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Form **990**

Department of the Treasury
Internal Revenue Service

# Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

**2013**

**Open to Public Inspection**

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

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

**C** Name of organization
Columbia St Mary's Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) Room/suite
4425 North Port Washington Road
Suite 301

City or town, state or province, country, and ZIP or foreign postal code
Glendale, WI 53212

**D Employer identification number**
39-1834639

**E** Telephone number
(414) 326-2230

**G** Gross receipts $ 151,208,194

**F** Name and address of principal officer
Travis Andersen
4425 North Port Washington Road
Suite 301
Glendale, WI 53212

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

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

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

**J Website:** ▶ columbia-stmarys org

**H(c)** Group exemption number ▶ 0928

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

**L** Year of formation 2001

**M** State of legal domicile WI

## Part I Summary

**Activities & Governance**

1 Briefly describe the organization's mission or most significant activities
Health care system dedicated to making a positive difference in individuals and our community

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

| | | | |
|---|---|---|---|
| 3 | Number of voting members of the governing body (Part VI, line 1a) | 3 | 14 |
| 4 | Number of independent voting members of the governing body (Part VI, line 1b) | 4 | 12 |
| 5 | Total number of individuals employed in calendar year 2013 (Part V, line 2a) | 5 | 540 |
| 6 | Total number of volunteers (estimate if necessary) | 6 | 12 |
| 7a | Total unrelated business revenue from Part VIII, column (C), line 12 | 7a | 49,417 |
| b | Net unrelated business taxable income from Form 990-T, line 34 | 7b | 3,118 |

| | | | Prior Year | Current Year |
|---|---|---|---|---|
| Revenue | 8 | Contributions and grants (Part VIII, line 1h) | 376,402 | 364,187 |
| | 9 | Program service revenue (Part VIII, line 2g) | 116,024,234 | 141,309,835 |
| | 10 | Investment income (Part VIII, column (A), lines 3, 4, and 7d ) | 4,455,324 | 4,596,687 |
| | 11 | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 5,398,028 | 4,937,485 |
| | 12 | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 126,253,988 | 151,208,194 |
| Expenses | 13 | Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) | 429,175 | 428,000 |
| | 14 | Benefits paid to or for members (Part IX, column (A), line 4) | 0 | 0 |
| | 15 | Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10) | 38,555,157 | 18,951,026 |
| | 16a | Professional fundraising fees (Part IX, column (A), line 11e) | 0 | 0 |
| | b | Total fundraising expenses (Part IX, column (D), line 25) ▶0 | | |
| | 17 | Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) | 97,433,085 | 87,298,238 |
| | 18 | Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 136,417,417 | 106,677,264 |
| | 19 | Revenue less expenses Subtract line 18 from line 12 | -10,163,429 | 44,530,930 |

| | | | Beginning of Current Year | End of Year |
|---|---|---|---|---|
| Net Assets or Fund Balances | 20 | Total assets (Part X, line 16) | 493,691,681 | 235,812,966 |
| | 21 | Total liabilities (Part X, line 26) | 482,096,928 | 186,671,608 |
| | 22 | Net assets or fund balances Subtract line 21 from line 20 | 11,594,753 | 49,141,358 |

## Part II Signature Block

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

**Sign Here**

Signature of officer — Date 2015-05-15

Rhonda Andersn Interim CFO
Type or print name and title

**Paid Preparer Use Only**

| Print/Type preparer's name | Preparer's signature | Date | Check ☐ if self-employed | PTIN |
|---|---|---|---|---|
| Rachel J Becker | | | | P00966076 |

Firm's name ▶ Deloitte Tax LLP — Firm's EIN ▶

Firm's address ▶ 555 E Wells St Suite 1400, Milwaukee, WI 53202 — Phone no (414) 271-3000

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

**Part III** **Statement of Program Service Accomplishments**

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

1 Briefly describe the organization's mission

Columbia St Mary's, Inc ("CSM") is a health care provider founded in response to identified community needs, which is sponsored by Ascension Health, a Catholic national health system, and Columbia Health System, a non-sectarian community health system CSM exists to make a positive difference in the health status and lives of individuals and our community, with special concern for those who are vulnerable CSM and its affiliates are committed to providing high-quality, accessible, values-driven programs and services with equal attention to the physical, spiritual, and emotional dimensions of health

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

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

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

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

**4a** (Code ) (Expenses $ 64,503,520 including grants of $ 428,000 ) (Revenue $ 146,199,053 )

CSM, Inc exists as the parent corporation in the CSM system, which is comprised of three hospitals, (Columbia St Mary's Hospital Milwaukee Inc, Columbia St Mary's Hospital Ozaukee Inc, and Sacred Heart Rehabilitation Institute Inc ), 61 community clinics, the Columbia College of Nursing, a partnership with the Orthopedic Hospital of Wisconsin, a partnership with the Sleep Wellness Institute, and five urgent care centers During fiscal 2014, CSM'S health system (Sacred Heart Rehabilitation, Columbia St Mary's Milwaukee, Columbia St Mary's Ozaukee) provided care to 332,115 patients The estimated unreimbursed cost of services provided to the elderly, uninsured and underinsured totaled $164,585,590 Refer to the community benefit information in Schedule H for discussion of how CSM makes a positive difference in the health status of its community, focusing on those who are vulnerable

**4b** (Code ) (Expenses $ including grants of $ ) (Revenue $ )

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

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

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

**4e** **Total program service expenses** ▶ 64,503,520

**Part IV** **Checklist of Required Schedules**

| | | | Yes | No |
|---|---|---|---|---|
| 1 | Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A* | 1 | Yes | |
| 2 | Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)? | 2 | Yes | |
| 3 | Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I* | 3 | | No |
| 4 | **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II* | 4 | | No |
| 5 | Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III* | 5 | | No |
| 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 | Yes | |
| 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 | Yes | |
| 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 | Yes | |
| 12a | Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII* | 12a | | No |
| b | Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional* | 12b | Yes | |
| 13 | Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E* | 13 | | No |
| 14a | Did the organization maintain an office, employees, or agents outside of the United States? | 14a | | No |
| b | Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV* | 14b | | No |
| 15 | Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV* | 15 | | No |
| 16 | Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV* | 16 | | No |
| 17 | Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)* | 17 | | No |
| 18 | Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II* | 18 | | No |
| 19 | Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III* | 19 | | No |
| 20a | Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H* | 20a | Yes | |
| b | If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? | 20b | Yes | |

**Part IV Checklist of Required Schedules** *(continued)*

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

**Part V Statements Regarding Other IRS Filings and Tax Compliance**

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

| | | | | | Yes | No |
|---|---|---|---|---|---|---|
| 1a | Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . . | 1a | 0 | | | |
| b | Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable | 1b | 0 | | | |
| c | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . . | | | 1c | | |
| 2a | Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return . . . . . | 2a | 540 | | | |
| b | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions) | | | 2b | | No |
| 3a | Did the organization have unrelated business gross income of $1,000 or more during the year? . . . | | | 3a | Yes | |
| b | If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . . | | | 3b | Yes | |
| 4a | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? . . . . . | | | 4a | | No |
| b | If "Yes," enter the name of the foreign country ▶ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts | | | | | |
| 5a | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . | | | 5a | | No |
| b | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | | | 5b | | No |
| c | If "Yes," to line 5a or 5b, did the organization file Form 8886-T? . . . . . | | | 5c | | |
| 6a | Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . . | | | 6a | | No |
| b | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . . | | | 6b | | |
| 7 | **Organizations that may receive deductible contributions under section 170(c).** | | | | | |
| a | Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor? . . . . . | | | 7a | | No |
| b | If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . . | | | 7b | | |
| c | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . . | | | 7c | | No |
| d | If "Yes," indicate the number of Forms 8282 filed during the year . . . . | 7d | | | | |
| e | Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . . | | | 7e | | |
| f | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . | | | 7f | | |
| g | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . . . . | | | 7g | | |
| h | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . . . | | | 7h | | |
| 8 | **Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . . | | | 8 | | No |
| 9 | **Sponsoring organizations maintaining donor advised funds.** | | | | | |
| a | Did the organization make any taxable distributions under section 4966? . . . . . | | | 9a | | |
| b | Did the organization make a distribution to a donor, donor advisor, or related person? . . . . . | | | 9b | | |
| 10 | **Section 501(c)(7) organizations.** Enter | | | | | |
| a | Initiation fees and capital contributions included on Part VIII, line 12 . . . | 10a | | | | |
| b | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities | 10b | | | | |
| 11 | **Section 501(c)(12) organizations.** Enter | | | | | |
| a | Gross income from members or shareholders . . . . . | 11a | | | | |
| b | Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them ) . . . . . | 11b | | | | |
| 12a | **Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041? | | | 12a | | |
| b | If "Yes," enter the amount of tax-exempt interest received or accrued during the year . . . . . | 12b | | | | |
| 13 | **Section 501(c)(29) qualified nonprofit health insurance issuers.** | | | | | |
| a | Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O | | | 13a | | |
| b | Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans . . . . | 13b | | | | |
| c | Enter the amount of reserves on hand . . . . . | 13c | | | | |
| 14a | Did the organization receive any payments for indoor tanning services during the tax year? . . . . . | | | 14a | | No |
| b | If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . . | | | 14b | | |

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

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

### Section A. Governing Body and Management

| | | | | | Yes | No |
|---|---|---|---|---|---|---|
| **1a** | Enter the number of voting members of the governing body at the end of the tax year . . . . . . . . . . . . . . . . . . . . | **1a** | 14 | | | |
| | If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O | | | | | |
| **b** | Enter the number of voting members included in line 1a, above, who are independent . . . . . . . . . . . . . . . . . . . . | **1b** | 12 | | | |
| **2** | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . . . . . . . . . . . . . . . . . | | | **2** | Yes | |
| **3** | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . | | | **3** | | No |
| **4** | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . . . . . . . . . . . . . . . . . . . . . . . . . | | | **4** | | No |
| **5** | Did the organization become aware during the year of a significant diversion of the organization's assets? . | | | **5** | | No |
| **6** | Did the organization have members or stockholders? . . . . . . . . . . . . . . . . . . | | | **6** | Yes | |
| **7a** | Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . . . . . . . . . . . . . . . . . . . | | | **7a** | Yes | |
| **b** | Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . . . . . . . . . . . . . . . . | | | **7b** | Yes | |
| **8** | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following | | | | | |
| **a** | The governing body? . . . . . . . . . . . . . . . . . . . . . . . . . . | | | **8a** | Yes | |
| **b** | Each committee with authority to act on behalf of the governing body? . . . . . . . . . . . . . | | | **8b** | Yes | |
| **9** | Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O* . . . . . . . . | | | **9** | | No |

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

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

### Section C. Disclosure

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

**18** Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

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

**20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization
▶Timothy Waldoch 4425 N Port Washington Road STE 301
Glendale, WI 53212 (414) 326-2230

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

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

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

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

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

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

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

| (A) Name and Title | (B) Average hours per week (list any hours for related organizations below dotted line) | (C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | (D) Reportable compensation from the organization (W- 2/1099-MISC) | (E) Reportable compensation from related organizations (W- 2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| (1) R Bruce McDonald<br>Chair | 20<br>80 | X | | | | | | 0 | 0 | 0 |
| (2) George H Hoff<br>Vice Chair | 20<br>80 | X | | | | | | 0 | 0 | 0 |
| (3) Robert J Venable<br>Vice Chair | 20<br>80 | X | | | | | | 0 | 0 | 0 |
| (4) Randall Perry<br>Secretary/Treasurer | 20<br>80 | X | | | | | | 0 | 0 | 0 |
| (5) Tina Chang<br>Board Member | 20<br>80 | X | | | | | | 0 | 0 | 0 |
| (6) Patricia J Dolhun MD<br>Board Member | 20<br>80 | X | | | | | | 0 | 0 | 0 |
| (7) Kevin Goniu MD<br>Board Member/CSM Physician | 20<br>40 80 | X | | | | | | 0 | 459,309 | 140,438 |
| (8) Michael Grebe<br>Board Member | 20<br>80 | X | | | | | | 0 | 0 | 0 |
| (9) Robert Lyon MD<br>Board Member | 20<br>80 | X | | | | | | 0 | 0 | 0 |
| (10) Christine Nuernberg<br>Board Member | 20<br>80 | X | | | | | | 0 | 0 | 0 |
| (11) Stephen Robbins MD<br>Board Member (Start 7/1/13) | 20<br>80 | X | | | | | | 0 | 0 | 0 |
| (12) Mason G Ross<br>Board Member | 20<br>80 | X | | | | | | 0 | 0 | 0 |
| (13) Sister Theresa Sullivan DC<br>Board Member | 20<br>80 | X | | | | | | 0 | 0 | 0 |
| (14) Mark R Taylor End 63014<br>President/CEO | 1 00<br>49 00 | X | | X | | | | 1,384,590 | 0 | 113,707 |
| (15) Rhonda Anderson<br>CSM President/CFO | 5 00<br>45 00 | | | X | | | | 442,055 | 0 | 15,038 |
| (16) Cheryl Hill<br>VP/CHRO | 5 00<br>45 00 | | | | X | | | 320,704 | 0 | 28,397 |
| (17) Gerri Lietz-Staffileno<br>VP Hosp Operations | 5 00<br>45 00 | | | | X | | | 0 | 320,213 | 30,058 |

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

| (A) Name and Title | (B) Average hours per week (list any hours for related organizations below dotted line) | (C) Position: Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | (D) Reportable compensation from the organization (W- 2/1099-MISC) | (E) Reportable compensation from related organizations (W- 2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| (18) David H Shapiro MD End 413<br>Chief Medical Officer | 5 00<br>45 00 | | | | X | | | 294,585 | 0 | 356,173 |
| (19) Suzanne Sanicola<br>VP Physician Services | 5 00<br>45 00 | | | | X | | | 221,994 | 0 | 32,430 |
| (20) William Hart<br>VP / COO | 6 00<br>44 00 | | | | X | | | 338,325 | 0 | 13,276 |
| (21) Bruce McCarthy MD<br>President Hosp Div | 5 00<br>45 00 | | | | X | | | 598,035 | 0 | 39,781 |
| (22) Constance Bradley End 413<br>VP Hosp Operations | 7 00<br>43 00 | | | | X | | | 0 | 187,443 | 9,777 |
| (23) Allan Spooner<br>President Hospital Division | 5 00<br>45 00 | | | | X | | | 605,560 | 0 | 39,781 |
| (24) Jeffrey C Squier<br>Payor Relations & Strategy Officer | 40 00<br>0 00 | | | | | X | | 216,979 | 0 | 36,249 |
| (25) Michael E Sanderl<br>VP Mission Integration and Advocacy | 40 00<br>0 00 | | | | | X | | 301,366 | 0 | 29,145 |
| (26) Clarissa L Cox<br>VP Quality & Clinical | 40 00<br>0 00 | | | | | X | | 202,175 | 0 | 9,129 |
| (27) David Mannes<br>Controller | 5 00<br>45 00 | | | | | X | | 176,981 | 0 | 29,139 |
| (28) Patricia L Allen<br>Chief Financial Advsr-Hosp Dev | 40 00<br>0 00 | | | | X | | | 169,568 | 0 | 16,490 |
| (29) Marian Purdue End 1012<br>Former Interim Pres Hosp Div | 0 00<br>0 00 | | | | | | X | 153,750 | 0 | 0 |
| (30) Deborah Friberg End 612<br>Former President Hosp Div | 0 00<br>0 00 | | | | | | X | 232,993 | 0 | 5,671 |

| | | (D) | (E) | (F) |
|---|---|---|---|---|
| **1b** | **Sub-Total** . . . . . . . . . . . . . . . . . ▶ | | | |
| **c** | **Total from continuation sheets to Part VII, Section A** . . . . ▶ | | | |
| **d** | **Total (add lines 1b and 1c)** . . . . . . . . . . . . . ▶ | 5,659,660 | 966,965 | 944,679 |

**2** Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶34

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

## Section B. Independent Contractors

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

| (A) Name and business address | (B) Description of services | (C) Compensation |
|---|---|---|
| | | |
| | | |
| | | |
| | | |
| | | |

**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 ▶0

**Part VIII** **Statement of Revenue**

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

| Section | Line | Description | Ref | Amount / Business Code | (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 | 114,241 | | | | |
| | e | Government grants (contributions) | 1e | 249,946 | | | | |
| | 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 | ▶ | | 364,187 | | | |
| Program Service Revenue | | | | Business Code | | | | |
| | 2a | Service Fees | | 541610 | 127,287,440 | 127,287,440 | | |
| | b | Joint Venture Income | | 622110 | 13,628,000 | 13,628,000 | | |
| | c | Medical Staff Dues | | 561499 | 194,075 | 194,075 | | |
| | d | Health & Med Ins Rev | | 611710 | 119,663 | 119,663 | | |
| | e | Management Fee Income | | 541610 | 49,417 | | 49,417 | |
| | f | All other program service revenue | | | 31,240 | 31,240 | | |
| | g | **Total.** Add lines 2a–2f | ▶ | | 141,309,835 | | | |
| Other Revenue | 3 | Investment income (including dividends, interest, and other similar amounts) | ▶ | | 4,595,537 | | | 4,595,537 |
| | 4 | Income from investment of tax-exempt bond proceeds | ▶ | | | | | |
| | 5 | Royalties | ▶ | | | | | |
| | | | (i) Real | (ii) Personal | | | | |
| | 6a | Gross rents | 67,671 | | | | | |
| | b | Less rental expenses | 0 | | | | | |
| | c | Rental income or (loss) | 67,671 | | | | | |
| | d | Net rental income or (loss) | ▶ | | 67,671 | 67,671 | | |
| | | | (i) Securities | (ii) Other | | | | |
| | 7a | Gross amount from sales of assets other than inventory | | 1,150 | | | | |
| | b | Less cost or other basis and sales expenses | | 0 | | | | |
| | c | Gain or (loss) | | 1,150 | | | | |
| | d | Net gain or (loss) | ▶ | | 1,150 | 1,150 | | |
| | 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 | ▶ | | | | | |
| | 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 | ▶ | | | | | |
| | 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 | ▶ | | | | | |
| | | Miscellaneous Revenue | | Business Code | | | | |
| | 11a | OTHER OPERATING REVENU | | 561499 | 4,869,814 | 4,869,814 | | |
| | b | | | | | | | |
| | c | | | | | | | |
| | d | All other revenue | | | | | | |
| | e | **Total.** Add lines 11a–11d | ▶ | | 4,869,814 | | | |
| | 12 | **Total revenue.** See Instructions | ▶ | | 151,208,194 | 146,199,053 | 49,417 | 4,595,537 |

**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 | 428,000 | 428,000 | | |
| **2** Grants and other assistance to individuals in the United States See Part IV, line 22 | | | | |
| **3** Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 | | | | |
| **4** Benefits paid to or for members | | | | |
| **5** Compensation of current officers, directors, trustees, and key employees . . . . | 3,790,370 | 1,913,557 | 1,876,813 | |
| **6** Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . | 2,493,605 | 954,041 | 1,539,564 | |
| **7** Other salaries and wages | | | | |
| **8** Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) . . . . | | | | |
| **9** Other employee benefits . . . . . . . . | 10,632,899 | 4,282,812 | 6,350,087 | |
| **10** Payroll taxes . . . . . . . . . . . . . | 2,034,152 | 733,194 | 1,300,958 | |
| **11** Fees for services (non-employees) | | | | |
| **a** Management . . . . . . . | 69,629 | 69,629 | | |
| **b** Legal . . . . . . . . . . | 893,799 | 106 | 893,693 | |
| **c** Accounting . . . . . . . . . . . . . | 454,945 | 298,053 | 156,892 | |
| **d** Lobbying . . . . . . . . . . . . . | | | | |
| **e** Professional fundraising services See Part IV, line 17 | | | | |
| **f** Investment management fees . . . . . . | | | | |
| **g** Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O) . . . . . . . . | 4,088,613 | 408,392 | 3,680,221 | |
| **12** Advertising and promotion . . . . | 4,090,563 | 117,027 | 3,973,536 | |
| **13** Office expenses . . . . . . . | 188,460 | 30,160 | 158,300 | |
| **14** Information technology . . . . . . | 2,673,170 | 2,495,739 | 177,431 | |
| **15** Royalties . . | | | | |
| **16** Occupancy . . . . . . . . . . . . . | 5,167,081 | 4,502,240 | 664,841 | |
| **17** Travel . . . . . . . . . . . . . . | 198,224 | 40,697 | 157,527 | |
| **18** Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . . . | | | | |
| **19** Conferences, conventions, and meetings . . . . | 133,133 | 87,762 | 45,371 | |
| **20** Interest . . . . . . . . . . . . . | 10,188,837 | | 10,188,837 | |
| **21** Payments to affiliates . . . . . . . | | | | |
| **22** Depreciation, depletion, and amortization . . . . . | 8,145,578 | 7,686,569 | 459,009 | |
| **23** Insurance . . . . . . . . . . . . . . . . . | 289,833 | 3,647 | 286,186 | |
| **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** Service Fees | 32,652,183 | 28,679,959 | 3,972,224 | |
| **b** purchased services | 11,016,119 | 9,845,785 | 1,170,334 | |
| **c** PATIENT CARE SUPPLIES | 701,805 | 136,061 | 565,744 | |
| **d** Minor Equipment | 680,911 | 250,902 | 430,009 | |
| **e** All other expenses | 5,665,355 | 1,539,188 | 4,126,167 | |
| **25** **Total functional expenses.** Add lines 1 through 24e | 106,677,264 | 64,503,520 | 42,173,744 | 0 |
| **26** **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) | | | | |

