements are being reduced over the original term of the debt agreements to correspond with the originally scheduled reductions in principal of the related bonds. A summary of the outstanding positions under these swaps at June 30, 2014 is as follows:

	<b>Notional amount</b>	<b>Maturity date</b>	<b>Rate received</b>	<b>Rate paid</b>
\$	3,200	January 2015	SIFMA Index	4.83%
	26,200	August 2024	Lesser of SIFMA Index or 72% of LIBOR	4.36%

The carrying value equals fair value. As of June 30, 2014 and 2013, the fair value of all outstanding swap agreements was a liability of \$4,207 and \$4,987, respectively, which is included as a component of other long-term liabilities. For the years ended June 30, 2014 and 2013, WFSI recognized valuation adjustments of \$780 and \$2,037, respectively, for the change in fair value of all swap agreements. Net payments equal to differentials received or paid under all swap agreements are recognized monthly.

**WHEATON FRANCISCAN SERVICES, INC.**

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands)

and amounted to \$1,375 and \$1,555 in 2014 and 2013, respectively, which have been included as interest expense in the accompanying consolidated statements of operations

Pursuant to certain terms of its interest rate swap agreements, WFSI was required to post collateral with its counterparty for the full settlement amount of the derivative liabilities related to the floating-to-fixed swaps. As of June 30, 2014 and 2013, WFSI posted \$5,148 and \$5,548, respectively, of collateral related to these swaps, which are included within the current portion of assets whose use is limited.

During 2005, WFSI began participating in a securities lending program. Through this securities lending program, managed by its investment custodian, WFSI loans fixed income and equity securities included in its investment portfolio. WFSI has no securities out on loan as of June 30, 2013. In June 2014, WFSI reentered the security lending program. At June 30, 2014, the fair value of the securities lent was \$7,334. The custodian's loan agreements require the borrowers to maintain collateral equal to at least 102% of the market value of the securities loaned. This collateral is in the form of cash and cash equivalents and fixed income securities and is revalued on a daily basis. At June 30, 2014, WFSI has presented the collateral received as securities lending collateral within current assets and the obligation to return that collateral as a current liability as payable under securities lending agreement in the accompanying consolidated balance sheets.

- FMI has entered into various regulatory agreements with the U.S. Department of Housing and Urban Development (HUD) that provide both Housing Assistance Payments and Rental Assistance Payments. These subsidy payments are designed to provide for the difference between the cash needs of the housing project and the cash generated by the tenants' rental payments. Tenant leases are generally one year in duration and expire at various times during the year. The HUD subsidies are adjusted at the beginning of the lease to reflect any changes to the tenant's rent payment established during the annual recertification process.
- WFSI applies the provisions of ASC No. 820, *Fair Value Measurements and 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 No. 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 No. 820 establishes a framework for measuring fair value and expands disclosures about fair value measurements (note 8).
- WFSI applies the provisions of ASC No. 825-10, *Financial Instruments – Overall*, which gives WFSI the irrevocable option to report most financial assets and financial liabilities at fair value on an instrument-by-instrument basis, with changes in fair value reported in earnings. WFSI has not elected any additional eligible financial assets or financial liabilities to be reported at fair value.
- WFSI applies the provisions of ASU No. 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*. ASU No. 2010-24 clarifies that a healthcare entity should not net insurance

**WHEATON FRANCISCAN SERVICES, INC.**

Notes to Consolidated Financial Statements

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(In thousands)

recoveries against a related malpractice claim liability or similar liability, which is consistent with the guidance in ASC 210-20, *Balance Sheet – Offsetting*

- The Medicare and Medicaid Electronic Health Record (EHR) Incentive Programs (the Programs) provide 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. The Programs define meaningful use as meeting certain core and menu criteria at certain levels dependent upon the program, the stage of meaningful use, and whether the participant is a hospital or provider professional. WFSI accounts for the Programs using International Accounting Standards (IAS) 20, *Accounting for Government Grants and Disclosures of Government Assistance*. WFSI applies the "ratable recognition" approach, which states that the grant income can be recognized ratably over the entire EHR reporting period once the "reasonable assurance" income recognition threshold of IAS 20 is met. For the years ended June 30, 2014 and 2013, WFSI recognized \$11,059 and \$21,158, respectively, as other revenue related to the Medicare and Medicaid EHR incentives, which have been received or are expected to be received based on certifications prepared by management under the appropriate guidelines for stage 1 meaningful use attestation.
- Certain 2013 amounts have been reclassified to conform to the 2014 consolidated financial statement presentation.

**(4) NET PATIENT SERVICE REVENUE**

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WFSI's hospitals and other patient care facilities have agreements with third-party payors that provide for payments at amounts different from established rates. A summary of the payment arrangements with major third-party payors is as follows.

- **Medicare** – Inpatient acute care services, certain outpatient, rehabilitation, and home health services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to their respective patient classification systems that are based on clinical, diagnostic, and other factors. The prospectively determined rates are not subject to retroactive adjustment. The classification of patients under the Medicare prospective payment systems and the appropriateness of patient's admissions are subject to validation reviews. Certain outpatient services and medical education costs related to Medicare beneficiaries are paid based upon either a cost-reimbursement method, established fee screens, or a combination thereof. WFSI is reimbursed for cost reimbursable items at tentative rates with final settlement determined after submission of annual reimbursement reports and audits thereof by Medicare fiscal intermediaries. WFSI has received final settlements through FY 2011.
- **Medicaid** – Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed in accordance with each state's Medicaid reimbursement program. Reimbursement under these programs is based primarily upon prospectively determined rates.

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The states of Illinois, Wisconsin, and Iowa have hospital assessment programs to assist in the financing of their Medicaid programs. Pursuant to these programs, hospitals within the states of Illinois, Wisconsin, and Iowa are required to remit payment to the respective state under a tax assessment formula. WFSI has included its related assessments of \$37,470 and \$38,932 in purchased services, supplies, and other expense in the accompanying 2014 and 2013 consolidated statements of operations, respectively. The additional Medicaid reimbursement associated with these programs is approximately \$106,243 and \$109,383 for 2014 and 2013, respectively, and is included in net patient service revenue.

The aforementioned assessment programs increase the amount of federal matching for the respective Medicaid programs, which is then passed on to hospitals as increased Medicaid reimbursement. Wisconsin's assessment program prohibits the use of assessment revenue to supplant current revenue used to support existing hospital payment levels. The state distributes the assessment revenue as increased rates for both Medicaid and Medicaid HMO patients.

- **Other** – WFSI's hospitals and other patient care facilities have also entered into reimbursement agreements with certain commercial insurance carriers, HMOs, and preferred provider organizations. The basis for reimbursement under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined per diem rates.

Net patient service revenue for the years ended June 30, 2014 and 2013 includes approximately \$8,751 and \$14,329, respectively, of net favorable retroactively determined reimbursement settlements from prior years with third-party payors.

Patient's accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of patient's accounts receivable, WFSI 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, WFSI analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with patient responsibility (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), the patients are screened against the WFSI charity care policy and uninsured discount policy. For any remaining patient responsibility balance, WFSI records a 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.

WFSI's allowance for uncollectible accounts for self-pay patients, which includes uninsured patients and residual co-payments and deductibles for which managed care has already paid, increased from 83.2% of self-pay accounts receivable at June 30, 2013, to 93.3% of self-pay accounts receivable at

**WHEATON FRANCISCAN SERVICES, INC.**

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(In thousands)

June 30, 2014 In addition, WFSI's self-pay write-offs increased from \$79,861 for fiscal year 2013 to \$80,195 for fiscal year 2014 WFSI has not changed its charity care or uninsured discount policies during fiscal years 2014 or 2013 WFSI does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant write-offs from third-party payors

WFSI 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, WFSI recognizes revenue for services provided (on the basis of discounted rates, as provided by policy) On the basis of historical experience, a portion of WFSI's uninsured patients will be unable or unwilling to pay for the services provided Thus, WFSI records a provision for bad debts related to uninsured patients in the period the services are provided Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows.

	<b>2014</b>	<b>2013</b>
Medicare	\$ 543,886	568,268
Medicaid	243,654	243,425
Managed care/contracted payor	693,349	692,160
Self-pay	99,823	105,465
Other	41,399	33,382
Net patient service revenue before bad debt	<u>\$ 1,622,111</u>	<u>1,642,700</u>

**(5) CONCENTRATION OF CREDIT RISK**

Patient care subsidiaries of WFSI grant credit without collateral to their patients, most of whom are local residents and are insured under third-party payor agreements The mix of receivables from patients and third-party payors for 2014 and 2013 is as follows

	<b>2014</b>	<b>2013</b>
Medicare	29.1%	28.0%
Medicaid	10.4	9.0
Managed care	40.4	42.8
Other	20.1	20.2
	<u>100.0%</u>	<u>100.0%</u>



**WHEATON FRANCISCAN SERVICES, INC.**

Notes to Consolidated Financial Statements

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(In thousands)

**(6) UNCOMPENSATED AND CHARITY CARE**

WFSI shares its talents and resources to benefit the many communities it serves. This includes providing education to health professional and community members, research, community health improvement offerings, and subsidized health services, in addition to charity care benefits.