**Part X** **Balance Sheet**

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

| | | | | (A) Beginning of year | | (B) End of year |
|---|---|---|---|---|---|---|
| Assets | 1 | Cash–non-interest-bearing | | 2,092,514 | 1 | 2,097,433 |
| | 2 | Savings and temporary cash investments | | 60,700,134 | 2 | 17,388,157 |
| | 3 | Pledges and grants receivable, net | | | 3 | |
| | 4 | Accounts receivable, net | | 18,608,148 | 4 | 10,008,698 |
| | 5 | Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L | | | 5 | |
| | 6 | Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L | | | 6 | |
| | 7 | Notes and loans receivable, net | | 35,603,002 | 7 | |
| | 8 | Inventories for sale or use | | 81,822 | 8 | 52,151 |
| | 9 | Prepaid expenses and deferred charges | | 3,246,515 | 9 | 2,793,220 |
| | 10a | Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D | 10a 38,930,626 | | | |
| | b | Less accumulated depreciation | 10b 33,894,830 | 5,841,272 | 10c | 5,035,796 |
| | 11 | Investments—publicly traded securities | | | 11 | |
| | 12 | Investments—other securities See Part IV, line 11 | | | 12 | |
| | 13 | Investments—program-related See Part IV, line 11 | | 24,690,729 | 13 | 42,873,188 |
| | 14 | Intangible assets | | 32,490,405 | 14 | 31,296,567 |
| | 15 | Other assets See Part IV, line 11 | | 310,337,140 | 15 | 124,267,756 |
| | 16 | **Total assets.** Add lines 1 through 15 (must equal line 34) | | 493,691,681 | 16 | 235,812,966 |
| Liabilities | 17 | Accounts payable and accrued expenses | | 19,764,210 | 17 | 11,789,287 |
| | 18 | Grants payable | | | 18 | |
| | 19 | Deferred revenue | | | 19 | |
| | 20 | Tax-exempt bond liabilities | | | 20 | |
| | 21 | Escrow or custodial account liability Complete Part IV of Schedule D | | | 21 | |
| | 22 | Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L | | | 22 | |
| | 23 | Secured mortgages and notes payable to unrelated third parties | | | 23 | |
| | 24 | Unsecured notes and loans payable to unrelated third parties | | | 24 | |
| | 25 | Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D | | 462,332,718 | 25 | 174,882,321 |
| | 26 | **Total liabilities.** Add lines 17 through 25 | | 482,096,928 | 26 | 186,671,608 |
| Net Assets or Fund Balances | | **Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.** | | | | |
| | 27 | Unrestricted net assets | | -5,081,670 | 27 | 32,044,715 |
| | 28 | Temporarily restricted net assets | | 11,548,826 | 28 | 11,969,046 |
| | 29 | Permanently restricted net assets | | 5,127,597 | 29 | 5,127,597 |
| | | **Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.** | | | | |
| | 30 | Capital stock or trust principal, or current funds | | | 30 | |
| | 31 | Paid-in or capital surplus, or land, building or equipment fund | | | 31 | |
| | 32 | Retained earnings, endowment, accumulated income, or other funds | | | 32 | |
| | 33 | Total net assets or fund balances | | 11,594,753 | 33 | 49,141,358 |
| | 34 | Total liabilities and net assets/fund balances | | 493,691,681 | 34 | 235,812,966 |

**Part XI** **Reconcilliation of Net Assets**

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

| | | | |
|---|---|---|---|
| 1 | Total revenue (must equal Part VIII, column (A), line 12) | 1 | 151,208,194 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 106,677,264 |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | 44,530,930 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 11,594,753 |
| 5 | Net unrealized gains (losses) on investments | 5 | 7,591,288 |
| 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 | -14,575,613 |
| 10 | Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B)) | 10 | 49,141,358 |

**Part XII** **Financial Statements and Reporting**

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

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

**SCHEDULE A**
**(Form 990 or 990EZ)**

Department of the Treasury
Internal Revenue Service

# Public Charity Status and Public Support

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

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

OMB No 1545-0047

**2013**

**Open to Public Inspection**

**Name of the organization**
Columbia St Mary's Inc

**Employer identification number**
39-1834639

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

| **(i) Name of supported organization** | **(ii)** EIN | **(iii)** Type of organization (described on lines 1- 9 above or IRC section **(see instructions)**) | **(iv)** Is the organization in col **(i)** listed in your governing document? | | **(v)** Did you notify the organization in col **(i)** of your support? | | **(vi)** Is the organization in col **(i)** organized in the U S ? | | **(vii)** Amount of monetary support |
|---|---|---|---|---|---|---|---|---|---|
| | | | **Yes** | **No** | **Yes** | **No** | **Yes** | **No** | |
| See Additional Data Table | | | | | | | | | |
| | | | | | | | | | |
| **Total** | | | | | | | | | 0 |

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

## Section A. Public Support

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

## Section B. Total Support

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

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

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

## Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

## Section A. Public Support

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

## Section B. Total Support

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

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

## Section C. Computation of Public Support Percentage

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

## Section D. Computation of Investment Income Percentage

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

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

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

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

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

**Facts And Circumstances Test**

| Return Reference | Explanation |
|---|---|
| Schedule A, Line 11 | Columbia St Mary's Inc supports the provision of healthcare services at the corporations to which it is a member by the provision of centralized administrative support, including billing and collections, IT, managed care contracting, financial services, business development, medical library, CME, property management, administrative costs for clinical institutes (including oncology, cardiology, bariatrics, pediatrics, stroke and neurosciences), research (including oncology, neurosciences and general research), marketing, logistics, external affairs, public relations, and construction Costs of certain of these departments are charged to the members through a management fee Transactions with each member are delineated on Schedule R |

| efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493135088655 |
|---|---|---|

**SCHEDULE D** (Form 990)

Department of the Treasury
Internal Revenue Service

# Supplemental Financial Statements

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

OMB No 1545-0047

**2013**

**Open to Public Inspection**

**Name of the organization**
Columbia St Mary's Inc

**Employer identification number**
39-1834639

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a Board designated or quasi-endowment ▶

b Permanent endowment ▶

c Temporarily restricted endowment ▶

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

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

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

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

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

| Description of property | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|---|---|---|---|---|
| 1a Land | | 764,011 | | 764,011 |
| b Buildings | | 14,241,740 | 12,891,460 | 1,350,280 |
| c Leasehold improvements | | 1,836,550 | 1,812,020 | 24,530 |
| d Equipment | | 21,596,388 | 18,975,531 | 2,620,857 |
| e Other | | 491,937 | 215,819 | 276,118 |
| **Total.** Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶ | | | | 5,035,796 |

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

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

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

| (a) Description of investment | (b) Book value | (c) Method of valuation Cost or end-of-year market value |
|---|---|---|
| (1) Investments in Unconsolidated Entities | 25,776,545 | C |
| (2) Investments in CSM Foundation - Perm Rest | 5,127,597 | C |
| (3) INvestments in CSM Foundation - Temp Rest | 11,969,046 | C |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| **Total.** *(Column (b) must equal Form 990, Part X, col (B) line 13 )* ▶ | 42,873,188 | |

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

| (a) Description | (b) Book value |
|---|---|
| (1) Deferred Compensation | 220,254 |
| (2) Pension Prefunding | 53,458,089 |
| (3) Interest in Investments held by Ascension Health Alliance | 70,589,413 |
| | |
| | |
| | |
| | |
| | |
| | |
| **Total.** *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . . . . . . . . ▶ | 124,267,756 |

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

| 1 (a) Description of liability | (b) Book value |
|---|---|
| Federal income taxes | |
| Intercompany Debt to Ascension Health Alliance | 159,774,672 |
| Accrued Pension | 3,102,722 |
| Deferred Compensation | 1,297,983 |
| Misc Noncurrent Liabilities | 2,200,963 |
| Misc Current Liabilities | 2,321,151 |
| Due to Affiliates | 6,184,830 |
| | |
| | |
| | |
| **Total.** *(Column (b) must equal Form 990, Part X, col (B) line 25 )* ▶ | 174,882,321 |

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

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

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

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

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

**Part XIII** **Supplemental Information**

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

| Return Reference | Explanation |
|---|---|
| Part X, Line 2 | From the consolidated audited financial statements of Ascension Health Alliance and its member organizations ("The System") which include the activity of Columbia St Mary's Inc The System accounts for uncertainty in income tax provisions by applying a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return The System has determined that no material unrecognized tax benefits or liabilities exist as of June 30, 2014 |

**Part XIII Supplemental Information *(continued)***

| Return Reference | Explanation |
| --- | --- |
| | |

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**
Columbia St Mary's Inc

**Employer identification number**
39-1834639

## 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<br>☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities<br>☐ Generally tailored to individual hospital facilities | | | |
| 3 | Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year | | | |
| a | Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care<br>☐ 100% ☐ 150% ☑ 200% ☐ Other ______ % | 3a | Yes | |
| b | Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care<br>☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other ______ % | 3b | Yes | |
| c | If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care | | | |
| 4 | Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? | 4 | Yes | |
| 5a | Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? | 5a | Yes | |
| b | If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? | 5b | | No |
| c | If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care? | 5c | | |
| 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) | | | 312,925 | | 312,925 | 1 820 % |
| b Medicaid (from Worksheet 3, column a) | | | 952,850 | 729,229 | 223,621 | 1 310 % |
| c Costs of other means-tested government programs (from Worksheet 3, column b) | | | | | | |
| d **Total** Financial Assistance and Means-Tested Government Programs | | | 1,265,775 | 729,229 | 536,546 | 3 130 % |
| **Other Benefits** | | | | | | |
| e Community health improvement services and community benefit operations (from Worksheet 4) | | | | | | |
| f Health professions education (from Worksheet 5) | | | | | | |
| g Subsidized health services (from Worksheet 6) | | | | | | |
| h Research (from Worksheet 7) | | | | | | |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) | | | 6,702 | | 6,702 | 0 040 % |
| j **Total.** Other Benefits | | | 6,702 | | 6,702 | 0 040 % |
| k **Total.** Add lines 7d and 7j | | | 1,272,477 | 729,229 | 543,248 | 3 170 % |

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

| | | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community building expense | (d) Direct offsetting revenue | (e) Net community building expense | (f) Percent of total expense |
|---|---|---|---|---|---|---|---|
| 1 | Physical improvements and housing | | | | | | |
| 2 | Economic development | | | | | | |
| 3 | Community support | | | 10,792 | | 10,792 | 0 060 % |
| 4 | Environmental improvements | | | 500 | | 500 | 0 % |
| 5 | Leadership development and training for community members | | | 1,100 | | 1,100 | 0 010 % |
| 6 | Coalition building | | | | | | |
| 7 | Community health improvement advocacy | | | | | | |
| 8 | Workforce development | | | | | | |
| 9 | Other | | | | | | |
| 10 | **Total** | | | 12,392 | | 12,392 | 0 070 % |

**Part III Bad Debt, Medicare, & Collection Practices**

**Section A. Bad Debt Expense**

| | | | | Yes | No |
|---|---|---|---|---|---|
| 1 | Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15? | | | 1 | | No |
| 2 | Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount | 2 | 633,555 | | |
| 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 | 12,671 | | |
| 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 | 5,222,751 |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 3,816,188 |
| 7 | Subtract line 6 from line 5 This is the surplus (or shortfall) | 7 | 1,406,563 |

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**

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

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

| | (a) Name of entity | (b) Description of primary activity of entity | (c) Organization's profit % or stock ownership % | (d) Officers, directors, trustees, or key employees' profit % or stock ownership % | (e) Physicians' profit % or stock ownership % |
|---|---|---|---|---|---|
| 1 | 1 Orthopaedic Hospital of Wisconsin LLC | Orthopedic Surgeries | 50 000 % | | 50 000 % |
| 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 | | | | | | | | | | |
| | | | | | | | | | | | |
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| | | | | | | | | | | | |

**Part V Facility Information** *(continued)*

## Section B. Facility Policies and Practices

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

**Name of hospital facility or facility reporting group** Orthopaedic Hospital of Wisconsin

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

**Part V Facility Information** *(continued)*

| Financial Assistance Policy | | Yes | No |
|---|---|---|---|
| **9** Did the hospital facility have in place during the tax year a written financial assistance policy that | | | |
| Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? | 9 | Yes | |
| **10** Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care? . . . . . . . . . . . | 10 | Yes | |
| If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000% | | | |
| If "No," explain in Part VI the criteria the hospital facility used | | | |
| **11** Used FPG to determine eligibility for providing *discounted* care? . . . . . . . . . . . . . . . . . | 11 | Yes | |
| If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 000000000000% | | | |
| If "No," explain in Part VI the criteria the hospital facility used | | | |
| **12** Explained the basis for calculating amounts charged to patients? . . . . . . . . . . . . . . . . . | 12 | Yes | |
| If "Yes," indicate the factors used in determining such amounts (check all that apply) | | | |
| **a** ☑ Income level | | | |
| **b** ☑ Asset level | | | |
| **c** ☑ Medical indigency | | | |
| **d** ☑ Insurance status | | | |
| **e** ☑ Uninsured discount | | | |
| **f** ☑ Medicaid/Medicare | | | |
| **g** ☑ State regulation | | | |
| **h** ☐ Residency | | | |
| **i** ☐ Other (describe in Part VI) | | | |
| **13** Explained the method for applying for financial assistance? . . . . . . . . . . . . . . . . . . . | 13 | Yes | |
| **14** Included measures to publicize the policy within the community served by the hospital facility? . . . . . . . . | 14 | Yes | |
| If "Yes," indicate how the hospital facility publicized the policy (check all that apply) | | | |
| **a** ☐ The policy was posted on the hospital facility's website | | | |
| **b** ☐ The policy was attached to billing invoices | | | |
| **c** ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms | | | |
| **d** ☑ The policy was posted in the hospital facility's admissions offices | | | |
| **e** ☐ The policy was provided, in writing, to patients on admission to the hospital facility | | | |
| **f** ☑ The policy was available upon request | | | |
| **g** ☐ Other (describe in Part VI) | | | |

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

**Part V Facility Information** *(continued)*

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

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

**Policy Relating to Emergency Medical Care**

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

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

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

**Part V** **Facility Information** *(continued)*

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

| Form and Line Reference | Explanation |
|---|---|
| See Additional Data Table | |

**Part V** **Facility Information** *(continued)*

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

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

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

## Part VI Supplemental Information

Provide the following information

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

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

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

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

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

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

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

| Form and Line Reference | Explanation |
|---|---|
| Part I, Line 3c | The hospitals of CSM provide medically necessary care to all patients, regardless of race, color, creed, ethnic origin, gender, disability or economic status OHOW's specific policy uses a percentage of Federal Poverty Level (FPL) to determine free and discounted care At a minimum, patients with income less than or equal to 200% of the FPL, which may be adjusted for cost of living utilizing the local wage index compared to national wage index, will be eligible for 100% charity care write off of charges for services that have been provided to them |

## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 39-1834639
**Name:** Columbia St Mary's Inc

**Form 990, Sch A, Part I, Line 11h - Provide the following information about the supported organization(s).**

| (i) Name of Supported Organization | (ii) EIN | (iii) Type of organization (described on lines 1- 9 above or IRC section ) | (iv) Is the organization in (i) listed in your governing document? | | (v) Did you notify the organization in (i) of your support? | | (vi) Is the organization in (i) organized in the U S ? | | (vii) Amount of support? |
|---|---|---|---|---|---|---|---|---|---|
| | | | Yes | No | Yes | No | Yes | No | |
| (A) CSM HOSPITAL MILWAUKEE | 390806315 | 3 | Yes | | Yes | | Yes | | 0 |
| (A) CSM HOSPITAL OZAUKEE | 390807063 | 3 | Yes | | Yes | | Yes | | 0 |
| (B) SACRED HEART REHABILITATION INSTITUTE | 390902199 | 3 | Yes | | Yes | | Yes | | 0 |
| (C) COLUMBIA COLLEGE OF NURSING INC | 391596986 | 2 | Yes | | Yes | | Yes | | 0 |

| Form and Line Reference | Explanation |
|---|---|
| Part I, Line 6a | OHOW files an annual community benefit report with the Wisconsin Hospital Association ("WHA") CSM does not file a community benefit report with the WHA since CSM does not have any patient care revenue However, CSM is the parent entity of 3 hospitals, Columbia St Mary's Hospital Milwaukee, Inc , Columbia St Mary's Hospital Ozaukee, Sacred Heart Rehabilitation, Inc , each of which file community benefit reports with WHA CSM does, however, describe the benefits that the CSM organization provides to the community on its website |

| Form and Line Reference | Explanation |
|---|---|
| Part I, Line 7 | The cost of providing charity care, means tested government programs, and community benefit programs is estimated using internal cost data, and is calculated in compliance with Catholic Health Association ("CHA") guidelines The organization uses a cost accounting system that addresses all patient segments (for example, inpatient, outpatient, emergency room, private insurance, Medicaid, Medicare, uninsured, or self pay) The best available data was used to calculate the amounts reported in the table For certain categories in the table, this was a cost accounting system, in other categories, a specific cost-to-charge ratio was applied Part I, Line 7g The organization has not included costs attributable to a physician clinic as part of subsidized health services |

| Form and Line Reference | Explanation |
|---|---|
| Part I, Ln 7 Col(f) | CSM's share of the amount of bad debt expense reported by OHOW in 2013 but subtracted for purposes of calculating the percentages in Part I, Line 7, column (f) is $633,555 |

| Form and Line Reference | Explanation |
|---|---|
| Part II, Community Building Activities | During 2013, OHOW made a number contributions to organizations that encourage youth fitness and overall health education Further, in order to accomplish the collaborative work in the community and to oversee access clinics and outreach programs, CSM has a Community Services Department which oversees the CSM Community Benefit Process CSM, Inc participates in Community Building activities through programs such as INROADS, which is an opportunity for culturally diverse college students to serve an internship over summer break to familiarize themselves with the challenges and opportunities in health care and gain real world experience INROADS is reflected in the Community Building section of the report CSM is a founding member of the Milwaukee Health Care Partnership (MHCP), which is a collaboration between the five Milwaukee health systems and Federally Qualified Health Centers to improve access to health care in the community The partnership has worked with County health officials to improve behavioral access and Partnership funding supports mental health respite beds in the community CSM's CEO and VP of Mission Services each spend significant time in MHCP collaborative work Access to health education and screening in many areas of the city is best accomplished through church collaboration CSM employs nurses to work in collaboration with churches and community organizations to offer health education, health screening, and care management support to parishioners and community members in a variety of outreach programs affiliated with churches CSM developed the beginning stages of a collaboration with 44 Church of God in Christ churches in Milwaukee to accomplish better health awareness and improve screening rates |

| Form and Line Reference | Explanation |
| --- | --- |
| Part III, Line 4 | OHOW, which files financial statements separate from CSM, includes the following footnote related to accounts receivables "The majority of the Hospital's accounts receivables are due from third-party payors under reimbursement agreements and from patients for services provided Accounts receivable are due upon receipt of invoice Receivables are stated net of any allowance for contractual discounts and uncollectible accounts by considering the number of days past due, collection history, and the general economy and industry as a whole Contractual adjustments are based on expected payment rates in accordance with third-party payor agreements The Hospital writes off accounts receivable when they are determined to be uncollectible Payments subsequently received are credited to the allowance for doubtful accounts " |

| Form and Line Reference | Explanation |
| --- | --- |
| Part III, Line 8 | OHOW follows the Catholic Health Association ("CHA") guidelines for determining community benefit  CHA community benefit reporting guidelines suggest that Medicare shortfall is not treated as community benefit |

| Form and Line Reference | Explanation |
|---|---|
| Part III, Line 9b | O HO W has a written debt collection policy that also includes a provision on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance If a patient qualifies for charity or financial assistance certain collection practices do not apply |

| Form and Line Reference | Explanation |
| --- | --- |
| Part VI, Line 2 | Columbia St Mary's, Inc serves the Milwaukee and Ozaukee communities through a Community Benefit Process overseen by the Milwaukee Community Benefit Committee and the Ozaukee Community Benefit Committee The process of understanding community needs through a Community Health Needs Assessment and interpreted through the work of Community Benefit Committees to lead to a Community Benefit Plan for Milwaukee and Ozaukee communities is consistent across the organization Although the Community Benefit Plan occurs primarily in the Milwaukee, Ozaukee and Sacred Heart Rehabilitation Institute settings, the work is also supported by departments behind the scenes across CSM, including accounting, human resources, purchasing, legal counsel and other administrative functions Programs such as the Orthopaedic Hospital of Wisconsin have also contributed to support of Community Benefit programming Community Benefit Committees at CSM have consistent roles to support the Community Benefit functions The roles include the following - Develop Community Health Needs Assessment (CHNA) to determine community needs- Review CHNA and create Community Benefit Plan to address needs- Incorporate Community Benefit Plan goals in the CSM Integrated Strategic, Operational and Financial Plan (ISOFP) for Board level approval and submission to Ascension Health System - Develop a strategy to measure and increase the impact of Community Benefit Plan elementsThe Community Health Needs Assessments are specific to the demographics and health issues to the community The Needs Assessments in FY13 involved the gathering of secondary information about the communities from varied public sources including state data, and county data The most remarkable needs for the service were addressed through Community Benefit Plans for each community |