For charity care benefits, patient care subsidiaries of WFSI maintain records to identify and monitor the level of charity care they provide. This represents free or discounted health services provided to those who cannot afford to pay and who meet criteria for financial assistance. Charity care is based on estimated cost and does not include bad debt. The level of charity care provided during the years ended June 30, 2014 and 2013 was \$49,483 and \$43,946, respectively.

**(7) INVESTMENTS**

During 1998, WFSI created the Wheaton Franciscan Services, Inc. Investment Trust (the Trust) for the sole purpose of administering a pooled investment program for WFSI, its subsidiaries, and affiliates. WFSI serves as the trustee and is responsible for managing and investing the pooled assets of the Trust. Participants accrue interest based on the Trust's actual realized earnings. The fair value of the assets in the Trust was \$708,943 and \$669,623 at June 30, 2014 and 2013, respectively, and is recorded as a component of assets whose use is limited.

A summary of the composition of the investment portfolio (including assets whose use is limited and restricted assets) at June 30, 2014 and 2013 is as follows:

	<b>2014</b>	<b>2013</b>
At fair value		
Cash and cash equivalents	\$ 42,024	45,683
U S government obligations	352,476	363,208
Corporate debt securities - Domestic	176,473	169,172
Corporate debt securities - Foreign	39,318	28,250
Asset-backed securities	16,996	27,524
Domestic equity securities	101,975	106,080
Foreign equity securities	43,706	44,056
Mutual funds	40,790	32,769
Total investments at fair value	813,758	816,742
At cost		
Interest and dividend receivables	3,799	4,223
Pledges receivable	1,013	823
Total investments	\$ 818,570	821,788

**WHEATON FRANCISCAN SERVICES, INC.**

## Notes to Consolidated Financial Statements

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(In thousands)

Investments are reported in the accompanying June 30, 2014 and 2013 consolidated balance sheets as follows

	<b>2014</b>	<b>2013</b>
Short-term investments	\$ 11,531	11,448
Assets whose use is limited (current and long-term)		
By boards for specific purposes	609,755	597,848
By boards for deferred compensation plans	35,831	33,234
By boards for Clara Pfaender Fund, Inc	34,725	32,487
Held by FMI	17,863	12,858
Held by captive insurance company	34,500	35,379
Under escrow agreement	—	21,078
Held as collateral for swap agreements	5,148	5,548
Under indenture agreements by trustee	48,497	52,620
Restricted assets	20,720	19,288
Total investments	<u>\$ 818,570</u>	<u>821,788</u>

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

	<b>2014</b>	<b>2013</b>
Interest and dividend income	\$ 20,422	24,665
Net realized gains on sale of investments	8,944	8,006
Change in net unrealized gains and losses	24,531	(5,674)
	<u>\$ 53,897</u>	<u>26,997</u>

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

	<b>2014</b>	<b>2013</b>
Other operating revenue	\$ 2,027	129
Investment return	51,015	26,242
Temporarily restricted net assets – investment income	589	425
Permanently restricted net assets – investment income	266	201
	<u>\$ 53,897</u>	<u>26,997</u>

**WHEATON FRANCISCAN SERVICES, INC.**

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands)

**(8) FAIR VALUE MEASUREMENTS**

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(a) Fair Value of Financial Instruments

The following methods and assumptions were used by WFSI 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, patient accounts receivable, accounts payable and accrued expenses, and estimated third-party payor settlements
- Assets whose use is limited, short-term investments, securities lending collateral, and restricted assets: equity securities, mutual funds, and direct U.S. government obligations are measured using quoted market prices at the reporting date multiplied by the quantity held. Corporate bonds, notes, and U.S. agency securities are measured using other observable inputs. Corporate debt securities, U.S. governmental agency securities, and asset-backed securities are measured using other observable inputs. The carrying value equals fair value. ASU No 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which creates a practical expedient allowing measurement of fair value based on the net asset value per share of the investment. Mutual funds are valued using net asset value per share as a practical expedient.
- Interest rate swap agreements: The fair value of interest rate swaps is determined using pricing models developed based on the LIBOR swap rate and other observable market data. The value was determined after considering the potential impact of collateralization and netting agreements, adjusted to reflect nonperformance risk of both the counterparty and WFSI. The carrying value equals fair value.
- The fair value of the fixed-rate long-term debt of WFSI and its subsidiaries was \$594,649 and \$618,142 at June 30, 2014 and 2013, respectively. The recorded amount of these obligations at June 30, 2014 and 2013 was \$572,030 and \$594,050, respectively. 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 WFSI 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 WFSI's current borrowing rating for rates for similar types of long-term debt securities.

**WHEATON FRANCISCAN SERVICES, INC.**

Notes to Consolidated Financial Statements

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(In thousands)

(b) Fair Value Hierarchy

WFSI applies the provision of ASC No. 820, which 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 mutual participants at a measurement date. These provisions describe 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 WFSI 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. Level 3 assets and liabilities include financial instruments whose value is determined by using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**WHEATON FRANCISCAN SERVICES, INC.**

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands)

The following table presents assets and liabilities that are measured at fair value on a recurring basis at June 30, 2014.

		<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
	<b>Total</b>			
<b>Assets</b>				
Cash and cash equivalents	\$ 58,155	58,155	—	—
Short-term investments, excluding \$24 of interest/dividend receivables				
Cash and cash equivalents	313	313	—	—
U S government obligations	1,696	—	1,696	—
Corporate debt securities - Domestic	7,528	—	7,528	—
Corporate debt securities - Foreign	1,970	—	1,970	—
Securities lending collateral				
Cash and cash equivalents	7,334	7,334	—	—
Assets whose use is limited and restricted assets, excluding \$4,788 of pledges and interest/dividend receivables				
Cash and cash equivalents	41,711	41,711	—	—
Mutual funds	40,790	40,790	—	—
U S government obligations	350,780	236,028	114,752	—
Corporate debt securities - Domestic	168,945	—	168,945	—
Corporate debt securities - Foreign	37,348	—	37,348	—
Asset-backed securities	16,996	—	16,996	—
Equity securities - Domestic	101,975	101,975	—	—
Equity securities - Foreign	43,706	43,706	—	—
<b>Total assets</b>	<b>\$ 879,247</b>	<b>530,012</b>	<b>349,235</b>	<b>—</b>
<b>Liabilities</b>				
Interest rate swap agreement	\$ 4,207	—	4,207	—
Securities lending payable	7,334	7,334	—	—

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## Notes to Consolidated Financial Statements

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(In thousands)

The following table presents assets and liabilities that are measured at fair value on a recurring basis at June 30, 2013.

	<b>Total</b>	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 25,660	25,660	—	—
Short-term investments, excluding \$30 of interest/dividend receivables				
Cash and cash equivalents	14	14	—	—
U.S. government obligations	3,504	—	3,504	—
Corporate debt securities - Domestic	6,770	—	6,770	—
Corporate debt securities - Foreign	1,130	—	1,130	—
Assets whose use is limited and restricted assets, excluding \$5,016 of pledges and interest/dividend receivables				
Cash and cash equivalents	45,669	45,669	—	—
Mutual funds	32,769	32,769	—	—
U.S. government obligations	359,704	258,778	100,926	—
Corporate debt securities - Domestic	162,402	—	162,402	—
Corporate debt securities - Foreign	27,120	—	27,120	—
Asset-backed securities	27,524	4,443	23,081	—
Equity securities - Domestic	106,080	106,080	—	—
Equity securities - Foreign	44,056	44,056	—	—
<b>Total assets</b>	<b>\$ 842,402</b>	<b>517,469</b>	<b>324,933</b>	<b>—</b>
<b>Liabilities</b>				
Interest rate swap agreement	\$ 4,987	—	4,987	—

*Transfers between Levels*

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. WFSI evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the year ended June 30, 2014, there were no significant transfers in or out of Level 1, 2, or 3.

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(In thousands)

**(9) PROPERTY, PLANT, AND EQUIPMENT**

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

	<b>2014</b>	<b>2013</b>
Land and land improvements	\$ 120,473	113,969
Buildings	1,337,353	1,272,944
Building equipment	377,413	353,059
Departmental equipment	603,225	610,563
	<u>2,438,464</u>	<u>2,350,535</u>
Less accumulated depreciation and amortization	<u>1,359,141</u>	<u>1,307,448</u>
	1,079,323	1,043,087
Construction in progress	<u>46,306</u>	<u>60,701</u>
Total property, plant, and equipment, net	<u>\$ 1,125,629</u>	<u>1,103,788</u>

Construction in progress at June 30, 2014 consists of various expansion and renovation projects. As of June 30, 2014, construction commitments are primarily related to the Franklin Hospital expansion and various software implementation costs. At June 30, 2014, outstanding commitments related to these projects approximate \$12,074. During the years ended June 30, 2014 and 2013, WFSI capitalized net interest cost in the amount of \$689 and \$1,553, respectively.

**WHEATON FRANCISCAN SERVICES, INC.**

## Notes to Consolidated Financial Statements

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(In thousands)

**(10) LONG-TERM DEBT – BONDS**

Long-term debt – bonds at June 30, 2014 and 2013 are as follows

	<b>2014</b>	<b>2013</b>
Wheaton Franciscan Services, Inc. –	\$	
Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Series 2003A (Series 2003A Bonds) with fixed interest rates ranging from 5.0% to 5.5%, redeemed in 2014	—	99,860
Wheaton Franciscan Services, Inc. –		
Wisconsin Health and Educational Facilities Authority, Variable Rate Demand Revenue Bonds, Series 2003B (Series 2003B Bonds) with variable interest rate (effective average interest rate of 0.05% and 0.14% and actual interest rate of 0.06% and 0.06% for the years for the years ended June 30, 2014 and 2013, respectively) and debt service payments through August 2033	75,000	75,000
Wheaton Franciscan Services, Inc. –		
Wisconsin Health and Educational Facilities Authority Revenue Bonds, Series 2006A (Series 2006A Bonds) with fixed interest rates ranging from 5.00% to 5.25% and varying debt service payments through August 2034	282,150	289,300
Wheaton Franciscan Services, Inc. –		
Wisconsin Health and Educational Facilities Authority Revenue Refunding Bonds, Series 2006B (Series 2006B Bonds) with fixed interest rates ranging from 4.000% to 5.125% and varying debt service payments through August 2030	202,580	204,890
Wheaton Franciscan Services, Inc. –		
Wisconsin Health and Educational Facilities Authority, Variable Rate Demand Revenue Bonds, Series 2007 (Series 2007 Bonds) with variable interest rates (effective average interest rate of 0.06% and 0.14% and actual interest rate of 0.05% and 0.07% for the years ended June 30, 2014 and 2013, respectively) and varying debt service payments through August 2036	64,045	64,180
Wheaton Franciscan Services, Inc. –		
Wisconsin Health and Educational Facilities Authority, Refunding Revenue Bonds, Series 2013A (Series 2013A Bonds) with fixed interest rates of 2.0% and varying debt service payments through August 2023	87,300	—
	711,075	733,230
Unamortized net bond issue premiums	16,112	17,639
Total long-term debt	727,187	750,869



**WHEATON FRANCISCAN SERVICES, INC.**

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(In thousands)

	<b>2014</b>	<b>2013</b>
Less.		
Current installments of long-term debt	\$ 20,685	11,760
Long-term debt subject to short-term remarketing agreements	39,764	39,978
Long-term debt, excluding current installments and net unamortized bond issue premiums	<u>\$ 666,738</u>	<u>699,131</u>

All of the outstanding long-term bond indebtedness has been issued pursuant to the MTI, and is comprised of unsecured obligations of The Obligated Group. Each member of The Obligated Group has jointly and severally guaranteed the payment of any and all amounts due on the outstanding indebtedness issued under the MTI.

The following is a summary of the bond insurer and liquidity facility for the outstanding long-term debt.

<b>Outstanding debt series</b>	<b>Liquidity facility</b>
Series 2003B Bonds*	Letter of Credit – U S Bank National Association, expiring in December 2016
Series 2007 Bonds*	Letter of Credit – PNC Bank, expiring in December 2016

\* Bear interest at a variable rate, which is currently determined weekly.

In the event that the letters of credit are not renewed, mandatory redemption provisions become applicable, which require the then outstanding indebtedness to be paid in full or within an 18-month period.

The Series 2003B and Series 2007 bonds are secured by letters of credit with U S Bank National Association and PNC Bank (collectively, the Commercial Banks), respectively. These bonds have put options that allow the holders to redeem the bonds prior to maturity. The Obligated Group has agreements with remarketing agents to remarket any bonds redeemed as a result of the exercise of the put options. If the bonds cannot be remarketed, the Commercial Banks will purchase the bonds under the letters of credit. Any liquidity advances as a result of failed remarketing are repayable to U S Bank National Association and PNC Bank within 367 and 60 days, respectively, unless converted to term loans by meeting certain criteria as defined in the letter-of-credit agreements (the Agreements). Any term loans must be repaid in full by the earlier of the letter-of-credit expiration date or the date of certain other events as defined in the Agreements. The repayment terms per the Agreements for the Series 2003B and Series 2007 bonds require repayment within 24 and 18 months, respectively.

On July 16, 2013, the Obligated Group issued \$87,300 of Wisconsin Health and Educational Facilities Authority Wheaton Franciscan Services, Inc. System Revenue Bonds, Series 2013A due in varying installments through August 15, 2023 and bearing fixed interest of 2.0%. The proceeds were used for the redemption of the Wisconsin Health and Educational Facilities Authority Wheaton Franciscan Services, Inc. System Revenue Bonds, Series 2003A.

**WHEATON FRANCISCAN SERVICES, INC.**

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(In thousands)

On August 15, 2013, WFSI redeemed all of the outstanding Series 2003A Revenue Bonds \$97,695. As part of this redemption, the unamortized deferred financing costs and bond discount related to the Series 2003A Revenue Bonds were written off at the time of retirement and are reported as loss on early extinguishment of debt in the amount of \$622 in the accompanying 2014 consolidated statement of operations and changes in unrestricted net assets.

Chart I represents future principal repayments on long-term debt assuming the Series 2003B and Series 2007 variable rate demand bonds failed to be remarketed and were subsequently purchased by the letter-of-credit banks on June 30, 2014 with principal repayments accelerated in accordance with the terms of the letter-of-credit agreements. Chart II represents principal repayments based on the current status under the terms of the Standby Bond Purchase Agreements for the Bank Bonds, and all other long-term debt – bonds based on scheduled maturities or repayments as specified in the related long-term debt agreements.

*Chart I*

Year ending June 30.	
2015	\$ 60,449
2016	82,786
2017	59,860
2018	23,490
2019	24,575
Thereafter	<u>459,915</u>
	<u>\$ 711,075</u>

*Chart II*

Year ending June 30	
2015	\$ 20,685
2016	25,070
2017	22,875
2018	25,200
2019	26,550
Thereafter	<u>590,695</u>
	<u>\$ 711,075</u>

**WHEATON FRANCISCAN SERVICES, INC.**

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(In thousands)

**(11) LONG-TERM DEBT – MORTGAGES**

Long-term debt – mortgages held by FMI at June 30, 2014 and 2013 are as follows

<b>Housing project</b>	<b>Interest rate</b>	<b>Final maturity date</b>	<b>Security</b>	<b>2014</b>	<b>2013</b>
Assisi homes					
Batavia Apartments, Inc	2.65	November 1, 2047	HUD	\$ 12,208	12,432
Colony Park, Inc	7.49	July 1, 2018	IHDA	1,022	1,259
Constitution House, Inc	7.81	July 1, 2016	IHDA	462	743
Jefferson Court, Inc	6.21	March 1, 2038	HUD	6,869	6,994
Saxony, Inc	4.90	September 30, 2014	HUD	6,399	6,564
Clare Gardens, Inc	5.25	July 1, 2038	HUD	—	2,699
Clare Gardens, Inc	4.50	January 1, 2049	HUD	7,736	—
Francis Heights, Inc Part A	6.50	February 28, 2014	HUD	—	174
Francis Heights, Inc Flex	1.00	No fixed maturity date	HUD	1,902	1,902
Francis Heights, Inc Part B	6.50	February 28, 2038	HUD	92	93
Francis Heights, Inc 2nd Mtge	4.00	January 31, 2038	HUD	142	506
Marian Housing Center, Inc	5.50	June 1, 2040	HUD	1,381	1,404
Marian Park, Inc	7.00	January 1, 2014	FHA	—	1,943
Marian Park, Inc	2.65	June 1, 2049	HUD	11,862	—
Assisi Homes-Lasalle Manor, Inc	3.00	July 1, 2020	IHDA	371	423
Assisi Homes-Lasalle Manor, Inc	6.50	April 1, 2037	HUD	—	464
Assisi Homes-Lasalle Manor, Inc	4.50	March 1, 2044	HUD	926	—
Villa St. Clare, Inc	4.00	April 1, 2027	WHEDA	1,140	1,196
Other mortgages	6.13%–7.68%			176	176
Total long-term debt – mortgages				52,688	38,972
Less current installments of mortgages				7,641	8,234
Long-term debt – mortgages, excluding current installments				\$ 45,047	30,738

**WHEATON FRANCISCAN SERVICES, INC.**

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands)

As of June 30, 2014, scheduled annual maturities of long-term debt – mortgages for the next five years and thereafter are as follows.