| Form and Line Reference | Explanation |
|---|---|
| Part VI, Line 3 | CSM attempts to identify patients who may be eligible for charity or discounted care as outlined in the charity care policy during the pre-registration, registration, admissions and discharge processes A copy of the charity care policy is posted in the emergency room, and a summary of the policy is provided to patients with admission and discharge paperwork CSM has trained financial counselors available to discuss payment options to the patients Upon making an appointment, the financial counselors will meet with the patient to determine what other financial assistance programs the patient may qualify for |

| Form and Line Reference | Explanation |
| --- | --- |
| Part VI, Line 4 | CSM primarily serves the Milwaukee and Ozaukee counties in southeastern Wisconsin OHOW is located in an urban community within Milwaukee County The population of Milwaukee County is approximately 953,000, with over 20% of the households living at or below federal poverty guidelines The median income is approximately $43,000, over 46% of the population is a minority, and approximately 16% of the population speak a language other than English Discounts for the uninsured and underinsured are not included in Parts I or II of Schedule H |

| Form and Line Reference | Explanation |
|---|---|
| Part VI, Line 5 | A hallmark of CSM, Inc is the ability to proactively meet health needs through preventive programs and programs to allow access to primary and specialty care The programs are most often delivered through partnership with other non-profit organizations in health and social services Each hospital has access improvement programs including St Bens Clinic for the Homeless, Seton Dental Clinic, Community Chronic Disease Management Clinic, Huiras Family Community Health Center, El Centro de Salude Clinic sponsored by the Columbia College of Nursing, the CSM OB/Clinic and the CSM Family Health Center A particularly strong partner in these activities has been the Medical College of Wisconsin in sponsorship of programs - The Family Health Center, a residency-based Family Medicine clinic that provides primary care to more than 9,000 individuals in the community - The OB/GYN Clinic, a residency-based program that serves over 150 patients, 250 OB appointments per month, and 325 deliveries per year - The Chronic Disease Management Clinic, which screens and manages hypertension, diabetes, obesity, and smoking for low income adults through a clinic based in a food pantry In turn, CSM across the hospital settings hosts residents for their training growth and development All of these services are reported as part of the Community Benefit expenses in Section H of the appropriate hospital report |

| Form and Line Reference | Explanation |
|---|---|
| Part VI, Line 6 | The CSM health system focuses on contributing to the positive health status of the communities it serves CSM is an organization comprised of three hospitals, 61 community clinics, The Columbia College of Nursing, a partnership with the Orthopaedic Hospital of Wisconsin, a partnership with Sleep Services of Wisconsin, and four Urgent Care Centers CSM provides care for individuals and families throughout Milwaukee, Ozaukee, Washington, and Sheboygan counties - with more than 160 years of service to individuals and families in these communities OHOW itself is a specialty hospital which performs more than 5,000 surgical procedures each year and offers the complete range of orthopaedic services, including joint replacements and spine procedures, rehabilitation, diagnostic testing and pain management services As a member of Ascension Health, the nation's largest Catholic healthcare system, CSM continues to build and strengthen sustainable collaborative efforts that benefit the health of individuals, families, and society as a whole The goal of CSM is to perpetuate the health mission of the church CSM furthers this goal through delivery of patient services, care to the elderly and indigent, patient education and health awareness programs for the community, and medical research Our concern for all human life and dignity of each person leads the organization to provide medical services to all people in the community without regard to the patient's race, creed, national origin, economic status, or ability to pay CSM employs a Community Benefit Philosophy in program planning and implementation CSM provides for the health of the community through financial support provided to patients by financial discounts and contracts, by developing clinics and services for specific vulnerable groups, by sponsoring community education and training and by collaborating with government programs During fiscal 2014, the CSM system provided $69,252,511 in unreimbursed services, including $14,778,518 in traditional charity care, $12,524,287 in discounts to the uninsured, $14,687,238 in community benefit programs, and $27,262,467 in other unpaid public programs, including subsidized health care, professional education, financial contributions and community building activities In addition, the organization's governing body is comprised of local community leaders and physicians, the majority of whom reside within the communities CSM serves and are neither employees nor contractors of the organization, nor family members thereof The hospital extends medical staff privileges to all qualified physicians in its community, however, the clinics within the organization are served by physicians affiliated with CSM |

| Form and Line Reference | Explanation |
| --- | --- |
| Part VI, Line 7 | CSM does not file a community benefit report since it does not have any patient care revenue However, CSM's three hospital organizations, Columbia St Mary's Hospital, Milwaukee, Inc , Columbia St Mary's Hospital Ozaukee, Inc and Sacred Heart Rehabilitation Institute, Inc each file community benefit reports with the Wisconsin Hospital Association |

**Additional Data**

**Software ID:**
**Software Version:**
**EIN:** 39-1834639
**Name:** Columbia St Mary's Inc

**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 |
|---|---|
| Orthopaedic Hospital of Wisconsin | Part V, Section B, Line 3 The hospital facility took into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge or expertise in public health The collaboration included participation by the Milwaukee County Health Department and representatives from health departments in Milwaukee County The CHNA team developed a multi-level assessment process The first level consisted of a survey of county residents regarding their health status, health access and the perception of community needs Working together, survey questions were developed and approved A consultant was contracted to perform the survey using techniques that the consultant had used in similar surveys over ten years The survey was conducted over the telephone to cell phone owners and "land line" telephone owners More than 1,900 people were interviewed The second level of data gathering was performed by the Center for Urban Population Health (CUPH) as secondary data gathering about community needs based on public health and other publicly available information The third level of data was gathered through a key stakeholder interview process The MHCP members had agreed upon those diverse people who represented key aspects of the community A survey tool was developed by the group and interviews were scheduled by MHCP members and by public health students working with the City of Milwaukee Health Department In all, 35 individual interviews and five group interviews were conducted by team members |

**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 |
|---|---|
| Orthopaedic Hospital of Wisconsin | Part V, Section B, Line 4 The other hospital facilities with which the reporting hospital facility conducted its CHNA, include Aurora Health Care, Children's Hospital of Wisconsin, Froedtert Health and Wheaton Franciscan Healthcare These five hospital systems have developed the Milwaukee Health Care Partnership (MHCP) to collaborate efforts to improve understanding of health care needs in Milwaukee and to improve access to health care |

**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 |
|---|---|
| Orthopaedic Hospital of Wisconsin | Part V, Section B, Line 5d WWW COLUMBIA-STMARYS ORG/SERVINGOURCOMMUNITY |

**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 |
|---|---|
| Orthopaedic Hospital of Wisconsin | Part V, Section B, Line 7 The Milwaukee CHNA identified seven key issues Infant Mortality, Children's Dental Needs, Breast Cancer, Access to Care in general, Access to Care regarding medical specialists, Inappropriate Use of Emergency Departments and Behavior Health In the case of OHOW, only access to care was focused on because it is a specialty hospital focusing on orthopedics Columbia St Mary's does not have the scope and capacity to address the other identified OHOW needs |

**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 |
|---|---|
| Orthopaedic Hospital of Wisconsin | Part V, Section B, Line 10 All patients with income less than 200% of the federal poverty level will be eligible for 100% charity care write-off of the charges for services that have been provided Eligibility may be determined at any point in the revenue cycle Financial counselors provide assistance to the patients to determine if they are eligible for Medicaid or other public assistance in order to qualify for charity care Credit reports or other similar reports may be run to verify information provided |

**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 |
|---|---|
| Orthopaedic Hospital of Wisconsin | Part V, Section B, Line 11 Patients with incomes above 300% of the poverty level may be eligible for some level of discount based on a substantive assessment of their ability to pay The assessment considers total income and dollar amount of patient responsibility on a sliding scale A means test is performed that considers income, total medical bill obligations, mortgage payments, utility payments, number of family members, and any disability considerations Patients who do not qualify for charity care, but are in need of financial assistance, will be offered appropriate extended payment terms or other payment options that take into account the patient's financial status |

**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 |
|---|---|
| Orthopaedic Hospital of Wisconsin | Part V, Section B, Line 16e The following steps were followed and considered reasonable efforts for purposes of Question 16 - Notified each individual of the facility's Financial Assistance Policy (FAP) This notification began on the date care was provided and ended on the 120th day after the first billing statement was provided to the individual - Individuals were notified of the FAP by methods as noted in Question 14 This includes, but is not limited to, providing the following - A brief description of eligibility requirements and assistance provided - Directions on how to access the FAP and application on our website and physical location of application forms - Instructions to obtain free copy of FAP and application by mail - Contact information for an individual/nonprofit organization to assist if the individual has questions - Statement of translations of FAP as well as plain language summaries - Statement that no FAP-eligible individual will be charged more for emergency/medically necessary care than AGB - For individuals who submitted an incomplete FAP, we provided that individual with information relevant to assist them with completion of the FAP - For individuals who submitted a complete FAP, we made and documented a determination as to whether that person was eligible under the facility's FAP- We determined eligibility based on other means such as establishing that the individual is eligible under one or more means tested programs (as noted in Question 12) |

**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 |
|---|---|
| Orthopaedic Hospital of Wisconsin | Part V, Section B, Line 17e The following steps were followed and considered reasonable efforts for purposes of Question 17 - Notified each individual of the facility's Financial Assistance Policy (FAP) This notification began on the date care was provided and ended on the 120th day after the first billing statement was provided to the individual - Individuals were notified of the FAP by methods as noted in Question 14 This includes, but is not limited to, providing the following - A brief description of eligibility requirements and assistance provided - Directions on how to access the FAP and application on our website and physical location of application forms - Instructions to obtain free copy of FAP and application by mail - Contact information for an individual/nonprofit organization to assist if the individual has questions - Statement of translations of FAP as well as plain language summaries - Statement that no FAP-eligible individual will be charged more for emergency/medically necessary care than AGB - For individuals who submitted an incomplete FAP, we provided that individual with information relevant to assist them with completion of the FAP - For individuals who submitted a complete FAP, we made and documented a determination as to whether that person was eligible under the facility's FAP- We determined eligibility based on other means such as establishing that the individual is eligible under one or more means tested programs (as noted in Question 12) |

**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 |
|---|---|
| Orthopaedic Hospital of Wisconsin | Part V, Section B, Line 20d All patients eligible for financial assistancec receive a minimum discount of 40% off gross charges for services provided to them |

**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 |
| --- | --- |
| Orthopaedic Hospital of Wisconsin | Part V, Section B, Line 21 The following steps were followed and considered reasonable efforts followed for purposes of identifying patients eligible for assistance under the facility's FAP - Notified each individual of the Hospital's Financial Assistance Policy (FAP) This notification began on the date care was provided and ended on the 120th day after the first billing statement was provided to the individual - Individuals were notified of the FAP as noted in Question 14 This includes, but is not limited to,the following - Brief description of eligibility requirements and assistance provided - Direct individuals to our website and physical location of application forms - Provided instructions to obtain free copy of FAP and application by mail - Provided contact information for an individual/nonprofit organization to assist if the individual has questions - Provided statement of translations of FAP as well as plain language summaries - Provided statement that no FAP-eligible individual will be charged more for emergency/medically necessary care than AGB- For individuals who submitted an incomplete FAP, we provided that individual with information relevant to assist them with completion of the FAP- For individuals who submitted a complete FAP, we made and documented a determination as to whether that person was eligible under the facility's FAP - We determined eligibility based on other means such as establishing that the individual is eligible under one or more means tested programs (as noted in Question 12) |

**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 |
|---|---|
| Orthopaedic Hospital of Wisconsin | Part V, Section B, Line 22 The following steps were followed and considered reasonable efforts followed for purposes of identifying patients eligible for assistance under the facility's FAP - Notified each individual of the Hospital's Financial Assistance Policy (FAP) This notification began on the date care was provided and ended on the 120th day after the first billing statement was provided to the individual - Individuals were notified of the FAP as noted in Question 14 This includes, but is not limited to, the following - Brief description of eligibility requirements and assistance provided - Direct individuals to our website and physical location of application forms - Provided instructions to obtain free copy of FAP and application by mail - Provided contact information for an individual/nonprofit organization to assist if the individual has questions - Provided statement of translations of FAP as well as plain language summaries - Provided statement that no FAP-eligible individual will be charged more for emergency/medically necessary care than AGB- For individuals who submitted an incomplete FAP, we provided that individual with information relevant to assist them with completion of the FAP- For individuals who submitted a complete FAP, we made and documented a determination as to whether that person was eligible under the facility's FAP - We determined eligibility based on other means such as establishing that the individual is eligible under one or more means tested programs (as noted in Question 12) |

**Schedule I (Form 990)**

Department of the Treasury
Internal Revenue Service

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

**Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.**
**▶ Attach to Form 990**
**▶ Information about Schedule I (Form 990) and its instructions is at www.irs.gov/form990.**

OMB No 1545-0047

**2013**

**Open to Public Inspection**

Name of the organization
Columbia St Mary's Inc

**Employer identification number**
39-1834639

## Part I General Information on Grants and Assistance

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

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

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

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

| (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|---|---|---|---|---|---|---|---|
| (1) United Way of Greater Milwaukee<br>225 W Vine Street<br>Milwaukee, WI 53212 | 39-0806190 | 501(c)(3) | 400,000 | | | | Federally Qualified Health Centers Funding |
| (2) Milwaukee Development Corporation<br>756 N Milwaukee Street<br>Milwaukee, WI 53202 | | 501(c)(3) | 15,000 | | | | Fund general operations |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

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

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

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

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

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

| Return Reference | Explanation |
|---|---|
| Part I, Line 2 | CONTRIBUTIONS TO GOVERNMENTS AND ORGANIZATIONS IN THE UNITED STATES ARE APPROVED BY THE BOARD OF DIRECTORS AND/OR THE PRESIDENT & CEO ALL RECORDS OF OUTGOING CONTRIBUTIONS ARE RETAINED FOR A PERIOD OF 10 YEARS, PLUS THE CURRENT FISCAL YEAR, AND CAN BE LOCATED AT THE OFFICE CENTER AT 4425 NORTH PORT WASHINGTON RD, GLENDALE, WI 53212 |

**Schedule J** (Form 990)

Department of the Treasury
Internal Revenue Service

# Compensation Information

**For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**
**► Complete if the organization answered "Yes" to Form 990, Part IV, line 23.**
**► Attach to Form 990. ► See separate instructions.**
**► Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

**2013**

**Open to Public Inspection**

Name of the organization
Columbia St Mary's Inc

**Employer identification number**
39-1834639

## Part I Questions Regarding Compensation

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

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

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

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

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

**Part III** **Supplemental Information**

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

| Return Reference | Explanation |
|---|---|
| Part I, Line 1a | Payments were made to new president hospital division to assist with moving expenses and the sale of his home in calendar year 2013 |
| Part I, Line 3 | Ascension Health, a related organization of Columbia St Mary's, Inc uses the following to establish the compensation of the organization's President - Compensation Committee - Independent Compensation Consultant - Compensation Survey or Study - Approval by the Board or Compensation Committee |
| Part I, Lines 4a-b | Part I, Line 4a Severance Payments Deborah Friberg - $232,993 Constance J Bradley $118,575 David H Shapiro, MD $156,925 Part I, Line 4b Eligible executives participate in a program that provides for supplemental retirement benefits The payment of benefits under the program, if any, is entirely dependent upon the facts and circumstances under which the executive terminates employment with the organization Benefits under the program are unfunded and non-vested Due to the substantial risk of forfeiture provision, there is no guarantee that these executives will ever receive any benefit under the program Any amount ultimately paid under the program to the executive is reported as compensation on Form 990, Schedule J, Part II, Column B in the year paid The organization that paid the salaries of the individuals listed in Schedule H, Part II paid out of the supplemental nonqualified retirement plan in the amounts as noted Mark R Taylor - $107,104 Gerri G Lietz-Staffileno - $5,366 Chery L Hill - $6,093 Constance J Bradley - $2,391 David H Shapiro, MD - $3,623 |
| Part I, Line 7 | Part I, Line 7 Board Members, Officers, Key Employees and Highest Compensated Employees who are employed by the CSM Organizations and are medical doctors are eligible to receive a percentage of the revenue generated from patients they served, based on established guidelines Officers and Key Employees participate in a management incentive place, whereby certain financial triggers of the CSM System as approved by the Board must be met before any eligible employee may receive payment of the incentive Once the trigger is met, the incentive is measured based on various established goals, including operating margin, patient satisfaction, quality and productivity |

## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 39-1834639
**Name:** Columbia St Mary's 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 (i) Base Compensation | (ii) Bonus & incentive compensation | (iii) Other 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 |
|---|---|---|---|---|---|---|---|---|
| Kevin Goniu MD Board Member/CSM Physician | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 450,755 | 0 | 8,554 | 107,750 | 32,688 | 599,747 | 0 |
| Mark R Taylor End 63014 President/CEO | (i) | 584,435 | 673,131 | 127,024 | 85,650 | 28,057 | 1,498,297 | 107,104 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rhonda Anderson CSM President/CFO | (i) | 417,774 | 20,000 | 4,281 | 7,650 | 7,388 | 457,093 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cheryl Hill VP/CHRO | (i) | 294,224 | 15,000 | 11,480 | 7,650 | 20,747 | 349,101 | 6,093 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gerri Lietz-Staffileno VP Hosp Operations | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 283,405 | 15,000 | 21,808 | 7,501 | 22,557 | 350,271 | 5,366 |
| David H Shapiro MD End 413 Chief Medical Officer | (i) | 122,544 | 500 | 171,541 | 347,002 | 9,171 | 650,758 | 3,623 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Suzanne Sanicola VP Physician Services | (i) | 187,313 | 15,000 | 19,681 | 6,501 | 25,929 | 254,424 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| William Hart VP / COO | (i) | 320,148 | 15,000 | 3,177 | 7,650 | 5,626 | 351,601 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bruce McCarthy MD President Hosp Div | (i) | 541,696 | 20,000 | 36,339 | 7,650 | 32,131 | 637,816 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Constance Bradley End 413 VP Hosp Operations | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 68,422 | 0 | 119,021 | 1,949 | 7,828 | 197,220 | 0 |
| Allan Spooner President Hospital Division | (i) | 480,119 | 90,366 | 35,075 | 7,650 | 32,131 | 645,341 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jeffrey C Squier Payor Relations & Strategy Officer | (i) | 215,460 | 1,204 | 315 | 6,786 | 29,463 | 253,228 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Michael E Sanderl VP Mission Integration and Advocacy | (i) | 181,095 | 52,727 | 67,544 | 5,553 | 23,592 | 330,511 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Clarissa L Cox VP Quality & Clinical | (i) | 178,937 | 15,000 | 8,238 | 5,850 | 3,279 | 211,304 | 5,019 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| David Mannes Controller | (i) | 145,204 | 31,668 | 109 | 4,570 | 24,569 | 206,120 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Patricia L Allen Chief Financial Advsr-Hosp Dev | (i) | 167,922 | 1,500 | 146 | 5,179 | 11,311 | 186,058 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Marian Purdue End 1012 Former Interim Pres Hosp Div | (i) | 153,750 | 0 | 0 | 0 | 0 | 153,750 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deborah Friberg End 612 Former President Hosp Div | (i) | 0 | 232,993 | 0 | 0 | 5,671 | 238,664 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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# SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

## Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

**2013**

**Open to Public Inspection**

Name of the organization
Columbia St Mary's Inc

**Employer identification number**
39-1834639

| Return Reference | Explanation |
|---|---|
| Form 990, Part VI, Section A, line 2 | Many of the persons listed in Part VII, Section A have a "business relationship" with each other by virture of employment for Columbia St Mary's Inc related entities |

| Return Reference | Explanation |
| --- | --- |
| Form 990, Part VI, Section A, line 6 | CSM has two corporate members Ascension Health and Columbia Health System |

| Return Reference | Explanation |
| --- | --- |
| Form 990, Part VI, Section A, line 7a | One of CSM'S corporate members, Ascension Health, has the ability to elect members to the governing body of CSM |

| Return Reference | Explanation |
| --- | --- |
| Form 990, Part VI, Section A, line 7b | Ascension Health has designed a system authority matrix which assigns authority for key decisions that are necessary in the operation of the system Specific areas that are identified in the authority matrix are new organizations & major transactions, governing documents, appointments/removals, evaluation, debt limits, strategic & financial plans, assets, system policies & procedures These areas are subject to certain levels of approval by Ascension per the system authority matrix Columbia Health System has the authority to approve any changes to the governing documents which would affect its interest or rights in CSM, the mission and vision statements of CSM, and any major corporate structural transactions of CSM |

| Return Reference | Explanation |
| --- | --- |
| Form 990, Part VI, Section B, line 11 | Management, including certain officers, works diligently to complete the Form 990 and attached schedules in a thorough manner Management presents the Form to the Board, or a designated committee, to review and answer any questions Prior to filing the return, all Board Members are provided the Form 990 and management team members are available to answer any Board Members questions |

| Return Reference | Explanation |
| --- | --- |
| Form 990, Part VI, Section B, line 12c | CSM has a written conflict of interest policy The organization regularly and consistently monitors and enforces compliance with the policy in that any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of the committees with governing board delegated powers considering the proposed transaction or arrangement The remaining individuals on the governing board or committee meeting will decide if conflicts of interest exist Each director, principal officer, and member of a committee with governing board delegated powers annually signs a statement which affirms such person has received a copy of the conflicts of interest policy, has read and understands the policy, has agreed to comply with the policy, and understands that the organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish its tax exempt purpose |

| Return Reference | Explanation |
|---|---|
| Form 990, Part VI, Section B, line 15b | 15a In determining the compensation of the organization's CEO, the process, performed by Ascension Health, a related organization of Columbia St Mary's, Inc , included a review and approval by independent persons, comparability data and contemporaneous substantiation of the deliberation and decision The Compensation Committee reviewed and approved the compensation In the review of the compensation, the CEO was compared to individuals at other organizations in the area who hold the same title During the review and approval of the compensation, documentation of the decision was recorded in the committee minutes The individual was not present when her compensation was decided 15b In determining compensation of other officers and key employees of the organization, the process included a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision The compensation committee of the board of directors reviewed and approved the compensation In the review of the compensations, the other officers and key employees of the organization were compared to other hospitals' employees in the area that hold the same title During the review and approval of the compensation, documentation of the decision was recorded in the board minutes |

| Return Reference | Explanation |
| --- | --- |
| Form 990, Part VI, Section C, line 19 | The organization will provide any documents open to public inspection upon request |

| Return Reference | Explanation |
|---|---|
| Form 990, Part VII, Section B Independent Contractor Reporting | Compensation of independent contractors is paid by and reported on the Form 1096, Annual Summary and Transmittal of U S Information Returns, of Ascension Health EIN 31-1662309 Expenses are allocated to and reimbursed by the filing organization to Ascension Health As such, the organization has not reported independent contractors paid on Form 990, Part VII, Section B |

| Return Reference | Explanation |
|---|---|
| Form 990, Part XI, line 9 | DEFERRED PENSION COSTS 1,679,051 Equity Transfer - Temporarily Restricted 420,220 TRANSFER -A FFILIATES -16,056,484 TRANSFER - SPONSOR -618,400 |

# SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

## Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2013

**Open to Public Inspection**

Name of the organization
Columbia St Mary's Inc

**Employer identification number**
39-1834639

**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 |
|---|---|---|---|---|---|
| | | | | | |
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**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 | | | | | | | |
| | | | | | | | |
| | | | | | | | |
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| | | | | | | | |

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Predominant income(related, unrelated, excluded from tax under sections 512-514) | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproprtionate allocations? Yes | (h) No | (i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? Yes | (j) No | (k) Percentage ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **(1)** ORTHOPAEDIC HOSPITAL OF WISCONSIN LLC<br><br>575 RIVERWOODS PKWY<br>GLENDALE, WI 53212<br>39-2015655 | HEALTH CARE | WI | COLUMBIA ST MARY'S INC | RELATED | 14,052,074 | 28,030,348 | | No | | Yes | | 50 000 % |
| **(2)** SLEEP SERVICES OF WISCONSIN LLC<br><br>111 E KILBOURN AVE STE 1300<br>MILWAUKEE, WI 53202<br>27-3148310 | SLEEP SERVICES | WI | cOLUMBIA ST MARY'S INC | RELATED | -142,654 | 1,067,789 | | No | | Yes | | 50 000 % |
| | | | | | | | | | | | | |
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**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 | (i) No |
|---|---|---|---|---|---|---|---|---|---|
| **(1)** CSM STRATEGIC ALLIANCE<br><br>4425 NORTH PORT WASHINGTON RD<br>GLENDALE, WI 53212<br>39-1871856 | HEALTHCARE | WI | COLUMBIA ST MARY'S INC | C | -2,000 | 424,000 | 50 000 % | | No |
| **(2)** MADISON MEDICAL AFFILIATES INC<br><br>4425 NORTH PORT WASHINGTON RD<br>GLENDALE, WI 53212<br>39-1855720 | HEALTHCARE | WI | COLUMBIA ST MARY'S HOSPITAL MILWAUKEE INC | C | | | 100 000 % | Yes | |
| **(3)** PROSPECT MEDICAL COMMONS CONDO ASSOCIATION<br><br>4425 NORTH PORT WASHINGTON RD<br>GLENDALE, WI 53212<br>20-8042108 | CONDO ASSOC | WI | COLUMBIA ST MARY'S INC | C | | 134,042 | 70 000 % | Yes | |
| | | | | | | | | | |
| | | | | | | | | | |
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**Part V** **Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

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

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

| **(a)** Name of related organization | **(b)** Transaction type (a-s) | **(c)** Amount involved | **(d)** Method of determining amount involved |
|---|---|---|---|
| See Additional Data Table | | | |
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## Part VI Unrelated Organizations Taxable as a Partnership Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

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

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

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

| Return Reference | Explanation |
|---|---|

**Additional Data**

**Software ID:**
**Software Version:**
**EIN:** 39-1834639
**Name:** Columbia St Mary's 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) COLUMBIA ST MARY'S HOSPITAL MILWAUKEE INC<br><br>4425 NORTH PORT WASHINGTON ROAD<br>GLENDALE, WI 53212<br>39-0806315 | HOSPITAL | WI | 501(c)(3) | 3 | COLUMBIA ST MARY'S INC | Yes | |
| (1) COLUMBIA ST MARY'S HOSPITAL OZAUKEE INC<br><br>4425 NORTH PORT WASHINGTON ROAD<br>GLENDALE, WI 53212<br>39-0807063 | HOSPITAL | WI | 501(c)(3) | 3 | COLUMBIA ST MARY'S INC | Yes | |
| (2) SACRED HEART REHABILITATION INSTITUTE INC<br><br>4425 NORTH PORT WASHINGTON ROAD<br>GLENDALE, WI 53212<br>39-0902199 | REHAB FACILITY | WI | 501(c)(3) | 3 | COLUMBIA ST MARY'S HOSPITAL MILWAUKEE INC | Yes | |
| (3) COLUMBIA COLLEGE OF NURSING INC<br><br>4425 NORTH PORT WASHINGTON ROAD<br>GLENDALE, WI 53212<br>39-1596986 | COLLEGE | WI | 501(c)(3) | 2 | COLUMBIA ST MARY'S HOSPITAL MILWAUKEE INC | Yes | |
| (4) ASCENSION HEALTH<br><br>PO BOX 45998<br>ST LOUIS, MO 631455998<br>31-1662309 | National Health System | MO | 501(c)(3) | 11 | Ascension Health Alliance | Yes | |
| (5) HORIZON HOME CARE & HOSPICE INC<br><br>8949 N DEERBROOK TRL<br>MILWAUKEE, WI 53223<br>39-1171298 | HOME CARE/HOSPICE | WI | 501(c)(3) | 3 | N/A | | No |
| (6) COLUMBIA HEALTH SYSTEM<br><br>4425 NORTH PORT WASHINGTON ROAD<br>GLENDALE, WI 53212<br>39-1494977 | Health System | WI | 501(c)(3) | 11 | N/A | | No |
| (7) COLUMBIA ST MARY'S FOUNDATION INC<br><br>4425 NORTH PORT WASHINGTON ROAD<br>GLENDALE, WI 53212<br>39-1494981 | FOUNDATION | WI | 501(C)(3) | 7 | N/A | | No |
| (8) ASCENSION HEALTH ALLIANCE<br><br>PO BOX 45998<br>ST LOUIS, MO 631455998<br>45-3358926 | NATIONAL HEALTH SYSTEM | MO | 501(c)(3) | 11A | N/A | | No |

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

| (a) Name of other organization | (b) Transaction type(a-s) | (c) Amount Involved | (d) Method of determining amount involved |
|---|---|---|---|
| Columbia St Mary's Hospital Milwaukee Inc | L | 90,776,749 | |
| Columbia St Mary's Hospital Ozaukee | L | 30,251,387 | |
| Sacred Heart Rehabilitation Institute | L | 2,823,792 | |
| Madison Medical Affiliates | L | 1,376,604 | |
| Ascension Health | E | 2,285,921 | |
| Ascension Health | E | 157,488,751 | |
| Ascension Health | M | 882,000 | |
| Ascension Health | M | 1,419,795 | |
| AScension Health | M | 6,827,509 | |
| AScension Health | M | 250,887 | |
| AScension Health | M | 6,615,000 | |
| Ascension Health | M | 298,384 | |
| Ascension Health | M | 2,922,000 | |
| AScension Health | M | 1,007,381 | |
| Ascension Health | M | 31,842,033 | |
| Orthopaedic Hospital of Wisconsin | O | 11,708,468 | |
| Ascension Health | K | 73,733 | |
| Madison Medical Affiliates | R | 8,500,000 | |
| Columbia Health System | R | 320,016 | |
| Columbia St Mary's Foundation inc | C | 114,241 | |
| Madison Medical Affiliates | J | 50,821 | |
| Madison Medical Affiliates | L | 1,319,417 | |
| Madison Medical Affiliates | L | 2,389,248 | |
| Columbia Center | L | 126,648 | |
| Orthopaedic Hospital of Wisconsin | L | 1,105,666 | |

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

| (a) Name of other organization | (b) Transaction type(a-s) | (c) Amount Involved | (d) Method of determining amount involved |
|---|---|---|---|
| Columbia College of Nursing | J | 1,111,171 | |

# CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Ascension Health Alliance
d/b/a Ascension
Years Ended June 30, 2014 and 2013
With Reports of Independent Auditors

Ascension

Consolidated Financial Statements
and Supplementary Information

Years Ended June 30, 2014 and 2013

## Contents

Building a better working world

Ernst & Young LLP
The Plaza in Clayton
Suite 1300
190 Carondelet Plaza
St Louis, MO 63105-3434

Tel +1 314 290 1000
Fax. +1 314 290 1882
ey com

# Report of Independent Auditors

The Board of Directors
Ascension Health Alliance d/b/a Ascension

We have audited the accompanying consolidated financial statements of Ascension Health Alliance d/b/a Ascension, which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

EY
Building a better working world

## Opinion

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

Ernst + Young LLP

September 11, 2014

## Ascension

## Consolidated Balance Sheets
*(Dollars in Thousands)*

| | June 30, 2014 | June 30, 2013 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | $ **618,418** | $ 753,555 |
| Short-term investments | **109,081** | 113,825 |
| Accounts receivable, less allowance for doubtful accounts ($1,260,407 and $1,297,609 at June 30, 2014 and 2013, respectively) | **2,419,616** | 2,292,521 |
| Inventories | **332,739** | 297,233 |
| Due from brokers *(see Notes 4 and 5)* | **343,757** | 178,380 |
| Estimated third-party payor settlements | **236,559** | 119,379 |
| Other *(see Notes 4 and 5)* | **562,367** | 1,026,397 |
| Total current assets | **4,622,537** | 4,781,290 |
| Long-term investments *(see Notes 4 and 5)* | **15,327,255** | 14,156,447 |
| Property and equipment, net | **8,410,629** | 8,274,854 |
| Other assets | | |
| Investment in unconsolidated entities | **649,888** | 628,772 |
| Capitalized software costs, net | **778,705** | 718,122 |
| Other | **1,509,849** | 1,487,886 |
| Total other assets | **2,938,442** | 2,834,780 |
| Total assets | $ **31,298,863** | $ 30,047,371 |

| | June 30, | |
|---|---|---|
| | **2014** | **2013** |
| **Liabilities and net assets** | | |
| Current liabilities | | |
| Current portion of long-term debt | **$ 91,532** | $ 89,869 |
| Long-term debt subject to short-term remarketing arrangements* | **1,345,530** | 1,187,125 |
| Accounts payable and accrued liabilities | **2,293,663** | 2,278,242 |
| Estimated third-party payor settlements | **450,054** | 455,432 |
| Due to brokers *(see Notes 4 and 5)* | **332,169** | 493,420 |
| Current portion of self-insurance liabilities | **226,856** | 210,115 |
| Other *(see Notes 4 and 5)* | **274,645** | 639,566 |
| Total current liabilities | **5,014,449** | 5,353,769 |
| | | |
| Noncurrent liabilities | | |
| Long-term debt (senior and subordinated) | **4,994,913** | 5,278,304 |
| Self-insurance liabilities | **541,859** | 553,706 |
| Pension and other postretirement liabilities | **428,679** | 554,368 |
| Other *(see Notes 4 and 5)* | **1,343,826** | 1,178,597 |
| Total noncurrent liabilities | **7,309,277** | 7,564,975 |
| Total liabilities | **12,323,726** | 12,918,744 |
| | | |
| Net assets | | |
| Unrestricted | | |
| Controlling interest | **16,736,190** | 14,986,302 |
| Noncontrolling interests | **1,656,106** | 1,592,356 |
| Unrestricted net assets | **18,392,296** | 16,578,658 |
| | | |
| Temporarily restricted | **391,226** | 375,054 |
| Permanently restricted | **191,615** | 174,915 |
| | | |
| Total net assets | **18,975,137** | 17,128,627 |
| | | |
| Total liabilities and net assets | **$ 31,298,863** | $ 30,047,371 |

*Consists of variable rate demand bonds with put options that may be exercised at the option of the bondholders, with stated repayment installments through 2047, as well as certain serial mode bonds with scheduled remarketing mandatory tender dates occurring prior to June 30, 2015. In the event that bonds are not remarketed upon the exercise of put options or the scheduled mandatory tenders, management would utilize other sources to access the necessary liquidity. Potential sources include liquidating investments, drawing upon the $1 billion line of credit, and issuing commercial paper. The commercial paper program is supported by the $1 billion line of credit.

*The accompanying notes are an integral part of the consolidated financial statements.*

# Ascension

## Consolidated Statements of Operations and Changes in Net Assets

*(Dollars in Thousands)*

| | Year Ended June 30, 2014 | 2013 |
|---|---|---|
| Operating revenue | | |
| Net patient service revenue | **$ 19,193,307** | $ 16,326,684 |
| Less provision for doubtful accounts | **1,273,354** | 1,124,409 |
| Net patient service revenue, less provision for doubtful accounts | **17,919,953** | 15,202,275 |
| Other revenue | **2,229,767** | 1,334,623 |
| Total operating revenue | **20,149,720** | 16,536,898 |
| Operating expenses | | |
| Salaries and wages | **8,202,294** | 6,974,951 |
| Employee benefits | **1,747,739** | 1,528,119 |
| Purchased services | **1,210,276** | 955,440 |
| Professional fees | **1,279,459** | 1,093,446 |
| Supplies | **2,822,102** | 2,334,427 |
| Insurance | **128,535** | 109,178 |
| Interest | **194,616** | 150,877 |
| Depreciation and amortization | **899,389** | 730,757 |
| Other | **2,901,859** | 2,140,182 |
| Total operating expenses before impairment, restructuring and nonrecurring losses, net | **19,386,269** | 16,017,377 |
| Income from operations before self-insurance trust fund investment return and impairment, restructuring, and nonrecurring losses, net | **763,451** | 519,521 |
| Self-insurance trust fund investment return | **66,174** | 34,985 |
| Impairment, restructuring and nonrecurring losses, net | **(223,834)** | (103,344) |
| Income from operations | **605,791** | 451,162 |
| Nonoperating gains (losses) | | |
| Investment return | **1,515,819** | 736,300 |
| Loss on extinguishment of debt | **(1,605)** | (4,079) |
| (Loss) gain on interest rate swaps | **(6,020)** | 53,746 |
| Income from unconsolidated entities | **5,539** | 8,544 |
| Contributions from business combinations, net | **–** | 2,021,963 |
| Other | **(63,119)** | (69,524) |
| Total nonoperating gains, net | **1,450,614** | 2,746,950 |
| Excess of revenues and gains over expenses and losses | **2,056,405** | 3,198,112 |
| Less noncontrolling interests | **245,893** | 131,184 |
| Excess of revenues and gains over expenses and losses attributable to controlling interest | **1,810,512** | 3,066,928 |

*Continued on next page*

Ascension

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

*(Dollars in Thousands)*

| | Year Ended June 30, 2014 | 2013 |
|---|---|---|
| Unrestricted net assets, controlling interest | | |
| Excess of revenues and gains over expenses and losses | **$ 1,810,512** | $ 3,066,928 |
| Transfers to sponsors and other affiliates, net | **(6,566)** | (9,152) |
| Contributed net assets | **(1,534)** | (1,050) |
| Membership interest changes, net | **45,255** | – |
| Net assets released from restrictions for property acquisitions | **62,537** | 65,706 |
| Pension and other postretirement liability adjustments | **23,990** | 76,483 |
| Change in unconsolidated entities' net assets | **4,571** | 23,295 |
| Other | **(24,514)** | 4,507 |
| Increase in unrestricted net assets, controlling interest, before loss from discontinued operations | **1,914,251** | 3,226,717 |
| Loss from discontinued operations | **(164,363)** | (76,829) |
| Increase in unrestricted net assets, controlling interest | **1,749,888** | 3,149,888 |
| Unrestricted net assets, noncontrolling interests | | |
| Excess of revenues and gains over expenses and losses | **245,893** | 131,184 |
| Distributions of capital | **(531,159)** | (829,989) |
| Contributions of capital | **401,546** | 1,579,187 |
| Membership interest changes, net | **(52,530)** | – |
| Contributions from business combinations | **–** | 64,738 |
| Increase in unrestricted net assets, noncontrolling interests | **63,750** | 945,120 |
| Temporarily restricted net assets, controlling interest | | |
| Contributions and grants | **99,885** | 88,841 |
| Investment return | **31,292** | 17,232 |
| Net assets released from restrictions | **(115,353)** | (108,193) |
| Contributions from business combinations | **–** | 44,201 |
| Other | **348** | 1,088 |
| Increase in temporarily restricted net assets, controlling interest | **16,172** | 43,169 |
| Permanently restricted net assets, controlling interest | | |
| Contributions | **10,405** | 2,664 |
| Investment return | **7,942** | 1,598 |
| Contributions from business combinations | **–** | 67,846 |
| Other | **(1,647)** | (368) |
| Increase in permanently restricted net assets, controlling interest | **16,700** | 71,740 |
| Increase in net assets | **1,846,510** | 4,209,917 |
| Net assets, beginning of year | **17,128,627** | 12,918,710 |
| Net assets, end of year | **$ 18,975,137** | $ 17,128,627 |

*The accompanying notes are an integral part of the consolidated financial statements.*

# Ascension

## Consolidated Statements of Cash Flows
*(Dollars in Thousands)*

| | Year Ended June 30, 2014 | 2013 |
|---|---|---|
| **Operating activities** | | |
| Increase in net assets | **$ 1,846,510** | $ 4,209,917 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities | | |
| Depreciation and amortization | **899,389** | 730,757 |
| Amortization of bond premiums | **(22,497)** | (13,948) |
| Loss on extinguishment of debt | **1,605** | 4,079 |
| Provision for doubtful accounts | **1,275,961** | 1,128,717 |
| Pension and other postretirement liability adjustments | **(23,990)** | (76,483) |
| Contributed net assets | **1,534** | 1,050 |
| Contributions from business combinations | **–** | (1,742,900) |
| Interest, dividends, and net (gains) losses on investments | **(1,621,227)** | (790,115) |
| Change in market value of interest rate swaps | **1,880** | (61,349) |
| Deferred gain on interest rate swaps | **(303)** | (303) |
| Gain on sale of assets, net | **(25,556)** | (4,008) |
| Impairment and nonrecurring expenses | **30,353** | 17,259 |
| Transfers to sponsor and other affiliates, net | **6,566** | 9,152 |
| Restricted contributions, investment return, and other | **(122,232)** | (98,755) |
| Other restricted activity | **6,362** | 15,965 |
| Nonoperating depreciation expense | **234** | 317 |
| (Increase) decrease in | | |
| Short-term investments | **4,744** | 212,624 |
| Accounts receivable | **(1,393,667)** | (1,134,828) |
| Inventories and other current assets | **437,913** | (213,753) |
| Due from brokers | **(165,377)** | 610,891 |
| Investments classified as trading | **466,353** | (959,888) |
| Other assets | **(186,983)** | (182,693) |
| Increase (decrease) in | | |
| Accounts payable and accrued liabilities | **(685)** | (2,009) |
| Estimated third-party payor settlements, net | **(124,475)** | 30,604 |
| Due to brokers | **(161,251)** | (387,193) |
| Other current liabilities | **(357,167)** | 91,435 |
| Self-insurance liabilities | **4,894** | (15,342) |
| Other noncurrent liabilities | **60,731** | (153,420) |
| Net cash provided by continuing operating activities | **839,619** | 1,225,780 |
| Net cash provided by (used in) and adjustments to reconcile change in net assets for discontinued operations, including write-down of assets | **126,554** | (19,386) |
| Net cash provided by operating activities | **966,173** | 1,206,394 |

*Continued on next page*

## Ascension

## Consolidated Statements of Cash Flows (continued)

*(Dollars in Thousands)*

| | Year Ended June 30, 2014 | 2013 |
|---|---|---|
| **Investing activities** | | |
| Property, equipment, and capitalized software additions, net | **$ (1,102,680)** | $ (871,203) |
| Proceeds from sale of property and equipment | **15,594** | 26,321 |
| Net cash used in investing activities | **(1,087,086)** | (844,882) |
| **Financing activities** | | |
| Issuance of long-term debt | **512,231** | 1,228,995 |
| Repayment of long-term debt | **(606,502)** | (1,235,850) |
| (Increase) decrease in assets under bond indenture agreements | **(17,506)** | 20,577 |
| Transfers to sponsors and other affiliates, net | **(24,679)** | (26,112) |
| Restricted contributions, investment return, and other | **122,232** | 98,755 |
| Net cash (used in) provided by financing activities | **(14,224)** | 86,365 |
| Net (decrease) increase in cash and cash equivalents | **(135,137)** | 447,877 |
| Cash and cash equivalents at beginning of year | **753,555** | 305,678 |
| Cash and cash equivalents at end of year | **$ 618,418** | $ 753,555 |