Year ending June 30	
2015	\$ 7,641
2016	1,184
2017	1,073
2018	1,001
2019	836
Thereafter	<u>40,953</u>
	<u>\$ 52,688</u>

**(12) PENSION PLANS**

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WFSI and certain of its subsidiaries participate in a qualified noncontributory defined-benefit pension plan (the Plan), covering all employees who are at least 21 years of age and work 1,000 or more hours per year. The normal retirement benefit of the Plan is a monthly retirement income, a lump-sum payment, or a combination thereof which is computed based on a cash balance accumulated from contributions and interest earnings thereon equal to the one-year treasury bill rate or a rate approved by the WFSI Finance and Operations Committee. The benefit is payable commencing any time after the vested employee's termination date but not later than age 65 unless still working. The Plan is funded based on the estimated pension cost as determined by the Plan's consulting actuary.

The cost related to employee service is recognized using the Projected Unit Credit Cost Method. Gains and losses, calculated as the difference between estimates and actual amounts of plan assets and the projected benefit obligation, are amortized over the expected future service period. The prior service credits are also amortized over the expected future service period.

Prior to January 1, 1995, the Plan had a traditional annuity benefit formula. Participants who were covered under the prior plan are grandfathered and entitled to a retirement benefit equal to the greater of their benefit as defined by the Plan or their benefit as defined by the prior plan.

**WHEATON FRANCISCAN SERVICES, INC.**

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands)

The following table sets forth information on the funded status, amounts recognized in the consolidated financial statements, and weighted average assumptions related to WFSI's Plan for the years ended June 30, 2014 and 2013

	<b>2014</b>	<b>2013</b>
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 854,225	877,828
Service cost	29,079	34,263
Interest cost	42,196	38,887
Benefits paid	(63,449)	(39,237)
Actuarial gain (loss)	16,386	(28,552)
Curtailment	—	(339)
Plan amendment	—	(28,625)
Benefit obligation of end of year	<u>878,437</u>	<u>854,225</u>
Change in plan assets		
Fair value of plan assets at beginning of year	717,513	579,630
Actual return on plan assets	105,788	77,120
Employer contributions	49,987	100,000
Benefits paid	(63,449)	(39,237)
Fair value of plan assets at end of year	<u>809,839</u>	<u>717,513</u>
Funded status	<u>\$ (68,598)</u>	<u>(136,712)</u>
Amounts recognized in the accompanying consolidated balance sheets		
Accrued pension liability	\$ (68,598)	(136,712)
Accumulated charge to unrestricted net assets	<u>147,701</u>	<u>194,964</u>
Net amounts recognized in the accompanying consolidated balance sheets	<u>\$ 79,103</u>	<u>58,252</u>

The accumulated charge to unrestricted net assets represents charges or credits arising from the defined-benefit pension plan, but not yet recognized as components of net periodic benefit cost. The accumulated charge to unrestricted net assets at June 30, 2014 and 2013 of \$147,701 and \$194,964, respectively, comprised \$204,862 and \$263,525 of unrecognized net actuarial losses offset by a reduction for unrecognized prior service credits of \$57,161 and \$68,561 at June 30, 2014 and 2013, respectively.

The accumulated benefit obligation for the Plan was \$836,558 and \$813,839 at June 30, 2014 and 2013, respectively.

**WHEATON FRANCISCAN SERVICES, INC.**

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands)

Several organizations participate in the Plan but are not included in the accompanying consolidated financial statements. Therefore, the amounts recognized by the participants are shown in the above table, but are not included in the consolidated financial statements. The net periodic pension cost for the years ended June 30, 2014 and 2013 related to unconsolidated subsidiaries and affiliates amounted to \$470 and 2,448, respectively.

Net periodic benefit cost for the Plan for the years ended June 30, 2014 and 2013 included the following components:

	<b>2014</b>	<b>2013</b>
Components of net periodic benefit cost		
Service cost	\$ 29,079	34,263
Interest cost	42,196	38,887
Expected return on plan assets	(50,035)	(47,001)
Curtailment impact	—	(3,927)
Net amortization amounts	7,895	20,001
Net periodic benefit cost	<u>\$ 29,135</u>	<u>42,223</u>
Weighted average assumptions		
Discount rate used to determine obligation	4.37%/7.00%	3.75%/7.75%
Discount rate used to determine net periodic benefit cost	3.75%/7.75%	5.26%/8.00%
Rate of compensation increase	Age-based	Age-based
Expected return on plan assets	6.75%	7.00%
Cash balance interest rate assumption	3.0%	3.1%

The weighted average discount rate used in determining the actuarial present value of the projected benefit obligation at June 30, 2014 and 2013 is 8.00%, for grandfathered participants estimated to take their retirement benefit in the form of a lump sum and 4.07% and 4.37% at June 30, 2014 and 2013, respectively, for all other participants.

Effective for terminations on or after July 1, 2013, the actuarial equivalence interest rate used for converting account balances to annuity form was updated from 8% to 4% effective July 1, 2013 and 2% effective July 1, 2014. The plan amendment resulted in a decrease to the projected benefit obligation of \$28,625.

Effective July 1, 2013, Rush Oak Park Hospital (ROPH) will no longer participate in the pension plan. This curtailment to the Plan reduced the projected benefit obligation by \$1,015. In addition, the Plan was amended to credit ROPH participants with a full year of benefit accrual for calendar year 2013 based on pay and hours through July 1, 2013. This special termination benefit increased the projected benefit obligation by \$676.

The Plan's overall expected long-term rate of return on assets is 6.75% and 7.00% for 2014 and 2013, respectively. 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 asset categories. The return is based exclusively on historical returns, without adjustments.

WFSI is expected to contribute \$17,606 to the Plan in 2015, which is the expense of the Plan.

**WHEATON FRANCISCAN SERVICES, INC.**

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands)

The benefits expected to be paid in each year from 2015 through 2019 are approximately \$56,645, \$64,199, \$66,445, \$69,182, and \$70,972 respectively. The aggregate benefits expected to be paid in the five years from 2020 through 2024 are approximately \$364,775. The expected benefits are based on the same assumptions used to measure WFSI's benefit obligation at June 30 and include estimated future employee service.

The Plan has a statement of Investment Policy, which is reviewed and approved by the WFSI board of directors. The policy establishes goals and objectives of the fund, asset allocations, allowable and prohibited investments, socially responsible guidelines, and asset classifications as well as specific investment manager guidelines. The policy states that the rebalancing of these assets to the target allocations will be reviewed on a semiannual basis. Investments are managed by independent advisors. Management monitors the performance of these managers on a monthly basis.

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

Asset	2014			2013		
	Target allocation	Acceptable range	Actual allocation	Target allocation	Acceptable range	Actual allocation
Equity – large cap growth	5%	0%–10%	5%	5%	0%–10%	5%
Equity – large cap value	20	15%–25%	21	20	15%–25%	20
Equity – mid cap	10	5%–15%	11	10	5%–15%	10
Equity – small cap	10	5%–15%	11	10	5%–15%	10
Equity international	15	10%–20%	15	15	10%–20%	13
Fixed income and cash	40	30%–50%	37	40	30%–50%	42

*Fair Value of Financial Instruments*

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

- Common stocks, quoted mutual funds, and direct U.S. government obligations are measured using quoted market prices at the reporting date multiplied by the quantity held. Corporate bonds, notes, and U.S. agency securities are measured using other observable inputs. The carrying value equals fair value.

**WHEATON FRANCISCAN SERVICES, INC.**

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands)

*Fair Value Hierarchy*

The following tables present the Plan's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2014 and 2013

	<b>Total, June 30, 2014</b>	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
Investments				
Cash and cash equivalents	\$ 36,358	36,358	—	—
U S government obligations	153,919	135,396	18,523	—
Corporate debt securities – Domestic	94,607	—	94,607	—
Corporate debt securities – Foreign	23,736	—	23,736	—
Mutual Funds	3,360	282	3,078	—
Asset-backed securities	12,700	—	12,700	—
Equity securities – Domestic	338,506	338,373	133	—
Equity securities – Foreign	143,964	143,964	—	—
Total	\$ 807,150	654,373	152,777	—

Excludes \$2,689 of interest and dividend receivables

	<b>Total, June 30, 2013</b>	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
Investments				
Cash and cash equivalents	\$ 49,194	49,194	—	—
U S government obligations	152,207	94,187	58,020	—
Corporate debt securities – Domestic	86,164	—	86,164	—
Corporate debt securities – Foreign	19,466	—	19,466	—
Asset-backed securities	10,863	—	10,863	—
Equity securities – Domestic	283,185	283,185	—	—
Equity securities – Foreign	113,600	113,600	—	—
Total	\$ 714,679	540,166	174,513	—

Excludes \$2,834 of interest and dividend receivables



## **WHEATON FRANCISCAN SERVICES, INC.**

### Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands)

#### **Transfers between Levels**

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. For the year ended June 30, 2014, there were no transfers in or out of Level 1, 2, or 3.

During 1996, WFSI created a nonqualified Benefit Restoration Plan (the BRP) for senior executives employed in the organization whose benefits under the qualified plan are limited due to limitations imposed by income tax regulations. In 2001, the Plan was amended to cover certain benefits previously provided under the BRP. In 2008, the BRP was amended to vest the accrued benefits as of December 29, 2008. The payout started in January 2009 with future accrued benefits being paid out annually. Accounts payable to BRP participants of \$340 and \$750 at June 30, 2014 and 2013, respectively, are included in other long-term liabilities.

#### **(13) INSURANCE**

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(a) Professional and General Liability

Wheaton Franciscan Insurance Company (the Captive), a wholly owned subsidiary of WFSI, was formed to provide comprehensive professional and general liability insurance to the organization. Professional liability coverage for WFSI qualified subsidiaries located in Wisconsin is procured through Preferred Professional Insurance Company (PPIC), which reinsures all of the risk with the Captive. All other WFSI subsidiaries are insured directly by the Captive for professional and general liability risks.

For primary professional liability coverage for Wisconsin-based providers, WFSI pays premiums to PPIC based upon actuarial computations that estimate the expected ultimate losses by policy year. PPIC then pays the premium, net of PPIC's administrative expenses, to the Captive pursuant to a reinsurance agreement. All primary professional liability insurance coverage provided through PPIC is on an occurrence basis.

Losses in excess of the primary professional liability limits for the Wisconsin-based providers are fully covered through the hospitals' and employed physicians' mandatory participation in the Patients' Compensation Fund of the State of Wisconsin. For other regions, the Captive obtains varying levels of commercial umbrella and excess reinsurance coverage by policy year on a claims-made basis.

WFSI recognizes provisions for the ultimate cost of reported losses and for losses incurred but not reported based upon projections by WFSI management and independent actuaries. At June 30, 2014 and 2013, loss reserve accruals of \$24,847 and \$24,688, respectively, are included in the accompanying consolidated financial statements in other long-term liabilities. It is management's opinion that the recorded claim reserves are adequate to cover ultimate losses incurred to date. Provisions for professional and general liability self-insurance expense amounted to \$6,727 and \$3,463 for the years ended June 30, 2014 and 2013, respectively, and are included in purchased services, supplies, and other expenses in the

**WHEATON FRANCISCAN SERVICES, INC.**

Notes to Consolidated Financial Statements

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(In thousands)

accompanying consolidated statements of operations. As related to the professional and general liability, the adoption of ASU 2010-24 had no impact on the consolidated financial statements.

(b) Workers' Compensation and Employee Benefits

WFSI is self-insured for workers' compensation claims up to the first \$250. WFSI purchases workers' compensation umbrella and excess policies to provide various levels of additional coverage by policy year. Workers' compensation self-insurance expense amounted to \$6,919 and \$5,995 for the years ended June 30, 2014 and 2013, respectively, and is included in salaries and fringe benefits expense in the accompanying consolidated statements of operations. The gross liability for estimated self-insured workers' compensation claims of \$10,897 and \$10,426 at June 30, 2014 and 2013, respectively, is included within accounts payable and accrued expenses in the accompanying consolidated balance sheets.

WFSI has adopted the provisions of ASU 2010-24. The estimated workers' compensation insurance recoveries were \$1,838 and \$1,318, and are included as a component of prepaid expenses and other, respectively, as of June 30, 2014 and 2013, respectively.

All claims, premiums, and administrative expenses related to benefits are processed, recorded, and paid directly through WFSI, with the exception of commercially insured HMO's in Illinois and Colorado, life insurance for all associates and long-term disability coverage for executives and physicians. Long-term disability coverage, which became commercially insured effective January 1, 2010.

WFSI internally estimates the claims incurred but unreported as of the consolidated balance sheet dates for healthcare and other employee benefits. Accrued healthcare and other benefits claims of approximately \$18,403 and \$17,746 at June 30, 2014 and 2013, respectively, consist of the estimated ultimate cost of reported claims and claims incurred but not reported as of the consolidated balance sheet dates and are included within accounts payable and accrued expenses. Provisions for self-insured employee healthcare and other employee benefit claims amounted to approximately \$94,816 and \$97,330 for the years ended June 30, 2014 and 2013, respectively, and are included with salaries and fringe benefits expense in the accompanying consolidated statements of operations. There was no impact to the consolidated financial statements for the adoption of ASU 2010-24 with respect to self-insured employee healthcare.

**(14) INTEGRATION AGREEMENTS AND INVESTMENTS IN UNCONSOLIDATED AFFILIATES**

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WFSI and certain subsidiaries also have investments in organizations that are not majority owned or controlled by WFSI organizations. WFSI and its subsidiaries account for their investments in these organizations using the equity method of accounting. The equity method of accounting is discontinued when the equity investment is reduced to zero unless WFSI or its subsidiaries has guaranteed the obligations of the organization or is committed to provide additional capital support.

(a) Felician Services, Inc.

In 2008, WFSI and Southeast Wisconsin Region entered into a Restated Integration Agreement with Felician Services, Inc. (FSI) to better fulfill both WFSI's and FSI's commitment to the mission of the health ministry of the Roman Catholic Church. The Restated Integration Agreement was retroactively effective

**WHEATON FRANCISCAN SERVICES, INC.**

Notes to Consolidated Financial Statements

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(In thousands)

July 1, 2006 and gives Southeast Wisconsin Region authority to manage and direct the FSI-sponsored entities at (Wheaton Franciscan Healthcare – St. Francis, Inc. and Wheaton Franciscan Healthcare – Terrace at St. Francis, Inc.,) The FSI-sponsored entities are consolidated by WFSI within the accompanying consolidated financial statements given the degree of control and economic interest that WFSI has over the FSI-sponsored entities

The Restated Integration Agreement provides FSI a put option that can be exercised by giving WFSI written notice. The execution of the put option requires WFSI to pay FSI an acquisition price of \$28,000 for the FSI-sponsored entities, which is accrued and included in other long-term liabilities in the accompanying consolidated balance sheets. The put option has not been exercised as of June 30, 2014.

(b) United Hospital System, Inc.

Effective July 6, 1998, St. Catherine's entered into an integration agreement with United Hospital System, Inc. to operate as a single system through the formation of UHS, Inc. (United). The intent of the integration was to facilitate the development and operation of a healthcare system for the Kenosha, Wisconsin regional community and reduce the cost of and duplication of services. The integration agreement provides for the sharing of income or losses on a percentage basis of the consolidated results of operations.

WFSI accounts for its 25% equity investment in United on the equity method of accounting. WFSI has included its proportional share of United net income of \$13,211 and \$5,264 in 2014 and 2013, respectively, as other revenue in the accompanying consolidated statements of operations. While WFSI received no cash distributions from United in 2014 or 2013, the proportional share of net income is used to reduce the balance due from WFSI to United. As of and for the years ended June 30, 2014 and 2013, respectively, United Hospital System, Inc. had total assets of \$366,965 and \$343,701, total net assets of \$286,800 and \$259,399, and revenue of \$301,297 and \$287,150.

As of June 30, 2014, St. Catherine's has substantially finished an expansion project, which is being partially funded by United. As of June 30, 2014 and 2013, a due to United in the amount of \$31,989 and \$49,527, respectively, for repayment of construction advances is included in accounts payable and accrued expenses in the accompanying consolidated balance sheets.

(c) Midwest Orthopedic Specialty Hospital, LLC (MOSH)

MOSH, a joint venture entity, was formed in late 2008 to own and operate an orthopedic specialty hospital located on the second floor of the Wheaton Franciscan Healthcare – Franklin (WFH-Franklin). MOSH was granted its hospital license by the State of Wisconsin and opened for operations effective July 31, 2009. The members of MOSH are WFH-Southeast Wisconsin, Inc. and TS Ortho, LLC, an independent physician-owned entity. Each member has a 50% ownership interest in MOSH.