*The accompanying notes are an integral part of the consolidated financial statements.*

## 1. Organization and Mission

### Organizational Structure

Ascension Health Alliance, d/b/a Ascension (Ascension), is a Missouri nonprofit corporation formed on September 13, 2011 Ascension is the sole corporate member and parent organization of Ascension Health, a Catholic national health system consisting primarily of nonprofit corporations that own and operate local healthcare facilities, or Health Ministries, located in 23 of the United States and the District of Columbia

Ascension serves as the member or shareholder of various subsidiaries as listed below

- AH Holdings, LLC, d/b/a Ascension Holdings, LLC
- AHV Holding Company, LLC, d/b/a AV Holding Company
- Ascension Health
- Ascension Health Clinical Holdings, d/b/a Ascension Clinical Holdings
- Ascension Health Global Mission, d/b/a Ascension Global Mission
- Ascension Health Insurance, Ltd (AHIL)
- Ascension Health – IS Inc , d/b/a Ascension Information Services
- Ascension Health Resource and Supply Management Group, LLC d/b/a The Resource Group
- Ascension Health Leadership Academy, d/b/a Ascension Leadership Academy
- Ascension Health Ventures, d/b/a Ascension Ventures
- Ascension Investment Management, LLC (AIM)
- Ascension Alpha Fund, LLC, f/k/a CHIMCO Alpha Fund, LLC (Alpha Fund)
- Ascension Risk Services, LLC

Ascension and its member organizations are hereafter referred to collectively as the System

Effective July 15, 2013, Ascension Health Leadership Academy, LLC, Ascension Health Global Mission and Ascension Health Clinical Holdings began doing business as Ascension Leadership Academy, Ascension Global Mission and Ascension Clinical Holdings, respectively On July 17, 2013, AH Holdings, LLC began doing business as Ascension Holdings Effective October 14, 2013, CHIMCO Alpha Fund, LLC was renamed Ascension Alpha Fund, LLC

## 1. Organization and Mission (continued)

Effective November 4, 2013, Ascension Health Ventures, LLC was renamed Ascension Ventures, LLC and AHV Holding Company, LLC began doing business as AV Holding Company Effective December 12, 2013, Ascension Health – IS, Inc began doing business as Ascension Information Services Effective January 1, 2014, Catholic Healthcare Investment Management Company (CHIMCO) transferred all of its business and assets to AIM, a limited liability company wholly owned by Ascension and CHIMCO's successor in interest

### Sponsorship

Ascension is sponsored by Ascension Sponsor, a Public Juridic Person The Participating Entities of Ascension Sponsor are the Daughters of Charity of St Vincent de Paul, St Louise Province, the Congregation of St Joseph, the Congregation of the Sisters of St Joseph of Carondelet, the Congregation of Alexian Brothers of the Immaculate Conception Province, Inc – American Province, and the Sisters of the Sorrowful Mother of the Third Order of St Francis of Assisi – US/Caribbean Province As more fully described in the Organizational Changes note, Marian Health System, which was previously sponsored by the Sisters of the Sorrowful Mother of the Third Order of St Francis of Assisi – US/Caribbean Province, became part of Ascension Health on April 1, 2013

### Mission

The System directs its governance and management activities toward strong, vibrant, Catholic Health Ministries united in service and healing, and dedicates its resources to spiritually centered care which sustains and improves the health of the individuals and communities it serves In accordance with the System's mission of service to those persons living in poverty and other vulnerable persons, each Health Ministry accepts patients regardless of their ability to pay The System uses four categories to identify the resources utilized for the care of persons living in poverty and community benefit programs

- Traditional charity care includes the cost of services provided to persons who cannot afford healthcare because of inadequate resources and/or who are uninsured or underinsured

## 1. Organization and Mission (continued)

- Unpaid cost of public programs, excluding Medicare, represents the unpaid cost of services provided to persons covered by public programs for persons living in poverty and other vulnerable persons

- Cost of other programs for persons living in poverty and other vulnerable persons includes unreimbursed costs of programs intentionally designed to serve the persons living in poverty and other vulnerable persons of the community, including substance abusers, the homeless, victims of child abuse, and persons with acquired immune deficiency syndrome

- Community benefit consists of the unreimbursed costs of community benefit programs and services for the general community, not solely for the persons living in poverty, including health promotion and education, health clinics and screenings, and medical research

Discounts are provided to all uninsured patients, including those with the means to pay Discounts provided to those patients who did not qualify for assistance under charity care guidelines are not included in the cost of providing care of persons living in poverty and other community benefit programs The cost of providing care to persons living in poverty and other community benefit programs is estimated by reducing charges forgone by a factor derived from the ratio of each entity's total operating expenses to the entity's billed charges for patient care

Certain costs such as graduate medical education and certain other activities are excluded from total operating expenses for purposes of this computation

The amount of traditional charity care provided, determined on the basis of cost, was $580,606 and $524,605 for the years ended June 30, 2014 and 2013, respectively The amount of unpaid cost of public programs, cost of other programs for persons living in poverty and other vulnerable persons, and community benefit cost is reported in the accompanying supplementary information

## 2. Significant Accounting Policies

### Principles of Consolidation

All corporations and other entities for which operating control is exercised by the System or one of its member corporations are consolidated, and all significant inter-entity transactions have been eliminated in consolidation Investments in entities where the System does not have operating control are recorded under the equity or cost method of accounting Income from unconsolidated entities is included in consolidated excess of revenues and gains over expenses and losses in the accompanying Consolidated Statements of Operations and Changes in Net Assets as follows

| | Year Ended June 30, 2014 | 2013 |
|---|---|---|
| Other revenue | **$ 83,317** | $ 105,173 |
| Nonoperating gains, net | **5,539** | 8,544 |

### Use of Estimates

Management has made estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, and expenses Actual results could differ from those estimates

### Fair Value of Financial Instruments

Carrying values of financial instruments classified as current assets and current liabilities approximate fair value The fair values of other financial instruments are disclosed in the Fair Value Measurements note

### Cash and Cash Equivalents

Cash and cash equivalents consist of cash and interest-bearing deposits with original maturities of three months or less

### 2. Significant Accounting Policies (continued)

### Short-Term Investments

Short-term investments consist of investments with original maturities exceeding three months and up to one year

### Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost or market value using first-in, first-out (FIFO) or a methodology that closely approximates FIFO

### Long-Term Investments and Investment Return

Investments, excluding investments in unconsolidated entities, are measured at fair value, are classified as trading securities, and include pooled short-term investment funds, U S government, state, municipal and agency obligations, corporate and foreign fixed income securities, asset-backed securities, and equity securities Investments also include alternative investments and other investments which are valued based on the net asset value of the investments, as further discussed in the Fair Value Measurements note Investments also include derivatives held by the Alpha Fund, also measured at fair value, as discussed in the Pooled Investment Fund note

Long-term investments include assets limited as to use of approximately $1,431,000 and $1,311,000, at June 30, 2014 and 2013, respectively, comprised primarily of investments placed in trust and held by captive insurance companies for the payment of self-insured claims and investments which are limited as to use, as designated by donors

Purchases and sales of investments are accounted for on a trade-date basis Investment returns consist of dividends, interest, and gains and losses The cost of substantially all securities sold is based on the average cost method Investment returns on investments, excluding returns of self-insurance trust funds, are reported as nonoperating gains (losses) in the Consolidated Statements of Operations and Changes in Net Assets, unless the return is restricted by donor or law Investment returns of self-insurance trust funds are reported as a separate component of income from operations in the Consolidated Statements of Operations and Changes in Net Assets

(Dollars in Thousands)

## 2. Significant Accounting Policies (continued)

### Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value at the date of the gift A summary of property and equipment at June 30, 2014 and 2013, is as follows

| | June 30, 2014 | June 30, 2013 |
|---|---|---|
| Land and improvements | **$ 880,352** | $ 822,885 |
| Buildings and equipment | **14,933,470** | 14,427,322 |
| | **15,813,822** | 15,250,207 |
| Less accumulated depreciation | **7,987,988** | 7,436,307 |
| | **7,825,834** | 7,813,900 |
| Construction in progress | **584,795** | 460,954 |
| Total property and equipment, net | **$ 8,410,629** | $ 8,274,854 |

Depreciation is determined on a straight-line basis over the estimated useful lives of the related assets Depreciation expense in 2014 and 2013 was $739,853 and $620,177, respectively

Several capital projects have remaining construction and related equipment purchase commitments of approximately $301,000

(Dollars in Thousands)

## 2. Significant Accounting Policies (continued)

### Intangible Assets

Intangible assets primarily consist of goodwill and capitalized computer software costs, including internally developed software Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage, or post-implementation stage

Intangible assets are included in the Consolidated Balance Sheets as presented in the table that follows Capitalized software costs in the table below include software in progress of $125,451 and $99,048 at June 30, 2014 and 2013, respectively

| | June 30, 2014 | June 30, 2013 |
|---|---|---|
| Capitalized software costs | **$ 1,557,302** | $ 1,388,880 |
| Less accumulated amortization | **778,597** | 670,758 |
| Capitalized software costs, net | **778,705** | 718,122 |
| | | |
| Goodwill | **181,490** | 130,306 |
| Other, net | **62,573** | 71,440 |
| Intangible assets included in other long-term assets | **244,063** | 201,746 |
| | | |
| Total intangible assets, net | **$ 1,022,768** | $ 919,868 |

Intangible assets whose lives are indefinite, primarily goodwill, are not amortized and are evaluated for impairment at least annually, while intangible assets with definite lives, primarily capitalized computer software costs, are amortized over their expected useful lives Amortization expense for these intangible assets in 2014 and 2013 was $157,150 and $108,633, respectively

## 2. Significant Accounting Policies (continued)

The System is in the midst of a significant multi-year, System-wide enterprise resource planning project, including information technology and process standardization (Symphony), which is expected to continue through fiscal year 2016 The project is anticipated to result in a transition to a common software product for various finance, information technology, procurement, and human resources management processes, including standardization of those processes throughout the System Capitalized costs of Symphony were approximately $320,000 and $301,000 at June 30, 2014 and 2013, respectively, and are included in capitalized software costs in the preceding table Certain costs of this project were also expensed Beginning September 1, 2012, the software associated with Symphony was considered substantially complete and ready for its intended use and is amortized on a straight-line basis over its expected useful life Accumulated amortization of Symphony was approximately $55,000 and $25,000 at June 30, 2014 and 2013, respectively See the Impairment, Restructuring, and Nonrecurring Gains (Losses) discussion below for additional information about costs associated with Symphony

### Noncontrolling Interests

The consolidated financial statements include all assets, liabilities, revenues, and expenses of entities that are controlled by the System and therefore consolidated Noncontrolling interests in the Consolidated Balance Sheets represent the portion of net assets owned by entities outside the System, for those entities in which the System's ownership interest is less than 100%

### Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use by the System has been limited by donors to a specific time period or purpose Permanently restricted net assets consist of gifts with corpus values that have been restricted by donors to be maintained in perpetuity, which include endowment funds Temporarily restricted net assets and earnings on permanently restricted net assets, including earnings on endowment funds, are used in accordance with the donors' wishes, primarily to purchase equipment and to provide charity care and other health and educational services Contributions with donor-imposed restrictions that are met in the same reporting period are reported as unrestricted

Temporarily and permanently restricted net assets consist solely of controlling interests of the System

## 2. Significant Accounting Policies (continued)

### Performance Indicator

The performance indicator is the excess of revenues and gains over expenses and losses Changes in unrestricted net assets that are excluded from the performance indicator primarily include pension and other postretirement liability adjustments, transfers to or from sponsors and other affiliates, net assets released from restrictions for property acquisitions, change in unconsolidated entities' net assets, discontinued operations, and contributions received of property and equipment

### Operating and Nonoperating Activities

The System's primary mission is to meet the healthcare needs in its market areas through a broad range of general and specialized healthcare services, including inpatient acute care, outpatient services, long-term care, and other healthcare services Activities directly associated with the furtherance of this purpose are considered to be operating activities Other activities that result in gains or losses peripheral to the System's primary mission are considered to be nonoperating Additionally, contributions recognized in conjunction with business combination transactions are also classified as nonoperating

### Net Patient Service Revenue, Accounts Receivable, and Allowance for Doubtful Accounts

Net patient service revenue is reported at the estimated realizable amounts from patients, third-party payors, and others for services provided and includes estimated retroactive adjustments under reimbursement agreements with third-party payors The System recognizes patient service revenue at the time services are rendered, even though the patient's ability to pay may not be completely assessed at that time Revenue under certain third-party payor agreements is subject to audit, retroactive adjustments, and significant regulatory actions Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and as final settlements are determined

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation As a result, there is at least a possibility that recorded estimates will change by a material amount in the near term Adjustments to revenue related to prior periods increased net patient service revenue by $95,591 and $55,340 for the years ended June 30, 2014 and 2013, respectively

(Dollars in Thousands)

## 2. Significant Accounting Policies (continued)

The percentage of net patient service revenue, less provision for doubtful accounts earned by payor for the years ended June 30, 2014 and 2013, is as follows

| | June 30, 2014 | June 30, 2013 |
|---|---|---|
| Medicare – traditional and managed | **36 %** | 36 % |
| Medicaid – traditional and managed | **11** | 11 |
| Commercial and other managed care | **45** | 45 |
| Self-Pay and other | **8** | 8 |
| | **100 %** | 100 % |

The System grants credit without collateral to its patients, who are primarily local residents and are insured under third-party payor arrangements Significant concentrations of accounts receivable, less allowance for doubtful accounts, at June 30, 2014 and 2013, are as follows

| | June 30, 2014 | June 30, 2013 |
|---|---|---|
| Medicare – traditional and managed | **22 %** | 22 % |
| Medicaid – traditional and managed | **9** | 8 |
| Commercial and other managed care | **45** | 43 |
| Self-Pay and other | **24** | 27 |
| | **100 %** | 100 % |

## 2. Significant Accounting Policies (continued)

The provision for doubtful accounts is based upon management's assessment of expected net collections considering economic conditions, historical experience, trends in healthcare coverage, and other collection indicators Periodically throughout the year, management assesses the adequacy of the allowance for doubtful accounts based upon historical write-off experience by payor category, including those amounts not covered by insurance The results of this review are then used to make any modifications to the provision for doubtful accounts to establish an appropriate allowance for doubtful accounts After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, the System follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by the System Accounts receivable are written off after collection efforts have been followed in accordance with the System's policies

The methodology for determining the allowance for doubtful accounts and related write-offs on uninsured patient accounts has remained consistent with the prior year The System has not experienced material changes in write-off trends and has not materially changed its charity care policy in the current fiscal year

### Impairment, Restructuring, and Nonrecurring Gains (Losses)

Long-lived assets are reviewed for impairment whenever events or business conditions indicate the carrying amount of such assets may not be fully recoverable Initial assessments of recoverability are based on estimates of undiscounted future net cash flows associated with an asset or group of assets Where impairment is indicated, the carrying amount of these long-lived assets is reduced to fair value based on future discounted net cash flows or other estimates of fair value

Nonrecurring expenses associated with Symphony include project management and process re-engineering costs, amortization expense for those Health Ministries not yet on Symphony, as well as costs to establish a shared service center and develop a business intelligence data warehouse Costs associated with product deployment are recorded as nonrecurring gains (losses), and costs associated with product support are recorded as recurring operating expenses

## 2. Significant Accounting Policies (continued)

During the year ended June 30, 2014, the System recorded total impairment, restructuring, and nonrecurring losses, net of $223,834 This amount was comprised primarily of $163,293 of nonrecurring expenses associated with Symphony, one-time termination benefits and other restructuring expenses of $26,012, impairment expenses of $23,120, and other nonrecurring expenses of $11,409

During the year ended June 30, 2013, the System recorded total impairment, restructuring, and nonrecurring losses, net of $103,344 This amount was comprised primarily of $113,193 of nonrecurring expenses associated with Symphony, one-time termination benefits and other restructuring expenses of $57,470, and impairment and other nonrecurring expenses of $4,998, partially offset by pension curtailment gains of $72,317, as discussed in the Retirement Plans note

### Amortization

Bond issuance costs, discounts, and premiums are amortized over the term of the bonds using a method approximating the effective interest method

Capitalized software, including internally developed software, is amortized on a straight-line basis over the expected useful life of the software

### Income Taxes

The member healthcare entities of the System are primarily tax-exempt organizations under Internal Revenue Code Section 501(c)(3) or Section 501(c)(2), and their related income is exempt from federal income tax under Section 501(a) The System accounts for uncertainty in income tax positions by applying a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return The System has determined that no material unrecognized tax benefits or liabilities exist as of June 30, 2014

At June 30, 2014, the System has deferred tax assets of approximately $326,000 for federal and state income tax purposes primarily related to net operating loss carryforwards A valuation allowance of approximately $322,000 was recorded due to the uncertainty regarding use of the deferred tax assets

## 2. Significant Accounting Policies (continued)

### Regulatory Compliance

Various federal and state agencies have initiated investigations regarding reimbursement claimed by certain members of the System The investigations are in various stages of discovery, and the ultimate resolution of these matters, including the liabilities, if any, cannot be readily determined, however, in the opinion of management, the results of the investigations will not have a material adverse impact on the consolidated financial statements of the System

### Reclassifications

Certain reclassifications were made to the 2013 accompanying consolidated financial statements to conform to the 2014 presentation

### Adoption of New Accounting Standards

In December 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2011-11, *Disclosures about Offsetting Assets and Liabilities*, an amendment to the accounting guidance for disclosures about offsetting assets and liabilities In January 2013, the FASB issued ASU No 2013-01, *Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*. These ASUs expand the disclosure requirements in that entities will be required to disclose both gross and net information about instruments and transactions eligible for offset in the balance sheet Ascension adopted this collective guidance on July 1, 2013, which did not have a material impact on Ascension's consolidated financial statements for the year ended June 30, 2014 See the Derivative Instruments note for disclosures about offsetting assets and liabilities for the year ended June 30, 2014

### Subsequent Events

The System evaluates the impact of subsequent events, which are events that occur after the Consolidated Balance Sheet date but before the consolidated financial statements are issued, for potential recognition in the consolidated financial statements as of the Consolidated Balance Sheet date For the year ended June 30, 2014, the System evaluated subsequent events through September 11, 2014, representing the date on which the accompanying audited consolidated financial statements were issued

## 2. Significant Accounting Policies (continued)

In July 2014, the System signed two separate non-binding letters of intent to sell primarily all assets and liabilities and related operations of Ascension's operations in Kansas City, Missouri and Tucson, Arizona, as discussed in the Organizational Changes note

In August 2014, Ascension Health signed an affiliation agreement to sell primarily all of the assets, liabilities and operations associated with Ascension's operations in Niagara Falls, New York to Catholic Health System, Inc This transaction is intended to close during calendar year 2015, after obtaining all necessary approvals

## 3. Organizational Changes

### Business Combinations

*Marian Health System*

Effective April 1, 2013, Ascension Health, a subsidiary of the System, became the sole corporate member, through a non-cash business combination transaction, of three regional health systems that formerly comprised Marian Health System, Inc (Marian Health System) Via Christi Health, Inc (Via Christi Health), based in Wichita, Kansas, Ministry Health Care, Inc (Ministry Health Care), based in Milwaukee, Wisconsin, and St John Health System, Inc (St John Health), based in Tulsa, Oklahoma (collectively, the Marian Systems) Prior to this transaction, Marian Health System was the sole corporate member of Ministry Health Care and St John Health, while Ascension Health and Marian Health System were the two corporate members of Via Christi Health

Prior to April 1, 2013, the System accounted for its 50% interest in Via Christi Health under the equity method of accounting The System's investment in Via Christi Health at March 31, 2013, was $545,018, which was reported in the Consolidated Balance Sheet at that date in investment in unconsolidated entities For the year ended June 30, 2013, the System's excess of revenues and gains over expenses and losses included $34,141, representing the System's share of Via Christi Health's excess of revenues over expenses prior to the business combination transaction on April 1, 2013 The System's investment in Via Christi Health of $545,018 at March 31, 2013, was derecognized on April 1, 2013, in conjunction with the accounting for the business combination transaction

(Dollars in Thousands)

### 3. Organizational Changes (continued)

The fair values of the Marian Systems' net assets, by major type, that were recognized in the System's Consolidated Balance Sheet on April 1, 2013, were as follows The valuation of these net assets was finalized during the year ended June 30, 2014, resulting in no material adjustments

| | |
|---|---|
| Net working capital | $ 557,274 |
| Intangible assets, including capitalized software | 135,819 |
| Property and equipment | 1,950,739 |
| Assets limited as to use | 1,126,259 |
| Investments and other long-term assets | 1,125,652 |
| Noncurrent liabilities assumed | (2,144,948) |
| Subtotal | 2,750,795 |
| Less March 31, 2013 Investment in Via Christi Health | (545,018) |
| Fair value of net assets | $ 2,205,777 |

The fair value of net assets of $2,205,777 in the preceding table was recognized in the Consolidated Statement of Operations and Changes in Net Assets for the year ended June 30, 2013, as a nonoperating contribution from business combinations of $2,028,992, contributions of temporarily and permanently restricted net assets of $44,201 and $67,846, respectively, and contributions of noncontrolling interests of $64,738