As of June 30, 2014 and 2013, respectively, MOSH has total assets of \$45,500 and \$46,840, member equity of \$42,156 and \$43,393, and total revenue of \$77,320 and \$75,121. WFH accounts for its 50% interest in MOSH under the equity method of accounting. For the years ended June 30, 2014 and 2013, WFSI has included its proportional share of MOSH's net income of \$18,492 and \$18,863, respectively, as other operating revenue in the accompanying consolidated statements of operations. Distributions are

**WHEATON FRANCISCAN SERVICES, INC.**

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands)

payable by MOSH at the discretion of the joint venture's board of managers WFH received cash distributions of \$19,250 and \$18,500 from the joint venture during 2014 and 2013, respectively

**(15) COMMITMENTS AND CONTINGENCIES**

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**(a) Operating Leases**

WFSI and its subsidiaries have entered into various contracts for operating leases of office space, buildings, and equipment During 2014 and 2013, WFSI and its subsidiaries recognized \$10,206 and \$10,747, respectively, of lease expense under these agreements

As of June 30, 2014, scheduled annual contractual payments under operating leases for the next five years and thereafter are as follows

Year ending June 30	
2015	\$ 6,682
2016	5,361
2017	4,063
2018	3,672
2019	2,937
Thereafter	<u>10,108</u>
	<u>\$ 32,823</u>

**(b) Housing Contingencies**

FMI has entered into multiple Capital Advance Program Mortgage Notes (the Notes) in the amount of \$17,100 The Notes bear no interest and repayment is not required as long as the housing projects remain available to low-income, elderly, or disabled persons in accordance with the National Affordable Housing Act of 1990 and are operated in accordance with the Regulatory Agreements and HUD Regulations The Notes are secured by the mortgage upon the land, building, and equipment, and other amounts held by FMI. If a default occurs under the terms of the Notes, mortgages, the Regulatory Agreements, or the regulations, the entire principal and interest accrued at the stated rate would become immediately due and payable without notice These Notes have been recorded as a direct addition to unrestricted net assets in the year received FMI has not entered into any new notes in 2014 or 2013

FMI has also entered into agreements with various federal and state agencies whereby FMI received grants In connection with these grants, FMI must not, among other things, dispose of any property under its control that was acquired and/or improved with grant funds for a period between 15 and 40 years In the event of noncompliance, FMI would reimburse the agency the current fair market value of the property, less any portion of the value attributable to expenditures of nongrant funds for acquisition of, or improvement to, the property These grants have been recorded as a direct addition to unrestricted net assets in the year received. Management believes FMI is in compliance with the grant agreements as of

**WHEATON FRANCISCAN SERVICES, INC.**

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands)

June 30, 2014 and 2013 and no amounts have been accrued in the accompanying consolidated balance sheets

FMI refinanced Assisi Homes – Batavia Apartments, Inc., a wholly owned entity, on October 31, 2012. Management is working with HUD to amend its Use Agreement with final resolution expected during 2014.

(c) Litigation

WFSI and its subsidiaries are involved in litigation arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate resolution of professional liability and other litigation matters will not have a material effect on the consolidated financial position or results from operations of WFSI and its subsidiaries.

(d) State Sales and Property Tax Exemption

Local taxing authorities throughout the country are increasingly challenging the sales and real estate tax exemptions of not-for-profit healthcare providers.

The State of Illinois has revoked and/or is currently reviewing the ongoing property and sales tax exemption of several Illinois Hospitals (unrelated to Wheaton Franciscan Healthcare). The State's focus has been exclusively on the level of free or discounted care being provided by the hospital. Other charitable factors, such as the level of government payors and/or other community services provided by the hospitals, are generally not being considered by the State as factors relevant to exemption. As of September 2013, the state of Illinois requires hospitals to report the value of services or activities provided by the hospital compared to the value of the estimated property tax bill.

(e) 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 WFSI 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. WFSI maintains a compliance program designed to educate employees and to detect and correct possible violations.

In 2014 and 2013, WFSI received and expects to receive future notices from the Medicare program requiring that they provide Medicare with documentation for claims to carry out the Recovery Audit Contract (RAC) program. WFSI is responding to these requests. Review of claims through the RAC program may result in a liability to the Medicare program and could have an adverse impact on the WFSI's net patient service revenue.

(f) 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 healthcare

## **WHEATON FRANCISCAN SERVICES, INC.**

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(In thousands)

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, CMS issued a final rule establishing a value-based purchasing program for acute care hospitals paid under the Medicare Inpatient Prospective Payment System. Beginning in federal fiscal year 2013, value-based incentive payments will be 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 started with a 1% reduction in Medicare inpatient payments in federal fiscal year 2013 that will increase annually by 0.25% up to 2% of payments by federal fiscal year 2017. These value-based incentives will be withheld and redistributed based on the hospital performance. WFSI continues to monitor the impact of this and other legislation as these regulations become finalized and placed into action.

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.

WFSI continues to monitor the impact of these regulations.

### **(g) Investment Risks and Uncertainties**

WFSI 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 changes could materially affect the amounts reported in the accompanying consolidated balance sheets.

## **(16) SUBSEQUENT EVENTS**

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WFSI evaluated events and transactions through October 22, 2014, which is the date the consolidated financial statements were issued, noting no subsequent events other than those as previously described in the preceding notes, requiring recording or disclosure in the consolidated financial statements or related notes to the consolidated financial statements.

**WHEATON FRANCISCAN SERVICES, INC**  
Consolidating Balance Sheet Information  
June 30, 2014  
(In thousands)

<b>Assets</b>	<b>WFSI Healthcare</b>	<b>WFSI Housing</b>	<b>Eliminations</b>	<b>WFSI consolidated</b>
Current assets				
Cash and cash equivalents	\$ 38,728	19,427	—	58,155
Short-term investments	11,531	—	—	11,531
Assets whose use is limited – required for current liabilities	65,597	—	—	65,597
Patient accounts receivable, net of uncollectible accounts of approximately \$55,072	210,424	—	—	210,424
Securities lending collateral	7,334	—	—	7,334
Inventories of supplies	25,435	—	—	25,435
Prepaid expenses and other	54,887	793	(66)	55,614
Total current assets	413,936	20,220	(66)	434,090
Noncurrent assets whose use is limited	702,859	17,863	—	720,722
Property, plant, and equipment, net	1,045,831	79,798	—	1,125,629
Other assets				
Restricted assets	20,720	—	—	20,720
Deferred expenses, net	2,579	2,720	—	5,299
Investments in unconsolidated affiliates	23,271	—	—	23,271
Notes and accounts receivable, affiliated organizations	2,631	—	(2,631)	—
Other long-term assets	17,834	2,884	—	20,718
Total other assets	67,035	5,604	(2,631)	70,008
Total assets	\$ 2,229,661	123,485	(2,697)	2,350,449
<b>Liabilities and Net Assets</b>				
Current liabilities				
Current installments of long-term debt – bonds	\$ 20,685	—	—	20,685
Long-term debt subject to short-term remarketing agreements	39,764	—	—	39,764
Current installments of long-term debt – mortgages	—	7,641	—	7,641
Current installments of notes payable to affiliates	—	4,114	(4,114)	—
Accounts payable and accrued expenses	231,797	5,147	(66)	236,878
Payable under securities lending agreement	7,334	—	—	7,334
Estimated third-party payor settlements	19,928	—	—	19,928
Total current liabilities	319,508	16,902	(4,180)	332,230
Long-term debt, excluding current installments and net unamortized bond issue premiums – bonds	666,738	—	—	666,738
Long-term debt, excluding current installments – mortgages	—	45,047	—	45,047
Notes payable to affiliates, excluding current installments	—	2,631	(2,631)	—
Accrued pension liability	68,598	—	—	68,598
Other	108,757	995	—	109,752
Total liabilities	1,163,601	65,575	(6,811)	1,222,365
Net assets				
Unrestricted	1,045,340	57,910	4,114	1,107,364
Temporarily restricted	17,356	—	—	17,356
Permanently restricted	3,364	—	—	3,364
Total net assets	1,066,060	57,910	4,114	1,128,084
Total liabilities and net assets	\$ 2,229,661	123,485	(2,697)	2,350,449

See accompanying independent auditors' report

**WHEATON FRANCISCAN SERVICES, INC**  
Consolidating Statement of Operations and Changes in Unrestricted Net Assets Information  
Year ended June 30, 2014  
(In thousands)

	<b>WFSI Healthcare</b>	<b>WFSI Housing</b>	<b>Eliminations</b>	<b>WFSI consolidated</b>
Net patient service revenue before bad debt	\$ 1,622,111	—	—	1,622,111
Provision for bad debts	74,510	—	—	74,510
Net patient service revenue before bad debt	1,547,601	—	—	1,547,601
Other revenue				
Other	178,736	27,776	(1,366)	205,146
Net assets released from restrictions	1,463	—	—	1,463
Total revenue	1,727,800	27,776	(1,366)	1,754,210
Expenses				
Salaries and fringe benefits	998,566	7,914	(248)	1,006,232
Purchased services, supplies, and other	571,025	13,084	(1,045)	583,064
Interest	28,448	1,821	(73)	30,196
Depreciation and amortization	103,036	4,881	—	107,917
Total expenses	1,701,075	27,700	(1,366)	1,727,409
Income from operations	26,725	76	—	26,801
Nonoperating gains				
Investment return	50,641	374	—	51,015
Loss on early extinguishment of debt	(622)	(122)	—	(744)
Swap valuation adjustments	780	—	—	780
Other, net	(244)	(10)	—	(254)
Nonoperating gains, net	50,555	242	—	50,797
Revenue and gains in excess of expenses and losses	77,280	318	—	77,598
Other changes in unrestricted net assets				
Net assets released from restrictions used for purchase of property, plant, and equipment	2,872	—	—	2,872
Change in unrecognized net defined-benefit plan costs	47,263	—	—	47,263
Equity transactions with unconsolidated entities and other, net	(463)	—	—	(463)
Change in unrestricted net assets	\$ 126,952	318	—	127,270

See accompanying independent auditors' report



**WHEATON FRANCISCAN SERVICES, INC**  
Consolidating Balance Sheet Information  
June 30, 2014  
(In thousands)

<b>Assets</b>	<b>Wheaton Franciscan Services, Inc</b>	<b>Wheaton Franciscan Healthcare Southeast WI/ Medical Group</b>	<b>Marianjoy Rehabilitation Hospital &amp; Clinics, Inc</b>
Current assets			
Cash and cash equivalents	\$ 40,913	112,450	21,872
Short-term investments	11,531	—	—
Assets whose use is limited – required for current liabilities	65,597	—	—
Patient accounts receivable, net of uncollectible accounts of approximately \$55,072	—	160,661	10,568
Securities lending collateral	7,334	—	—
Inventories of supplies	109	21,102	213
Prepaid expenses and other	21,732	48,366	2,773
Total current assets	147,216	342,579	35,426
Noncurrent assets whose use is limited	521,959	6,642	948
Property, plant, and equipment, net	67,415	681,252	62,547
Other assets			
Restricted assets	29	13,178	4,222
Deferred expenses, net	2,579	—	—
Investments in unconsolidated affiliates	616	22,655	—
Notes and accounts receivable, affiliated organizations	434,411	—	—
Other long-term assets	—	21,746	—
Total other assets	437,635	57,579	4,222
Total assets	\$ 1,174,225	1,088,052	103,143
<b>Liabilities and Net Assets (Deficit)</b>			
Current liabilities			
Current installments of long-term debt – bonds	\$ 20,685	—	—
Long-term debt subject to short-term remarketing agreements	39,764	—	—
Current installments of long-term debt – mortgages	—	—	—
Current installments of notes payable to affiliates	—	—	—
Accounts payable and accrued expenses	341,376	88,393	9,325
Payable under securities lending agreement	7,334	—	—
Estimated third-party payor settlements	—	12,118	1,938
Total current liabilities	409,159	100,511	11,263
Long-term debt, excluding current installments and net unamortized bond issue premiums – bonds	666,738	—	—
Long-term debt, excluding current installments – mortgages	—	—	—
Notes payable to affiliates, excluding current installments	—	399,322	32,458
Accrued pension liability	68,598	—	—
Other	103,339	5,195	404
Total liabilities	1,247,834	505,028	44,125
Net assets (deficit)			
Unrestricted	(73,638)	569,846	54,796
Temporarily restricted	29	11,179	4,222
Permanently restricted	—	1,999	—
Total net assets (deficit)	(73,609)	583,024	59,018
Total liabilities and net assets (deficit)	\$ 1,174,225	1,088,052	103,143

See accompanying independent auditors' report

<b>WFH-Iowa, Inc</b>	<b>St Catherine's Hospital, Inc</b>	<b>OSF Services, Inc</b>	<b>Franciscan Ministries, Inc</b>	<b>Subtotal</b>	<b>Adjustments/ eliminations</b>	<b>Total</b>
96,093	5,557	575	19,427	296,887	(238,732)	58,155
—	—	—	—	11,531	—	11,531
—	—	—	—	65,597	—	65,597
39,195	—	—	—	210,424	—	210,424
—	—	—	—	7,334	—	7,334
4,011	—	—	—	25,435	—	25,435
8,568	15	934	793	83,181	(27,567)	55,614
147,867	5,572	1,509	20,220	700,389	(266,299)	434,090
9,903	—	163,407	17,863	720,722	—	720,722
112,340	121,785	492	79,798	1,125,629	—	1,125,629
3,225	—	66	—	20,720	—	20,720
—	—	—	2,720	5,299	—	5,299
—	—	—	—	23,271	—	23,271
—	—	—	—	434,411	(434,411)	—
145	—	63	2,884	24,838	(4,120)	20,718
3,370	—	129	5,604	508,539	(438,531)	70,008
273,480	127,357	165,537	123,485	3,055,279	(704,830)	2,350,449
—	—	—	—	20,685	—	20,685
—	—	—	—	39,764	—	39,764
—	—	—	7,641	7,641	—	7,641
—	—	—	4,114	4,114	(4,114)	—
25,451	32,167	1,318	5,147	503,177	(266,299)	236,878
—	—	—	—	7,334	—	7,334
5,872	—	—	—	19,928	—	19,928
31,323	32,167	1,318	16,902	602,643	(270,413)	332,230
—	—	—	—	666,738	—	666,738
—	—	—	45,047	45,047	—	45,047
—	—	—	2,631	434,411	(434,411)	—
—	—	—	—	68,598	—	68,598
3,939	—	—	995	113,872	(4,120)	109,752
35,262	32,167	1,318	65,575	1,931,309	(708,944)	1,222,365
234,993	95,190	164,153	57,910	1,103,250	4,114	1,107,364
1,860	—	66	—	17,356	—	17,356
1,365	—	—	—	3,364	—	3,364
238,218	95,190	164,219	57,910	1,123,970	4,114	1,128,084
273,480	127,357	165,537	123,485	3,055,279	(704,830)	2,350,449

**WHEATON FRANCISCAN SERVICES, INC**

Consolidating Statement of Operations and Changes in Unrestricted Net Assets Information

Year ended June 30, 2014

(In thousands)

	<b>Wheaton Franciscan Services, Inc</b>	<b>Wheaton Franciscan Healthcare Southeast WI/ Medical Group</b>	<b>Marianjoy Rehabilitation Hospital &amp; Clinics, Inc</b>
Net patient service revenue before bad debt	\$ —	1,246,589	73,409
Provision for bad debts	—	62,934	529
Net patient service revenue	—	1,183,655	72,880
Other revenue			
Other	305,487	105,249	9,240
Net assets released from restrictions	—	712	413
Total revenue	305,487	1,289,616	82,533
Expenses			
Salaries and fringe benefits	187,895	696,683	56,828
Purchased services, supplies, and other	76,532	509,463	19,704
Interest	28,966	19,251	1,644
Depreciation and amortization	19,366	60,643	3,307
Total expenses	312,759	1,286,040	81,483
Income from operations	(7,272)	3,576	1,050
Nonoperating gains (losses)			
Investment return	32,611	6,288	907
Loss on early extinguishment of debt	(622)	—	—
Swap valuation adjustments	780	—	—
Other, net	(365)	(1,817)	(36)
Nonoperating gains, net	32,404	4,471	871
Revenue and gains in excess of expenses and losses	25,132	8,047	1,921
Other changes in unrestricted net assets			
Net assets released from restrictions used for purchase of property, plant, and equipment	—	553	1,268
Change in unrecognized net defined-benefit plan costs	47,263	—	—
Equity transactions of unconsolidated affiliates and other, net	—	—	—
Change in unrestricted net assets	\$ 72,395	8,600	3,189