For the three months ended June 30, 2013, the System recognized revenues of the Marian Systems of $1,049,259, and an excess of revenues and gains over expenses and losses of the Marian Systems of $56,670, of which $55,542 was attributable to controlling interest, with the remaining attributable to noncontrolling interests Additionally, for the three months ended June 30, 2013, the System recognized an increase in unrestricted net assets – controlling interests, excluding the excess of revenues and gains over expenses and losses of $56,670 above, of $53,801, an increase in unrestricted net assets – noncontrolling interests of $823, an increase in temporarily restricted net assets of $915, and a decrease in permanently restricted net assets of $56

(Dollars in Thousands)

## 3. Organizational Changes (continued)

The following unaudited pro forma financial information presents the combined results of operations of the System and the Marian Systems for the year ended June 30, 2013, as though the April 1, 2013 business combination transaction had occurred on July 1, 2011 This pro forma financial information is not necessarily indicative of the results of operations that would have occurred had the System and the Marian Systems constituted a single entity during this period, nor is it necessarily indicative of future operating results

| | Year Ended June 30, 2013 |
|---|---|
| Total operating revenue | $ 20,005,943 |
| Excess of revenues and gains over expenses and losses | 1,230,777 |
| Increase in unrestricted net assets – controlling interest | 1,307,542 |
| Increase in unrestricted net assets – noncontrolling interests | 879,585 |
| Increase in temporarily restricted net assets | 7,497 |
| Increase in permanently restricted net assets | 7,945 |

The excess of revenues and gains over expenses and losses and the increase in unrestricted net assets – controlling interest in the table above exclude the nonoperating contribution from the Marian Health System business combination of $2,028,992 included in the Consolidated Statement of Operations and Changes in Net Assets for the year ended June 30, 2013 The pro forma excess of revenues and gains over expenses and losses above includes certain adjustments attributable to the April 1, 2013, business combination transaction

In addition, the increases in unrestricted net assets – controlling interest, temporarily restricted net assets, and permanently restricted net assets in the table above exclude the contributions from business combinations reflected in the contributions of noncontrolling interests, and temporarily and permanently restricted net assets of $64,738, $44,201, and $67,846, respectively

## 3. Organizational Changes (continued)

*Mercy Regional Health Center, Inc.*

On February 27, 2014 (transaction date), Via Christi Health, a subsidiary of Ascension Health, became the sole corporate member of Mercy Regional Health Center, Inc (MRHC) through a membership transfer agreement with Memorial Hospital Association (MHA) Prior to the transaction date, Via Christi Health held a 50% controlling interest in MRHC, which it consolidated, with a noncontrolling interest recognized for the portion of MRHC held by MHA On the transaction date, Via Christi Health paid cash of approximately $7,300 to MHA in exchange for MHA's 50% interest valued at approximately $52,530, along with contingent consideration, paid in the event of a sale or future change in control of either MRHC or Via Christi Health, or the dissolution of MRHC As such, this contingent liability had a value of zero at June 30, 2014 and through September 11, 2014, the date of issuance of Ascension's consolidated financial statements This transaction was accounted for as a $45,255 increase in controlling interest and a corresponding $52,530 decrease in noncontrolling interest in Ascension's Consolidated Statement of Operations and Changes in Net Assets for the year ended June 30, 2014

### Divestitures and Discontinued Operations

As of June 30, 2014, and through September 11, 2014, the date of issuance of Ascension's consolidated financial statements, the System is in discussions, and has signed related non-binding letters of intent, with certain third parties for the sale of primarily all assets, liabilities and operations, excluding certain non-acute care entities, associated with Ascension's operations in Kansas City, Missouri, Tucson, Arizona, and Niagara Falls, New York (entities held for sale) A noncontrolling interest in the operations in Tucson, Arizona, subsequent to the sale is expected to be retained Completion of these proposed transactions is subject to due diligence and execution of final definitive agreements, including obtaining all necessary approvals

## 3. Organizational Changes (continued)

Assets and liabilities intended to be sold are designated as assets and liabilities held for sale, and included within other assets and other liabilities, respectively, in the System's Consolidated Balance Sheets Assets held for sale were $431,404 and $571,350 at June 30, 2014 and 2013, respectively, while liabilities held for sale were $130,722 and $142,707 at June 30, 2014 and 2013, respectively Revenues of the entities held for sale were $870,862 and $862,838 for the years ended June 30, 2014 and 2013, respectively Losses of the entities held for sale included in the Loss from discontinued operations in the Consolidated Statement of Operations and Changes in Net Assets were $31,579 and $74,892 for the years ended June 30, 2014 and 2013, respectively Primarily all of the remaining loss from discontinued operations for the year ended June 30, 2014, was comprised of the write-down of assets in Tucson, Arizona, and Niagara Falls, New York, in conjunction with being classified as held for sale

### Other

In June 2014, Alexian Brothers Health System, a subsidiary of Ascension Health, signed a non-binding letter of intent to form a joint operating company with Adventist Midwest Health Completion of this proposed transaction is subject to due diligence and execution of final definitive agreements, including obtaining all necessary approvals

## 4. Pooled Investment Fund

At June 30, 2014 and 2013, a significant portion of the System's investments consists of the System's interest in the Alpha Fund, a limited liability company organized in the state of Delaware Certain System assets continue to be held through the Ascension Legacy Portfolio, and subsequent to April 2012, the Ascension Legacy Portfolio no longer holds assets for unrelated entities Additional System investments include those held and managed by the Health Ministries' and their consolidated foundations

The Alpha Fund includes the investment interests of the System and other Alpha Fund members AIM, a wholly owned subsidiary of the System, manages and serves as the manager and primary investment advisor of the Alpha Fund, overseeing the investment strategies offered to the Alpha Fund's members AIM provides expertise in the areas of asset allocation, selection and monitoring of outside investment managers, and risk management The Alpha Fund is consolidated in the System's financial statements

**4. Pooled Investment Fund (continued)**

The portion of the Alpha Fund's net assets representing interests held by entities other than the System are reflected in noncontrolling interests in the Consolidated Balance Sheets, which amount to $1,490,082 and $1,450,580 at June 30, 2014 and 2013, respectively

The Alpha Fund invests in a diversified portfolio of investments including alternative investments, such as real asset funds, hedge funds, private equity funds, commodity funds, and private credit funds Collectively, these funds have liquidity terms ranging from daily to annual with notice periods ranging from 1 to 180 days Due to redemption restrictions, investments in certain of these funds, whose fair value was $1,312,677 at June 30, 2014, cannot currently be redeemed However, the potential for the Alpha Fund to sell its interest in these funds in a secondary market prior to the end of the fund term does exist

The Alpha Fund's investments in certain alternative investment funds also include contractual commitments to provide capital contributions during the investment period, which is typically five years and can extend to the end of the fund term During these contractual periods, investment managers may require the Alpha Fund to invest in accordance with the terms of the agreement Commitments not funded during the investment period will expire and remain unfunded As of June 30, 2014, contractual agreements of the Alpha Fund expire between July 2014 and December 2019 The remaining unfunded capital commitments of the Alpha Fund total approximately $1,459,000 for 95 individual funds as of June 30, 2014 Due to the uncertainty surrounding whether the contractual commitments will require funding during the contractual period, future minimum payments to meet these commitments cannot be reasonably estimated These committed amounts are expected to be primarily satisfied by the liquidation of existing investments in the Alpha Fund

In the normal course of operations and within established Alpha Fund guidelines, the Alpha Fund may enter into various exchange-traded and over-the-counter derivative contracts for trading purposes, including futures, option, and forward contracts as well as warrants and swaps These instruments are used primarily to adjust the portfolio duration, restructure term structure exposure, change sector exposure, and arbitrage market inefficiencies See the Fair Value Measurements note for a discussion of how fair value for the Alpha Fund's derivatives is determined

**4. Pooled Investment Fund (continued)**

At June 30, 2014 and 2013, the notional value of Alpha Fund derivatives outstanding was approximately $2,377,000 and $2,126,000, respectively The fair value of Alpha Fund derivatives in an asset position was $61,234 and $35,404 at June 30, 2014 and 2013, respectively, while the fair value of Alpha Fund derivatives in a liability position was $3,478 and $84,249 at June 30, 2014 and 2013, respectively These derivatives are included in long-term investments in the Consolidated Balance Sheets at June 30, 2014 and 2013

The Alpha Fund also participates in a securities lending program, whereby a portion of the Alpha Fund's investments are loaned to selected established brokerage firms in return for cash and securities from the brokers as collateral for the investments loaned, usually on a short-term basis The fair value of collateral held by the Alpha Fund associated with such lending agreements amounts to approximately $3,000 and $394,000 at June 30, 2014 and 2013, respectively, and is included in other current assets in the Consolidated Balance Sheets, while the liability associated with the obligation to repay such collateral is also approximately $3,000 and $394,000 at June 30, 2014 and 2013, respectively, and is included in other current liabilities in the Consolidated Balance Sheets In addition, the Alpha Fund has liabilities for investments sold, not yet purchased, representing obligations of the Alpha Fund to purchase investments in the market at prevailing prices The fair value of this Alpha Fund liability is approximately $179,000 and $7,000 at June 30, 2014 and 2013, respectively, and is included in other noncurrent liabilities in the Consolidated Balance Sheets

Due from brokers and due to brokers on the Consolidated Balance Sheets at June 30, 2014 and 2013, represent the Alpha Fund's positions and amounts due from or to various brokers, primarily amounts for security transactions not yet settled, and cash held by brokers for securities sold, not yet purchased

(Dollars in Thousands)

## 5. Cash and Investments

The System's cash and investments are reported in the Consolidated Balance Sheets as presented in the table that follows Total cash and investments, net, includes both the System's membership interest in the Alpha Fund and the noncontrolling interests held by other Alpha Fund members System unrestricted cash and investments, net, represent the System's cash and investments excluding the noncontrolling interests held by other Alpha Fund members and assets limited as to use

| | June 30, 2014 | June 30, 2013 |
|---|---|---|
| Cash and cash equivalents | **$ 618,418** | $ 753,555 |
| Short-term investments | **109,081** | 113,825 |
| Long-term investments | **15,327,255** | 14,156,447 |
| Subtotal | **16,054,754** | 15,023,827 |
| Other Alpha Fund assets and liabilities | | |
| In other current assets | **30,671** | 459,050 |
| In other long-term assets | **2,641** | 2,785 |
| In accounts payable and other accrued liabilities | **(7,013)** | (5,680) |
| In other current liabilities | **(3,341)** | (394,763) |
| In other noncurrent liabilities | **(178,732)** | (6,622) |
| Due to brokers, net | **11,588** | (315,040) |
| Total cash and investments, net | **15,910,568** | 14,763,557 |
| Less noncontrolling interests of Alpha Fund | **1,490,082** | 1,450,580 |
| System cash and investments, including assets limited as to use | **14,420,486** | 13,312,977 |
| Less assets limited as to use | | |
| Under bond indenture agreement | **43,869** | 33,955 |
| Self-insurance trust funds | **759,388** | 728,621 |
| Temporarily or permanently restricted | **652,244** | 561,802 |
| Total assets limited as to use | **1,455,501** | 1,324,378 |
| System unrestricted cash and investments, net | **$ 12,964,985** | $ 11,988,599 |

(Dollars in Thousands)

## 5. Cash and Investments (continued)

At June 30, 2014 and 2013, the composition of cash and cash equivalents, short-term investments and long-term investments, which include certain assets limited as to use, is summarized as follows

| | June 30, 2014 | June 30, 2013 |
|---|---|---|
| Cash and cash equivalents and short-term investments | **$ 828,020** | $ 1,113,823 |
| Pooled short-term investment funds | **302,436** | 311,027 |
| U S government, state, municipal and agency obligations | **3,301,360** | 3,447,500 |
| Corporate and foreign fixed income securities | **1,660,267** | 1,664,001 |
| Asset-backed securities | **978,429** | 1,196,168 |
| Equity securities | **3,318,063** | 2,695,483 |
| Alternative investments and other investments | | |
| Private equity and real estate funds | **1,039,704** | 809,341 |
| Hedge funds | **3,303,800** | 2,860,776 |
| Commodities funds and other investments | **1,322,675** | 925,708 |
| Total alternative investments and other investments | **5,666,179** | 4,595,825 |
| Total cash and cash equivalents, short-term investments, and long-term investments | **$ 16,054,754** | $ 15,023,827 |

As of June 30, 2014 and 2013, the System's membership interest in the Alpha Fund totaled $12,500,448 and $11,251,590, respectively As of June 30, 2014 and 2013, the noncontrolling interest (see Note 2) in the Alpha Fund, representing interests held by entities other than the System, totaled $1,490,082 and $1,450,580, respectively

Investment return recognized by the System for the years ended June 30, 2014 and 2013, is summarized in the following table Total investment return includes the System's return in the Ascension Legacy Portfolio and the investment return of the Alpha Fund System investment return represents the System's total investment return, net of the investment return earned by the noncontrolling interests of other Alpha Fund members

(Dollars in Thousands)

## 5. Cash and Investments (continued)

| | Year Ended June 30, 2014 | 2013 |
|---|---|---|
| Interest and dividends | **$ 203,975** | $ 169,797 |
| Net gains on investments reported at fair value | **1,378,018** | 601,488 |
| Restricted investment return and unrealized gains, net | **39,234** | 18,830 |
| Total investment return | **1,621,227** | 790,115 |
| Less return earned by noncontrolling interests of Alpha Fund | **193,400** | 106,039 |
| System investment return | **$ 1,427,827** | $ 684,076 |

## 6. Fair Value Measurements

The System categorizes, for disclosure purposes, assets and liabilities measured at fair value in the consolidated financial statements based upon whether the inputs used to determine their fair values are observable or unobservable Observable inputs are inputs that are based on market data obtained from sources independent of the reporting entity Unobservable inputs are inputs that reflect the reporting entity's own assumptions about pricing the asset or liability, based on the best information available in the circumstances

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy In such cases, an asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement of the asset or liability The System's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability

**6. Fair Value Measurements (continued)**

The System follows the three-level fair value hierarchy to categorize these assets and liabilities recognized at fair value at each reporting period, which prioritizes the inputs used to measure such fair values Level inputs are defined as follows

Level 1 – Quoted prices (unadjusted) that are readily available in active markets or exchanges for identical assets or liabilities on the reporting date

Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly Level 2 pricing inputs include prices quoted for similar assets and liabilities in active markets or exchanges or prices quoted for identical or similar assets and liabilities in markets that are not active If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability

Level 3 – Significant pricing inputs that are unobservable for the asset or liability, including assets or liabilities for which there is little, if any, market activity for such asset or liability Inputs to the determination of fair value for Level 3 assets and liabilities require management judgment and estimation

There were no significant transfers between Levels 1 and 2 during the years ended June 30, 2014 and 2013

As of June 30, 2014 and 2013, the assets and liabilities listed in the fair value hierarchy tables below use the following valuation techniques and inputs

*Cash and Cash Equivalents and Short-Term Investments*

Cash and cash equivalents and certain short-term investments include certificates of deposit, whose fair value is based on cost plus accrued interest Significant observable inputs include security cost, maturity, and relevant short-term interest rates Other short-term investments designated as Level 2 investments primarily consist of commercial paper, whose fair value is based on the income approach Significant observable inputs include security cost, maturity, credit rating, interest rate, and par value

**6. Fair Value Measurements (continued)**

*Pooled Short-term Investment Fund*

The pooled short-term investment fund is a short term exchange traded money market fund primarily invested in treasury securities

*U S. Government, State, Municipal, and Agency Obligations*

The fair value of investments in U S  government, state, municipal, and agency obligations is primarily determined using techniques consistent with the income approach  Significant observable inputs to the income approach include data points for benchmark constant maturity curves and spreads

*Corporate and Foreign Fixed Income Securities*

The fair value of investments in U S  and international corporate bonds, including commingled funds that invest primarily in such bonds, and foreign government bonds is primarily determined using techniques that are consistent with the market approach  Significant observable inputs include benchmark yields, reported trades, observable broker-dealer quotes, issuer spreads, and security specific characteristics, such as early redemption options

*Asset-backed Securities*

The fair value of U S  agency and corporate asset-backed securities is primarily determined using techniques consistent with the income approach  Significant observable inputs include prepayment speeds and spreads, benchmark yield curves, volatility measures, and quotes

*Equity Securities*

The fair value of investments in U S  and international equity securities is primarily determined using techniques consistent with the market and income approaches  The values for underlying investments are fair value estimates determined by external fund managers based on quoted market prices, operating results, balance sheet stability, growth, dividend, dividend yield, and other business and market sector fundamentals

**6. Fair Value Measurements (continued)**

*Alternative Investments and Other Investments*

Alternative investments consist of private equity, hedge funds, private equity funds, commodity funds, and real estate partnerships The fair value of private equity is primarily determined using techniques consistent with both the market and income approaches, based on the System's estimates and assumptions in the absence of observable market data The market approach considers comparable company, comparable transaction, and company-specific information, including but not limited to restrictions on disposition, subsequent purchases of the same or similar securities by other investors, pending mergers or acquisitions, and current financial position and operating results The income approach considers the projected operating performance of the portfolio company

The fair value of hedge funds, private equity funds, commodity funds, and real estate partnerships is primarily determined using net asset values, which approximate fair value, as determined by an external fund manager based on quoted market prices, operating results, balance sheet stability, growth, and other business and market sector fundamentals

Other investments include derivative assets and derivative liabilities of the Alpha Fund, whose fair value is primarily determined using techniques consistent with the market approach Significant observable inputs to valuation models include interest rates, Treasury yields, volatilities, credit spreads, maturity, and recovery rates

*Securities Lending Collateral*

The fair value of collateral received under the Alpha Fund's securities lending program is valued using the calculated net asset value for the commingled fund in which the collateral is invested The underlying investments in the commingled fund are valued using techniques consistent with the market approach, which uses significant observable market inputs such as available trade, quotes, benchmark curves, sector groupings, and matrix pricing

**6. Fair Value Measurements (continued)**

*Benefit Plan Assets*

The fair value of benefit plan assets is based on original investment into a guaranteed pooled fund, plus guaranteed, annuity contract-based interest rates Significant unobservable inputs to the guaranteed rate include the fair value and average duration of the portfolio of investments underlying annuity contract, the contract value, and the annualized weighted-average yield to maturity of the underlying investment portfolio

*Interest Rate Swap Assets and Liabilities*

The fair value of interest rate swaps is primarily determined using techniques consistent with the market approach Significant observable inputs to valuation models include interest rates, Treasury yields, volatilities, credit spreads, maturity, and recovery rates

*Investments Sold, Not Yet Purchased*

The fair value of investments sold, not yet purchased is primarily determined using techniques consistent with the income approach Significant observable inputs to the income approach include data points for benchmark, constant maturity curves, and spreads

(Dollars in Thousands)

## 6. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2014, for all financial assets and liabilities measured at fair value on a recurring basis in the System's consolidated financial statements

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **June 30, 2014** | | | | |
| Cash and cash equivalents | $ 351,934 | $ 3,398 | $ – | $ 355,332 |
| Short-term investments | 44,193 | 23,804 | 293 | 68,290 |
| Pooled short-term investment funds | 302,436 | – | – | 302,436 |
| U.S. government, state, municipal and agency obligations | – | 3,301,360 | – | 3,301,360 |
| Corporate and foreign fixed income securities | – | 1,429,694 | 230,573 | 1,660,267 |
| Asset-backed securities | – | 878,508 | 99,921 | 978,429 |
| Equity securities | 3,079,815 | 186,670 | 51,578 | 3,318,063 |
| Alternative investments and other investments | | | | |
| Private equity and real estate funds | 388 | 5,901 | 1,030,536 | 1,036,825 |
| Hedge funds | – | – | 3,303,800 | 3,303,800 |
| Commodities funds and other investments | 134 | 1,352 | 1,212,420 | 1,213,906 |
| Assets not at fair value | | | | 516,046 |
| Cash and investments | | | | $ 16,054,754 |
| Securities lending collateral, in other current assets | $ – | $ 3,341 | $ – | $ 3,341 |
| Benefit plan assets, in other noncurrent assets | 235,991 | – | 40,749 | 276,740 |
| Interest rate swaps, in other noncurrent assets | – | 69,883 | – | 69,883 |
| Investments sold, not yet purchased, in other noncurrent liabilities | – | 178,732 | – | 178,732 |
| Interest rate swaps, included in other noncurrent liabilities | – | 189,659 | – | 189,659 |

(Dollars in Thousands)