See accompanying independent auditors' report

<b>WFH-Iowa, Inc</b>	<b>St Catherine's Hospital, Inc</b>	<b>OSF Services, Inc</b>	<b>Franciscan Ministries, Inc</b>	<b>Subtotal</b>	<b>Adjustments/ eliminations</b>	<b>Total</b>
302,113	—	—	—	1,622,111	—	1,622,111
11,047	—	—	—	74,510	—	74,510
291,066	—	—	—	1,547,601	—	1,547,601
33,409	17,883	4,523	27,776	503,567	(298,421)	205,146
335	—	3	—	1,463	—	1,463
324,810	17,883	4,526	27,776	2,052,631	(298,421)	1,754,210
169,230	—	4,994	7,914	1,123,544	(117,312)	1,006,232
120,167	358	3,115	13,084	742,423	(159,359)	583,064
482	—	—	1,821	52,164	(21,968)	30,196
11,776	7,877	67	4,881	107,917	—	107,917
301,655	8,235	8,176	27,700	2,026,048	(298,639)	1,727,409
23,155	9,648	(3,650)	76	26,583	218	26,801
4,939	—	5,896	374	51,015	—	51,015
—	—	—	(122)	(744)	—	(744)
—	—	—	—	780	—	780
(1,092)	6	3,060	(10)	(254)	—	(254)
3,847	6	8,956	242	50,797	—	50,797
27,002	9,654	5,306	318	77,380	218	77,598
1,199	—	—	—	3,020	(148)	2,872
—	—	—	—	47,263	—	47,263
(353)	—	(40)	—	(393)	(70)	(463)
27,848	9,654	5,266	318	127,270	—	127,270

**WHEATON FRANCISCAN SERVICES, INC**  
Consolidating Balance Sheet Information – The Obligated Group  
June 30, 2014  
(In thousands)

<b>Assets</b>	<b>Wheaton Franciscan Services, Inc</b>	<b>Southeast Wisconsin Region</b>	<b>Marianjoy Rehabilitation Hospital &amp; Clinics, Inc</b>
Current assets			
Cash and cash equivalents	\$ 38,495	111,660	21,872
Short-term investments	11,531	—	—
Assets whose use is limited – required for current liabilities	65,597	—	—
Patient accounts receivable, net of uncollectible accounts of approximately \$52,764	—	153,154	9,596
Securities lending collateral	7,334	—	—
Inventories of supplies	109	17,469	213
Prepaid expenses and other	18,601	48,094	3,755
Total current assets	<u>141,667</u>	<u>330,377</u>	<u>35,436</u>
Noncurrent assets whose use is limited	487,459	6,343	—
Property, plant, and equipment, net	67,415	673,443	62,429
Other assets			
Restricted assets	29	5,947	—
Deferred expenses, net	2,579	—	—
Investments in unconsolidated affiliates	14,458	38,898	—
Notes and accounts receivable, affiliated organizations	434,412	—	—
Other long-term assets	—	19,339	—
Total other assets	<u>451,478</u>	<u>64,184</u>	<u>—</u>
Total assets	<u>\$ 1,148,019</u>	<u>1,074,347</u>	<u>97,865</u>
<b>Liabilities and Net Assets (Deficit)</b>			
Current liabilities			
Current installments of long-term debt – bonds	\$ 20,685	—	—
Long-term debt subject to short-term remarketing agreements	39,764	—	—
Accounts payable and accrued expenses	341,023	101,914	8,148
Payable under securities lending agreement	7,334	—	—
Estimated third-party payor settlements	—	12,094	1,938
Total current liabilities	<u>408,806</u>	<u>114,008</u>	<u>10,086</u>
Long-term debt, excluding current installments and net unamortized bond issue premiums – bonds	666,738	—	—
Notes payable to affiliates, excluding current installments	—	397,763	32,458
Accrued pension liability	68,598	—	—
Other	77,486	5,195	404
Total liabilities	<u>1,221,628</u>	<u>516,966</u>	<u>42,948</u>
Net assets (deficit)			
Unrestricted	(73,638)	551,434	54,917
Temporarily restricted	29	4,991	—
Permanently restricted	—	956	—
Total net assets (deficit)	<u>(73,609)</u>	<u>557,381</u>	<u>54,917</u>
Total liabilities and net assets (deficit)	<u>\$ 1,148,019</u>	<u>1,074,347</u>	<u>97,865</u>

See accompanying independent auditors' report

<b>Iowa Region</b>	<b>St Catherine's Hospital, Inc</b>	<b>Subtotal</b>	<b>Adjustments/ eliminations</b>	<b>Total</b>
96,093	5,557	273,677	(238,889)	34,788
—	—	11,531	—	11,531
—	—	65,597	—	65,597
32,876	—	195,626	—	195,626
—	—	7,334	—	7,334
3,587	—	21,378	—	21,378
8,538	15	79,003	(27,501)	51,502
<u>141,094</u>	<u>5,572</u>	<u>654,146</u>	<u>(266,390)</u>	<u>387,756</u>
—	—	493,802	7,442	501,244
99,063	121,785	1,024,135	—	1,024,135
330	—	6,306	11,681	17,987
—	—	2,579	—	2,579
—	—	53,356	—	53,356
—	—	434,412	(430,221)	4,191
144	—	19,483	(4,120)	15,363
<u>474</u>	<u>—</u>	<u>516,136</u>	<u>(422,660)</u>	<u>93,476</u>
<u>240,631</u>	<u>127,357</u>	<u>2,688,219</u>	<u>(681,608)</u>	<u>2,006,611</u>
—	—	20,685	—	20,685
—	—	39,764	—	39,764
23,018	32,167	506,270	(266,390)	239,880
—	—	7,334	—	7,334
3,780	—	17,812	—	17,812
<u>26,798</u>	<u>32,167</u>	<u>591,865</u>	<u>(266,390)</u>	<u>325,475</u>
—	—	666,738	—	666,738
—	—	430,221	(430,221)	—
—	—	68,598	—	68,598
2,561	—	85,646	(4,120)	81,526
<u>29,359</u>	<u>32,167</u>	<u>1,843,068</u>	<u>(700,731)</u>	<u>1,142,337</u>
210,942	95,190	838,845	7,442	846,287
330	—	5,350	10,638	15,988
—	—	956	1,043	1,999
<u>211,272</u>	<u>95,190</u>	<u>845,151</u>	<u>19,123</u>	<u>864,274</u>
<u>240,631</u>	<u>127,357</u>	<u>2,688,219</u>	<u>(681,608)</u>	<u>2,006,611</u>

**WHEATON FRANCISCAN SERVICES, INC**

Consolidating Statement of Operations and Changes in Unrealized Net Assets Information – The Obligated Group  
Year ended June 30, 2014  
(In thousands)

	<b>Wheaton Franciscan Services, Inc</b>	<b>Southeast Wisconsin Region</b>	<b>Marianjoy Rehabilitation Hospital &amp; Clinics, Inc</b>
Net patient service revenue before bad debt	\$ —	1,198,495	64,313
Provision for bad debts	—	62,509	288
Net patient service revenue	—	1,135,986	64,025
Other revenue			
Other	298,443	83,930	9,357
Net assets released from restrictions	—	651	412
Total revenue	298,443	1,220,567	73,794
Expenses			
Salaries and fringe benefits	187,895	653,223	47,015
Purchased services, supplies, and other	69,488	482,612	18,843
Interest	28,966	19,150	1,644
Depreciation and amortization	19,366	59,861	3,276
Total expenses	305,715	1,214,846	70,778
Income from operations	(7,272)	5,721	3,016
Nonoperating gains (losses)			
Investment return	32,611	6,288	662
Loss on early extinguishment of debt	(622)	—	—
Swap valuation adjustments	780	—	—
Other, net	(365)	(2,584)	(36)
Nonoperating gains, net	32,404	3,704	626
Revenue and gains in excess of expenses and losses	25,132	9,425	3,642
Other changes in unrestricted net assets			
Net assets released from restrictions used for purchase of property, plant, and equipment	—	408	1,268
Change in unrecognized net defined-benefit plan costs	47,263	—	—
Equity transactions with unconsolidated entities and other, net	—	(2,671)	(723)
Change in unrestricted net assets	\$ 72,395	7,162	4,187

See accompanying independent auditors' report

<b>Iowa Region</b>	<b>St Catherine's Hospital, Inc</b>	<b>Subtotal</b>	<b>Adjustments/ eliminations</b>	<b>Total</b>
251,645	—	1,514,453	—	1,514,453
9,247	—	72,044	—	72,044
242,398	—	1,442,409	—	1,442,409
36,545	17,883	446,158	(289,665)	156,493
335	—	1,398	—	1,398
279,278	17,883	1,889,965	(289,665)	1,600,300
149,599	—	1,037,732	(117,064)	920,668
104,071	358	675,372	(151,852)	523,520
458	—	50,218	(21,794)	28,424
9,791	7,877	100,171	—	100,171
263,919	8,235	1,863,493	(290,710)	1,572,783
15,359	9,648	26,472	1,045	27,517
4,041	—	43,602	—	43,602
—	—	(622)	—	(622)
—	—	780	—	780
(738)	6	(3,717)	—	(3,717)
3,303	6	40,043	—	40,043
18,662	9,654	66,515	1,045	67,560
1,210	—	2,886	—	2,886
—	—	47,263	—	47,263
7,057	—	3,663	—	3,663
26,929	9,654	120,327	1,045	121,372