## 6. Fair Value Measurements (continued)

For the year ended June 30, 2014, the changes in the fair value of the assets and liabilities measured using significant unobservable inputs (Level 3) consisted of the following

| | Short-term Investments | U S Government, State, Municipal and Agency Obligations | Corporate and Foreign Fixed Income Securities | Asset-Backed Securities | Equity Securities | Private Equity and Real Estate Funds | Hedge Funds | Commodities Funds and Other Investments | Benefit Plan Assets |
|---|---|---|---|---|---|---|---|---|---|
| **Year Ended June 30, 2014** | | | | | | | | | |
| Beginning balance | $ 238 | $ 5,829 | $ 391,287 | $117,033 | $ 2,163 | $ 799,414 | $2,857,114 | $ 831,182 | $ 35,662 |
| Total realized and unrealized gains (losses) | | | | | | | | | |
| Included in income from operations | – | 3 | 178 | 1 | 8,287 | – | (11) | 8 | – |
| Included in nonoperating gains (losses) | 55 | (27) | 19,138 | 35 | (97) | 103,975 | 267,740 | 413,774 | – |
| Included in changes in net assets | – | – | – | – | – | 44 | 577 | 17 | – |
| Purchases | – | – | 104,381 | 94,926 | 52,839 | 337,742 | 543,162 | 267,890 | 202,600 |
| Settlements | – | – | – | – | – | (391) | – | – | – |
| Sales | – | (5,805) | (273,882) | (2,227) | (10,899) | (210,248) | (376,420) | (299,570) | (216,349) |
| Transfers into Level 3 | – | – | – | – | – | – | 11,640 | – | 77,763 |
| Transfers out of Level 3 | – | – | (10,529) | (109,847) | (715) | – | (2) | (881) | (58,927) |
| Ending balance | $ 293 | $ – | $ 230,573 | $ 99,921 | $ 51,578 | $1,030,536 | $3,303,800 | $ 1,212,420 | $ 40,749 |
| The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the changes in unrealized gains or losses relating to assets still held at June 30, 2014 | $ 56 | $ – | $ 7,605 | $ (239) | $ 7,394 | $ 70,701 | $ 241,386 | $ 128,351 | $ – |

The basis for recognizing and valuing transfers into or out of Level 3, in the Level 3 rollforward, is as of the beginning of the period in which the transfers occur

(Dollars in Thousands)

## 6. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2013, for all financial assets and liabilities measured at fair value on a recurring basis in the System's consolidated financial statements

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **June 30, 2013** | | | | |
| Cash and cash equivalents | $ 618,129 | $ 14,277 | $ – | $ 632,406 |
| Short-term investments | 21,821 | 45,258 | 238 | 67,317 |
| Pooled short-term investment funds | 311,027 | – | – | 311,027 |
| U.S. government, state, municipal and agency obligations | – | 3,441,671 | 5,829 | 3,447,500 |
| Corporate and foreign fixed income securities | – | 1,272,714 | 391,287 | 1,664,001 |
| Asset-backed securities | – | 1,079,135 | 117,033 | 1,196,168 |
| Equity securities | 2,656,950 | 36,370 | 2,163 | 2,695,483 |
| Alternative investments and other investments | | | | |
| Private equity and real estate funds | 529 | 3,752 | 799,414 | 803,695 |
| Hedge funds | – | – | 2,857,114 | 2,857,114 |
| Commodities funds and other investments | 5,762 | (6,061) | 831,182 | 830,883 |
| Assets not at fair value | | | | 518,233 |
| Cash and investments | | | | $ 15,023,827 |
| Securities lending collateral, in other current assets | $ – | $ 394,310 | $ – | $ 394,310 |
| Benefit plan assets, in other noncurrent assets | 210,767 | – | 35,662 | 246,429 |
| Interest rate swaps, in other noncurrent assets | – | 76,650 | – | 76,650 |
| Investments sold, not yet purchased, in other noncurrent liabilities | – | 6,622 | – | 6,622 |
| Interest rate swaps, included in other noncurrent liabilities | – | 194,546 | – | 194,546 |

(Dollars in Thousands)

## 6. Fair Value Measurements (continued)

For the year ended June 30, 2013, the changes in the fair value of the assets and liabilities measured using significant unobservable inputs (Level 3) consisted of the following Level 3 investments of the Alpha Fund are included in transfers in the table below

| | Short-term investments | U S Government, State, Municipal and Agency Obligations | Corporate and Foreign Fixed Income Securities | Asset-Backed Securities | Equity Securities | Private Equity and Real Estate Funds | Hedge Funds | Commodities Funds and Other Investments | Benefit Plan Assets |
|---|---|---|---|---|---|---|---|---|---|
| **Year Ended June 30, 2013** | | | | | | | | | |
| Beginning balance | $ – | $ 7,437 | $ 120,418 | $ 15,297 | $ 13,118 | $ 593,753 | $1,887,407 | $ 615,813 | $ 35,373 |
| Total realized and unrealized gains (losses) | | | | | | | | | |
| Included in income from operations | – | 16 | 242 | 10 | 1,489 | – | 123 | (45) | – |
| Included in nonoperating gains (losses) | 3 | 445 | 1,059 | (227) | 170 | 83,975 | 220,887 | 80,222 | – |
| Included in changes in net assets | – | – | – | – | – | – | 293 | 27 | – |
| Purchases | – | 169 | 328,980 | 122,703 | 718 | 188,085 | 981,414 | 401,957 | 44,150 |
| Settlements | – | – | – | – | – | (25) | – | – | (279) |
| Sales | – | (2,238) | (58,928) | (17,883) | (13,372) | (66,836) | (232,198) | (266,889) | (41,668) |
| Transfers into Level 3 | 235 | – | 2,962 | – | 40 | 927 | 3,271 | 139 | 12,485 |
| Transfers out of Level 3 | – | – | (3,446) | (2,867) | – | (465) | (4,083) | (42) | (14,399) |
| Ending balance | $ 238 | $ 5,829 | $ 391,287 | $117,033 | $ 2,163 | $ 799,414 | $2,857,114 | $ 831,182 | $ 35,662 |
| The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the changes in unrealized gains or losses relating to assets still held at June 30, 2013 | $ 46 | $ 342 | $ (1,682) | $ (751) | $ 149 | $ 39,300 | $ 234,426 | $ (28,407) | $ – |

The basis for recognizing and valuing transfers into or out of Level 3, in the Level 3 rollforward, is as of the beginning of the period in which the transfers occur

(Dollars in Thousands)

## 7. Long-Term Debt

Long-term debt at June 30, 2014 and 2013, is comprised of the following and is presented in accordance with the specific master trust indenture to which the debt relates As further discussed below, certain portions of long-term debt are secured under the Alexian Brothers Health System Master Trust Indenture, the Mercy Regional Health Center, Inc Master Trust Indenture, The Howard Young Medical Center, Inc Master Trust Indenture, the St John Health System Master Trust Indenture, and the Ministry Health Care Master Trust Indenture

| | June 30, 2014 | June 30, 2013 |
|---|---|---|
| Tax-exempt hospital revenue bonds – secured under Ascension Health Alliance Senior Credit Group Master Trust Indenture | | |
| Variable rate demand bonds, subject to a put provision that provides for a cumulative 7-month notice and remarketing period, payable through November 2047, interest (0 12% at June 30, 2014) tied to a market index plus a spread | $ **393,425** | $ 408,605 |
| Variable rate demand bonds, subject to a 7-day put provision, payable through November 2039, interest (0 06% June 30, 2014) set at prevailing market rates | **224,225** | 225,665 |
| Variable rate demand bonds, subject to a 7-day put provision, payable through November 2033, interest (0 06% at June 30, 2014) set at prevailing market rates, swapped to fixed rates of 5 454% and 5 544%, respectively, through maturity | **307,300** | 307,300 |
| Indexed put bonds subject to weekly rate resets based on a taxable index, payable through November 2046, interest (2 036% at June 30, 2014) swapped to a variable rate tied to a tax-exempt market index plus a spread through November 2016 | **153,800** | 153,800 |
| Fixed rate put bonds (converted from an indexed put bond mode based on a taxable index in May 2009) payable through November 2046, interest (4 10% at June 30, 2014) swapped to a variable rate tied to a market index plus a spread through November 2016 | **153,690** | 153,690 |
| Fixed rate serial and term bonds payable in installments through November 2051, interest at 3 00% to 5 25% | **1,154,320** | 1,207,490 |
| Fixed rate serial and term bonds payable in installments through November 2039, interest at 5 00% swapped to variable rates over the life of the bonds | **585,290** | 587,360 |
| Fixed rate serial mode bonds payable through 2047 with purchase dates ranging from August 2014 through June 2021, interest at 0 90% to 5 00% through the purchase dates | **1,221,920** | 1,224,750 |

(Dollars in Thousands)

## 7. Long-Term Debt (continued)

| | June 30, 2014 | 2013 |
|---|---|---|
| Tax-exempt hospital revenue bonds – unsecured under Ascension Health Alliance Subordinate Master Trust Indenture | | |
| Variable rate demand bonds, subject to a 7-day put provision, payable through November 2027, interest (0.06% at June 30, 2014) set at prevailing market rates | $ **55,100** | $ 56,060 |
| Fixed rate serial mode bonds payable through 2027 with purchase dates through November 2019, interest at 0.32% to 5.00% | **445,435** | 446,515 |
| Taxable bonds – secured under Ascension Health Alliance Senior Credit Group Master Trust Indenture | | |
| Taxable fixed rate term bonds payable in installments through November 2053, interest at 4.847% | **425,000** | 425,000 |
| Total hospital revenue bonds under Senior Master Trust Indenture and Subordinate Master Trust Indenture | **5,119,505** | 5,196,235 |
| | | |
| Tax-exempt hospital revenue bonds – secured under Alexian Brothers Health System Master Trust Indenture | | |
| Fixed rate serial and term bonds payable in installments through February 2038, interest at 3.50% to 5.50% | **153,710** | 157,000 |
| Total hospital revenue bonds under the Alexian Brothers Health System Master Trust Indenture | **153,710** | 157,000 |
| | | |
| Tax-exempt hospital revenue bonds – secured under Mercy Regional Health Center, Inc. Master Trust Indenture | | |
| Fixed rate serial and term bonds payable in installments through November 2029, interest at 3.00% to 5.00% | **24,040** | 25,060 |
| Total hospital revenue bonds under the Mercy Regional Health Center, Inc. Master Trust Indenture | **24,040** | 25,060 |
| | | |
| Tax-exempt hospital revenue bonds – secured under The Howard Young Medical Center, Inc. Master Trust Indenture | | |
| Fixed rate serial and term bonds payable in installments through August 2030, interest at 3.00% to 5.00% | **19,185** | 20,040 |
| Total hospital revenue bonds under The Howard Young Medical Center, Inc. Master Trust Indenture | **19,185** | 20,040 |

(Dollars in Thousands)

## 7. Long-Term Debt (continued)

| | June 30, 2014 | June 30, 2013 |
|---|---|---|
| Tax-exempt hospital revenue bonds – secured under St John Health System Master Trust Indenture | | |
| Fixed rate serial and term bonds payable in installments through February 2042, interest at 4 00% to 5 00% | $ **407,550** | $ 414,500 |
| Total hospital revenue bonds under the St John Health System Master Trust Indenture | **407,550** | 414,500 |
| Tax-exempt hospital revenue bonds – secured under Ministry Health Care Master Trust Indenture | | |
| Fixed rate serial and term bonds payable in installments through August 2035, interest at 3 00% to 5 50% | **358,415** | 368,260 |
| Total hospital revenue bonds under the Ministry Health Care Master Trust Indenture | **358,415** | 368,260 |
| Total hospital revenue bonds under the Ascension Health Alliance Senior Master Trust Indenture, Ascension Health Alliance Subordinate Master Trust Indenture, the Alexian Brothers Health System Master Trust Indenture, the Mercy Regional Health Center, Inc Master Trust Indenture, The Howard Young Medical Center, Inc Master Trust Indenture, St John Health System Master Trust Indenture, and Ministry Health Care Master Trust Indenture | **6,082,405** | 6,181,095 |
| Other debt | | |
| Obligations under capital leases | **30,623** | 41,957 |
| Other | **123,368** | 113,710 |
| | **6,236,396** | 6,336,762 |
| Unamortized premium, net | **195,579** | 218,536 |
| Less current portion | **(91,532)** | (89,869) |
| Less long-term debt subject to short-term remarketing arrangements | **(1,345,530)** | (1,187,125) |
| Long-term debt, less current portion and long-term debt subject to short-term remarketing arrangements | $ **4,994,913** | $ 5,278,304 |

(Dollars in Thousands)

## 7. Long-Term Debt (continued)

| | June 30, 2014 | June 30, 2013 |
|---|---|---|
| Ascension Health Alliance Senior Master Trust Indenture long-term debt obligations, including unamortized premium, net | $ **3,329,323** | $ 3,579,334 |
| Ascension Health Alliance Subordinate Master Trust Indenture long-term debt obligations, including unamortized premium, net | **505,843** | 511,009 |
| Alexian Brothers Health System Master Trust Indenture long-term debt obligations, including unamortized premium, net | **160,965** | 162,594 |
| Mercy Regional Health Center, Inc Master Trust Indenture long-term debt obligations, including unamortized premium, net | **25,498** | 27,258 |
| The Howard Young Medical Center, Inc Master Trust Indenture long-term debt obligations, including unamortized premium, net | **19,942** | 20,933 |
| St John Health System Master Trust Indenture long-term debt obligations, including unamortized premium, net | **429,154** | 437,503 |
| Ministry Health Care Master Trust Indenture long-term debt obligations, including unamortized premium, net | **381,144** | 394,781 |
| Other | **143,044** | 144,892 |
| Long-term debt, less current portion, and long-term debt subject to short-term remarketing arrangements | $ **4,994,913** | $ 5,278,304 |

Scheduled principal repayments of long-term debt, considering obligations subject to short-term remarketing as due according to their long-term amortization schedule, as of June 30, 2014, are as follows

| | Ascension Health Alliance MTIs | Alexian Brothers Health System MTI | Mercy Regional Health Center, Inc. MTI | The Howard Young Medical Center, Inc. MTI | St. John Health System MTI | Ministry Health Care MTI | Other Debt | Total |
|---|---|---|---|---|---|---|---|---|
| Year ending June 30 | | | | | | | | |
| 2015 | $ 59,835 | $ 340 | $ 1,045 | $ 875 | $ 7,305 | $ 11,185 | $ 10,947 | $ 91,532 |
| 2016 | 50,130 | 7,485 | 1,080 | 910 | 7,680 | 11,665 | 22,513 | 101,463 |
| 2017 | 65,945 | 13,130 | 1,125 | 945 | 8,070 | 12,185 | 9,200 | 110,600 |
| 2018 | 69,045 | 15,655 | 1,175 | 975 | 6,890 | 12,890 | 35,710 | 142,340 |
| 2019 | 85,230 | 5,735 | 1,230 | 1,000 | 7,230 | 12,265 | 8,908 | 121,598 |
| Thereafter | 4,789,320 | 111,365 | 18,385 | 14,480 | 370,375 | 298,225 | 66,713 | 5,668,863 |
| Total | $ 5,119,505 | $ 153,710 | $ 24,040 | $ 19,185 | $ 407,550 | $ 358,415 | $ 153,991 | $ 6,236,396 |

**7. Long-Term Debt (continued)**

The carrying amounts of variable rate bonds and other notes payable approximate fair value The fair values of the unsecured fixed rate serial and term bonds are obtained from independent public valuation services The fair value of fixed rate serial and term bonds, including the component of variable rate demand bonds subject to long-term fixed interest rates, approximates carrying value at June 30, 2014 and 2013 During the years ended June 30, 2014 and 2013, interest paid was approximately $223,000 and $170,000, respectively Capitalized interest was approximately $5,500 and $5,400 for the years ended June 30, 2014 and 2013, respectively

Certain members of the System formed the Ascension Health Alliance Credit Group (Senior Credit Group) Each Senior Credit Group member is identified as either a senior obligated group member, a senior designated affiliate, or a senior limited designated affiliate Senior obligated group members are jointly and severally liable under a Senior Master Trust Indenture (Senior MTI) to make all payments required with respect to obligations under the Senior MTI and may be entities not controlled directly or indirectly by the System Senior designated affiliates and senior limited designated affiliates are not obligated to make debt service payments on the obligations under the Senior MTI The System may cause each senior designated affiliate to transfer such amounts as are necessary to enable the obligated group to comply with the terms of the Senior MTI, including payment of the outstanding obligations Additionally, each senior limited designated affiliate has an independent limited designated affiliate agreement and promissory note with the System with stipulated repayment terms and conditions, each subject to the governing law of the senior limited designated affiliate's state of incorporation

Pursuant to a Supplemental Master Indenture dated February 1, 2005, senior obligated group members, which are operating entities, have pledged and assigned to the Master Trustee a security interest in all of their rights, title, and interest in their pledged revenues and proceeds thereof

A Subordinate Credit Group, which is comprised of subordinate obligated group members, subordinate designated affiliates, and subordinate limited designated affiliates, was created under the Subordinate Master Trust Indenture (Subordinate MTI) The subordinate obligated group members are jointly and severally liable under the Subordinate MTI to make all payments required with respect to obligations under the Subordinate MTI and may be entities not controlled directly or indirectly by the System Subordinate designated affiliates and subordinate limited designated affiliates are not obligated to make debt service payments on the obligations under the Subordinate MTI The System may cause each subordinate designated affiliate to

**7. Long-Term Debt (continued)**

transfer such amounts as are necessary to enable the obligated group members to comply with the terms of the Subordinate MTI, including payment of the outstanding obligations Additionally, each subordinate limited designated affiliate has an independent subordinate limited designated affiliate agreement and promissory note with the System, with stipulated repayment terms and conditions, each subject to the governing law of the subordinate limited designated affiliate's state of incorporation

The unsecured variable rate demand bonds of both the Senior and Subordinate Credit Groups, while subject to long-term amortization periods, may be put to the System at the option of the bondholders in connection with certain remarketing dates To the extent that bondholders may, under the terms of the debt, put their bonds within 12 months after June 30, 2014, the principal amount of such bonds has been classified as a current liability in the accompanying Consolidated Balance Sheets Management believes the likelihood of a material amount of bonds being put to the System to be remote However, to address this possibility, management has taken steps to provide various sources of liquidity in the event any bonds would be put, including the line of credit, commercial paper program, and maintaining unrestricted assets as a source of self-liquidity

On January 1, 2012, Alexian Brothers became part of the System Subsequently, the System redeemed or refinanced a portion of Alexian Brothers' debt, however, a portion of the bonds previously issued for the benefit of Alexian Brothers remains outstanding (the Alexian Brothers' Bonds) The Alexian Brothers' Bonds continue to be secured by the Alexian Brothers Health System Master Trust Indenture (As Amended and Restated), dated October 1, 1992, between the Members of the Alexian Brothers Health System Obligated Group established under this document and the Alexian Brothers Health System Master Trustee

On April 1, 2013, Marian Health System joined Ascension Health Subsequently, the System redeemed or refinanced a portion of the debt of the Marian Systems, however, a portion of the bonds previously issued for the benefit of the Marian Systems remains outstanding These bonds continue to be secured by the respective Master Trust Indentures, including the Amended and Restated Master Trust Indenture dated October 1, 1999, by and between St John Health System and the St John Health Master Trustee, the Master Trust Indenture dated October 1, 1984, by and between Ministry Health Care and the Ministry Health Care Master Trustee, the Master Trust Indenture dated August 15, 1993, between The Howard Young Medical Center, Inc , a subsidiary of Ministry Health Care, and The Howard Young Medical Center, Inc Master

**7. Long-Term Debt (continued)**

Trustee, and the Master Trust Indenture dated January 15, 2013, between Mercy Regional Health Center, Inc (a subsidiary of Via Christi Health) and the Mercy Regional Health Center, Inc Master Trustee

In June 2013, the System issued a total of $521,865 of tax-exempt bonds, Series 2013A and 2013B, through the Wisconsin issuing authority In June 2013, the System also issued a total of $425,000 of taxable bonds, Series 2013A The proceeds of the bonds, including original issue premium, were used to refinance debt and general corporate purposes

Due to aggregate financing activity during the fiscal years ended June 30, 2014 and 2013, losses on extinguishment of debt of $1,605 and $4,079, respectively, were recorded, which are included in nonoperating gains (losses) in the accompanying Consolidated Statements of Operations and Changes in Net Assets

The System is a party to multiple interest rate swap agreements that convert the variable or fixed rates of certain debt issues to fixed or variable rates, respectively See the Derivative Instruments note for a discussion of these derivatives

As of June 30, 2014, the Senior Credit Group has a line of credit of $1,000,000 which may be used as a source of funding for unremarketed variable debt (including commercial paper) or for general corporate purposes, towards which bank commitments totaling $1,000,000 extend to November 9, 2014 As of June 30, 2014 and 2013, there were no borrowings under the line of credit

As of June 30, 2014, the Senior Credit Group has a $75,000 revolving line of credit related to its letters of credit program toward which a bank commitment of $75,000 extends to November 26, 2014 The revolving line of credit may be accessed solely in the form of Letters of Credit issued by the bank for the benefit of the members of the Credit Groups Of this $75,000 revolving line of credit, letters of credit totaling $57,455 have been issued as of June 30, 2014 No borrowings were outstanding under the letters of credit as of June 30, 2014 and 2013

(Dollars in Thousands)

## 8. Derivative Instruments

The System uses interest rate swap agreements to manage interest rate risk associated with its outstanding debt Interest rate swaps with varying characteristics are outstanding under the Master Trust Indentures of the System, Alexian Brothers, Ministry Health Care, and St John Health These swaps have historically been used to effectively convert interest rates on variable rate bonds to fixed rates and rates on fixed rate bonds to variable rates At June 30, 2014 and 2013, the notional values of outstanding interest rate swaps were as follows

| | June 30, 2014 | June 30, 2013 |
|---|---|---|
| Ascension Health Alliance MTI | **$ 2,128,757** | $ 2,128,757 |
| Alexian Brothers Health System MTI | **39,220** | 47,220 |
| Ministry Health Care MTI | **192,950** | 270,880 |
| St John Health System MTI | **100,000** | 125,000 |
| Total | **$ 2,460,927** | $ 2,571,857 |

The System recognizes the fair value of its interest rate swaps in the Consolidated Balance Sheets as assets, recorded in other noncurrent assets, or liabilities, recorded in other noncurrent liabilities, as appropriate The respective fair values of interest rate swaps in an asset and liability position for the System, Alexian Brothers, Ministry Health Care and St John Health were as follows

| | June 30, 2014 | | June 30, 2013 | |
|---|---|---|---|---|
| | Asset | Liability | Asset | Liability |
| Ascension Health Alliance MTI | **$ 66,981** | **$ 169,031** | $ 73,846 | $ 174,413 |
| Alexian Brothers Health System MTI | **–** | **1,934** | – | 2,685 |
| Ministry Health Care MTI | **2,902** | **17,938** | 2,804 | 16,492 |
| St John Health System MTI | **–** | **756** | – | 956 |
| Total | **$ 69,883** | **$ 189,659** | $ 76,650 | $ 194,546 |

(Dollars in Thousands)

**8. Derivative Instruments (continued)**

The System's interest rate swap agreements include collateral requirements for each counterparty under such agreements, based upon specific contractual criteria, subject to master netting arrangements Collateral requirements are separately calculated for the System, Alexian Brothers, Ministry Health Care, and St John Health based on the credit ratings of each In the case of the System, the applicable credit rating is the Senior Credit Group long-term debt credit ratings (Senior Debt Credit Ratings), as obtained from each of two major credit rating agencies Credit rating and the net liability position of total interest rate swap agreements outstanding with each counterparty determine the amount of collateral to be posted Collateral and net fair value of interest rate swap agreements with credit-risk-related contingent features at June 30, 2014 and 2013, based upon the respective net liability positions and applicable credit ratings were as follows

| | June 30, 2014 | | June 30, 2013 | |
|---|---|---|---|---|
| | **Net Fair Value** | **Collateral Posted** | **Net Fair Value** | **Collateral Posted** |
| Ascension Health Alliance MTI | **$ (102,050)** | **$ –** | $ (100,567) | $ – |
| Alexian Brothers Health System MTI | **(1,934)** | **–** | (2,685) | – |
| Ministry Health Care MTI | **(15,036)** | **16,218** | (13,688) | 23,024 |
| St John Health System MTI | **(756)** | **–** | (956) | – |
| Total | **$ (119,776)** | **$ 16,218** | $ (117,896) | $ 23,024 |

Prior to July 1, 2006, the System designated certain of its interest rate swaps as cash flow hedges, for accounting purposes, and accordingly deferred gains or losses associated with those swaps in net assets As of June 30, 2014, the deferred net gain associated with these interest rate swaps was $4,054 The portion of this gain that will be reclassified into nonoperating gains (losses) over the next 12 months is immaterial

Beginning July 1, 2006, the System's previously designated cash flow hedging relationships were de-designated for accounting purposes Accordingly, all changes in the fair value of interest rate swaps have been recognized in nonoperating gains (losses) in the accompanying Consolidated Statements of Operations and Changes in Net Assets A net nonoperating gain of $1,752 was recognized for the year ended June 30, 2014, while a net nonoperating loss of $61,651 was recognized for the year ended June 30, 2013

## 9. Retirement Plans

### Defined-Benefit Plans

Certain System entities participate in defined-benefit pension plans (the System Plans), which are noncontributory, defined-benefit pension plans covering substantially all eligible employees of certain System entities Benefits are based on each participant's years of service and compensation All of the System Plans' assets are invested in Trusts, which include the Master Pension Trust (the Trust) and other trusts (the Other Trusts) The System Plans' assets primarily consist of cash and cash equivalents, equity, fixed income funds, and alternative investments, consisting of various hedge funds, real estate funds, private equity funds, commodity funds, private credit funds, and certain other private funds Contributions to the System Plans are based on actuarially determined amounts sufficient to meet the benefits to be paid to participants

During previous fiscal years, the System approved and communicated to employees a redesign of associate retirement benefits, which affects certain System Plans, as well as provides an enhanced comprehensive defined contribution plan This redesign resulted in the recognition of a curtailment gain of $73,198, for the year ended June 30, 2013, which was recognized in total impairment, restructuring, and nonrecurring losses, net for the year ended June 30, 2013 This redesign resulted in a decrease to the projected benefit obligation and is included in pension and other postretirement liabilities in the Consolidated Balance Sheets

The assets of the System Plans are available to pay the benefits of eligible employees and retirees of all participating entities In the event entities participating in the System Plans are unable to fulfill their financial obligations under the System Plans, the other participating entities are obligated to do so

(Dollars in Thousands)

**9. Retirement Plans (continued)**

The following table sets forth the combined benefit obligations and assets of the System Plans at June 30, 2014 and 2013, components of net periodic benefit costs for the years then ended, and a reconciliation of the amounts recognized in the accompanying consolidated financial statements

| | Year Ended June 30, | |
|---|---|---|
| | **2014** | **2013** |
| Change in projected benefit obligation | | |
| Projected benefit obligation at beginning of year | **$ 7,201,780** | $ 6,437,246 |
| Service Cost | **51,176** | 119,018 |
| Interest Cost | **343,781** | 289,634 |
| Amendments | **290** | (12,792) |
| Assumption change | **408,908** | (363,778) |
| Actuarial (gain) loss | **55,623** | (28,641) |
| Business combinations | **–** | 1,137,270 |
| Curtailment | **(4,193)** | (74,962) |
| Benefits paid | **(365,406)** | (301,215) |
| Projected benefit obligation at end of year | **7,691,959** | 7,201,780 |
| Accumulated benefit obligation at end of year | **7,649,965** | 7,155,166 |
| Change in plan assets | | |
| Fair value of plan assets at beginning of year | **6,742,384** | 5,992,677 |
| Actual return on plan assets | **1,046,540** | 121,715 |
| Employer contributions | **41,597** | 54,541 |
| Business combinations | **–** | 874,666 |
| Benefits paid | **(365,406)** | (301,215) |
| Fair value of plan assets at end of year | **7,465,115** | 6,742,384 |
| Net amount recognized at end of year and funded status | **$ (226,844)** | $ (459,396) |

The System Plans' funded status as a percentage of the projected benefit obligation at June 30, 2014 and 2013, was 97 1% and 93 6%, respectively The System Plans' funded status as a percentage of the accumulated benefit obligation at June 30, 2014 and 2013, was 97 6% and 94 2%, respectively

(Dollars in Thousands)

**9. Retirement Plans (continued)**

Included in unrestricted net assets at June 30, 2014 and 2013, are the following amounts that have not yet been recognized in net periodic pension cost for the System Plans

| | Year Ended June 30, 2014 | 2013 |
|---|---|---|
| Unrecognized prior service credit | **$ (17,348)** | $ (23,080) |
| Unrecognized actuarial loss | **330,938** | 364,739 |
| | **$ 313,590** | $ 341,659 |

Changes in plan assets and benefit obligations recognized in unrestricted net assets for System Plans during 2014 and 2013 include

| | Year Ended June 30, 2014 | 2013 |
|---|---|---|
| Current year actuarial gain | **$ (27,867)** | $ (87,934) |
| Amortization of actuarial (gain) loss | **(5,934)** | 19,725 |
| Current year prior service cost (credit) | **290** | (12,792) |
| Amortization of prior service credit | **5,442** | 5,944 |
| | **$ (28,069)** | $ (75,057) |

| | Year Ended June 30, 2014 | 2013 |
|---|---|---|
| **Components of net periodic benefit cost** | | |
| Service cost | **$ 51,176** | $ 119,018 |
| Interest cost | **343,781** | 289,634 |
| Expected return on plan assets | **(558,335)** | (500,497) |
| Amortization of prior service credit | **(4,017)** | (6,242) |
| Amortization of actuarial loss | **7,709** | 53,783 |
| Curtailment gain | **(1,426)** | (73,198) |
| Settlement gain | **(1,774)** | (12) |
| Net periodic benefit cost | **$ (162,886)** | $ (117,514) |

(Dollars in Thousands)

## 9. Retirement Plans (continued)

The prior service credit and actuarial gain included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ending June 30, 2015, are $4,000 and $24,955, respectively

The assumptions used to determine the benefit obligation and net periodic benefit cost for the System Plans are set forth below

| | June 30, | |
|---|---|---|
| | **2014** | **2013** |
| Weighted-average discount rate | **4.35%** | 4.88% |
| Weighted-average rate of compensation increase | **3.81%** | 3.81% |
| Weighted-average expected long-term rate of return on plan assets | **8.30%** | 8.30% |

The System Plans' assets invested in the Trust are invested in a portfolio designed to protect principal and obtain competitive investment returns and long-term investment growth, consistent with actuarial assumptions, with a reasonable and prudent level of risk Diversification is achieved by allocating to funds and managers that correlate to one of three economic strategies growth, deflation, and inflation Growth strategies include U S equity, emerging market equity, global equity, international equity, directional hedge funds, private equity, high yield, and private credit Deflation strategies include core fixed income, absolute return hedge funds, and cash Inflation strategies include inflation-linked bonds, commodity-related investments, and real assets The System Plans use multiple investment managers with complementary styles, philosophies, and approaches In accordance with the System Plans' objectives, derivatives may also be used to gain market exposure in an efficient and timely manner

(Dollars in Thousands)

## 9. Retirement Plans (continued)

In accordance with the System Plans' asset diversification targets, as presented in the table that follows, the Trust holds certain alternative investments, consisting of various hedge funds, real asset funds, private equity funds, commodity funds, private credit funds, and certain other private funds These investments do not have observable market values As such, each of these investments is valued at net asset value as determined by each fund's investment manager, which approximates fair value The fair value of the System Plans' alternative investments in the Trust as of June 30, 2014, is reported in the fair value measurement table that follows Collectively, these funds have liquidity terms ranging from daily to annual with notice periods ranging from 1 to 180 days Due to redemption restrictions, investments of certain private funds, whose fair value was approximately $1,313,000 at June 30, 2014, cannot be redeemed However, the potential for the System Plans to sell their interest in real asset funds and private equity funds in a secondary market prior to the end of the fund term does exist

The investments in these alternative investment funds may also include contractual commitments to provide capital contributions during the investment period, which is typically five years, and may extend to the end of the fund term During these contractual periods, investment managers may require the System Plans to invest in accordance with the terms of the agreement Commitments not funded during the investment period will expire and remain unfunded As of June 30, 2014, investment periods expire between July 2014 and March 2018 The remaining unfunded capital commitments of the Trust total approximately $416,000 for 62 individual contracts as of June 30, 2014

The weighted-average asset allocation for the System Plans in the Trust at the end of fiscal 2014 and 2013 and the target allocation for fiscal 2015, by asset category, are as follows

| | Target Allocation | Percentage of Plan Assets At Year-End | |
|---|---|---|---|
| **Asset Category** | **2015** | **2014** | **2013** |
| Growth | 50% | **53%** | 52% |
| Deflation | 30 | **29** | 29 |
| Inflation | 20 | **18** | 19 |
| Total | 100% | **100%** | 100% |

(Dollars in Thousands)

## 9. Retirement Plans (continued)

The System Plans' assets in the Other Trusts are invested in portfolios designed to best serve the participants of the System Plans' through a long-term investment strategy designed to ensure that funds are available to pay benefits as they become due and to maximize the total return at a prudent level of investment risk The System Plans' assets invested in the Other Trusts are diversified among various assets classes based upon established investment guidelines

| Asset Category | Target Allocation 2015 | Percentage of Plan Assets At Year-End 2014 | 2013 |
|---|---|---|---|
| Cash | 1% | **1%** | 6% |
| Growth | 62 | **67** | 61 |
| Income | 32 | **28** | 25 |
| Other | 5 | **4** | 8 |
| Total | 100% | **100%** | 100% |

(Dollars in Thousands)

## 9. Retirement Plans (continued)

The following tables summarize fair value measurements at June 30, 2014 and 2013, by asset class and by level, for the System Plans' assets and liabilities As also discussed in the Fair Value Measurements note, the System follows the three-level fair value hierarchy to categorize plan assets and liabilities recognized at fair value, which prioritizes the inputs used to measure such fair values The inputs and valuation techniques discussed in the Fair Value Measurements note also apply to the System Plans' assets and liabilities as presented in the following tables

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **June 30, 2014** | | | | |
| Short-term investments | $ 191,495 | $ 399 | $ – | $ 191,894 |
| Derivatives receivable | 7 | 15,245 | 19,404 | 34,656 |
| U S government, state, municipal and agency obligations | – | 1,704,131 | – | 1,704,131 |
| Corporate and foreign fixed income securities | – | 673,696 | 47,850 | 721,546 |
| Asset-backed securities | – | 232,484 | 24,080 | 256,564 |
| Equity securities | 1,649,136 | 395,372 | 3,045 | 2,047,553 |
| Alternative investments and other investments | | | | |
| Private equity and real estate funds | – | – | 909,980 | 909,980 |
| Hedge funds | – | – | 1,448,274 | 1,448,274 |
| Commodities funds and other investments | – | – | 295,563 | 295,563 |
| Assets not at fair value | | | | 154,023 |
| Total | | | | 7,764,184 |
| | | | | |
| Derivatives payable | 26 | 160,907 | 2,980 | 163,913 |
| Investments sold, not yet purchased | 1,555 | – | – | 1,555 |
| Liabilities not at fair value | | | | 133,601 |
| Total | | | | 299,069 |
| Fair value of plan assets | | | | $ 7,465,115 |

(Dollars in Thousands)

## 9. Retirement Plans (continued)

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **June 30, 2013** | | | | |
| Short-term investments | $ 324,803 | $ 20,331 | $ – | $ 345,134 |
| Derivatives receivable | 1,078 | 337 | 21,059 | 22,474 |
| U.S. government, state, municipal and agency obligations | – | 1,671,493 | 1,266 | 1,672,759 |
| Corporate and foreign fixed income securities | 25,843 | 566,812 | 53,729 | 646,384 |
| Asset-backed securities | – | 226,920 | 22,838 | 249,758 |
| Equity securities | 1,317,933 | 18,741 | 2,936 | 1,339,610 |
| Alternative investments and other investments | | | | |
| Private equity and real estate funds | – | – | 747,864 | 747,864 |
| Hedge funds | 34,708 | – | 1,452,190 | 1,486,898 |
| Commodities funds and other investments | – | 316,971 | 271,282 | 588,253 |
| Assets not at fair value | | | | 334,875 |
| Total | | | | 7,434,009 |
| | | | | |
| Derivatives payable | 68 | 300 | 248,988 | 249,356 |
| Investments sold, not yet purchased | 3,794 | (71) | – | 3,723 |
| Liabilities not at fair value | | | | 438,546 |
| Total | | | | 691,625 |
| Fair value of plan assets | | | | $ 6,742,384 |

(Dollars in Thousands)

## 9. Retirement Plans (continued)

For the years ended June 30, 2014 and 2013, the changes in the fair value of the System Plans' assets measured using significant unobservable inputs (Level 3) consisted of the following

| | Net Derivatives | U.S. Government, State, Municipal and Agency Obligations | Corporate and Foreign Fixed Income Securities | Asset-Backed Securities | Equity Securities | Private Equity and Real Estate Funds | Hedge Funds | Commodities Funds and Other Investments |
|---|---|---|---|---|---|---|---|---|
| **June 30, 2014** | | | | | | | | |
| Beginning balance | **$ (227,929)** | **$ 1,266** | **$ 53,729** | **$ 22,838** | **$ 2,936** | **$ 747,864** | **$1,452,190** | **$ 271,282** |
| Total actual return on assets | **123,117** | **23** | **5,784** | **1,182** | **353** | **70,779** | **105,507** | **21,672** |
| Purchases, issuances, and settlements | **(108,811)** | **(1,289)** | **(9,038)** | **16,599** | **(351)** | **91,337** | **(109,423)** | **2,609** |
| Transfers into (out of) Level 3 | **230,047** | **–** | **(2,625)** | **(16,539)** | **107** | **–** | **–** | **–** |
| Ending balance | **$ 16,424** | **$ –** | **$ 47,850** | **$ 24,080** | **$ 3,045** | **$ 909,980** | **$1,448,274** | **$ 295,563** |
| Actual return on plan assets relating to plan assets still held at June 30, 2014 | **$ 16,515** | **$ –** | **$ 2,823** | **$ 869** | **$ 555** | **$ 56,528** | **$ 146,882** | **$ (20,343)** |

| | Net Derivatives | U.S. Government, State, Municipal and Agency Obligations | Corporate and Foreign Fixed Income Securities | Asset-Backed Securities | Equity Securities | Private Equity and Real Estate Funds | Hedge Funds | Commodities Funds and Other Investments |
|---|---|---|---|---|---|---|---|---|
| **June 30, 2013** | | | | | | | | |
| Beginning balance | $ 8,174 | $ 1,903 | $ 28,308 | $ 14,243 | $ 1,514 | $ 546,165 | $1,187,124 | $ 282,320 |
| Acquisitions | – | – | – | – | – | 37,048 | – | 9,994 |
| Total actual return on assets | (154,133) | 130 | (171) | (89) | 5 | 54,153 | 147,977 | (21,032) |
| Purchases, issuances, and settlements | (122,486) | (767) | 31,994 | 20,384 | 1,417 | 98,174 | 156,513 | – |
| Transfers into (out of) Level 3 | 40,516 | – | (6,402) | (11,700) | – | 12,324 | (39,424) | – |
| Ending balance | $ (227,929) | $ 1,266 | $ 53,729 | $ 22,838 | $ 2,936 | $ 747,864 | $1,452,190 | $ 271,282 |
| Actual return on plan assets relating to plan assets still held at June 30, 2013 | $ (280,606) | $ 59 | $ (2,202) | $ (115) | $ 227 | $ 54,968 | $ 147,248 | $ (21,024) |

(Dollars in Thousands)

**9. Retirement Plans (continued)**

The Trust has entered into a series of interest rate swap agreements with a net notional amount of $2,958,450 The combined targeted duration of these swaps and the Trust's fixed income investments approximates the duration of the liabilities of the Trust Currently, 75% of the dollar duration of the liability is subject to this economic hedge The purpose of this strategy is to economically hedge the change in the net funded status for a significant portion of the liability that can occur due to changes in interest rates

The expected long-term rate of return on the System Plans' assets is based on historical and projected rates of return for current and planned asset categories in the investment portfolio Assumed projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category using benchmark rates Based on the target asset allocation among the asset categories, the overall expected rate of return for the portfolio was developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets

Information about the expected cash flows for the System Plans follows

| | |
|---|---|
| Expected employer contributions 2015 | $ 41,714 |
| Expected benefit payments | |
| 2015 | 502,046 |
| 2016 | 478,701 |
| 2017 | 494,566 |
| 2018 | 502,342 |
| 2019 | 506,546 |
| 2020-2024 | 2,499,041 |

The contribution amount above includes amounts paid to Trusts The benefit payment amounts above reflect the total benefits expected to be paid from Trusts

## 9. Retirement Plans (continued)

### Other Postretirement Benefit Plans

In addition to the retirement plan described above, certain Health Ministries sponsor postretirement benefit plans that provide healthcare benefits to qualified retirees who meet certain eligibility requirements The total benefit obligation of these plans at June 30, 2014 and 2013, is $44,473 and $45,308, respectively The net asset included in pension and other postretirement liabilities in the accompanying Consolidated Balance Sheets at June 30, 2014, is $756, while the net obligation included in pension and other postretirement liabilities in the accompanying Consolidated Balance Sheets at June 30, 2013, is $6,624 The change in the plans' assets and benefit obligations recognized in unrestricted net assets during the year ended June 30, 2014, was a decrease of $1,471

### Defined-Contribution Plans

System entities participate in contributory and noncontributory defined-contribution plans covering all eligible associates There are three primary types of contributions to these plans employer automatic contributions, employee contributions, and employer matching contributions Benefits for employer automatic contributions are determined as a percentage of a participant's salary and, for certain entities, increases over specified periods of employee service These benefits are funded annually, and participants become fully vested over a period of time Benefits for employer matching contributions are determined as a percentage of an eligible participant's contributions each payroll period These benefits are funded each payroll period, and participants become fully vested in these employer contributions immediately Expenses for the defined-contribution plans were $280,223 and $193,856 during 2014 and 2013, respectively

## 10. Self-Insurance Programs

Certain System hospitals and other entities participate in pooled risk programs to insure professional and general liability risks and workers' compensation risks to the extent of certain self-insured limits In addition, various umbrella insurance policies have been purchased to provide coverage in excess of the self-insured limits The System provides its self-insurance through various trust funds and captive insurance companies Actuarially determined amounts, discounted at 6% for the System, are contributed to the trust funds and the captive insurance companies to provide for the estimated cost of claims The loss reserves recorded for estimated self-insured professional, general liability, and workers' compensation claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported, which are discounted at 6% in 2014 and 2013 for the System Those entities not participating in the self-insured programs are insured under separate policies

### Professional and General Liability Programs

Professional and general liability coverage is provided on a claims-made or occurrence basis through a wholly owned onshore trust and through AHIL

The wholly owned onshore trust has a self-insured retention of $10,000 per occurrence with no aggregate Excess coverage is provided through AHIL with limits up to $205,000 AHIL retains $5,000 per occurrence and $5,000 annual aggregate for professional liability AHIL also retains a 20% quota share of the first $25,000 of umbrella excess The remaining excess coverage is reinsured by commercial carriers

Sunflower Assurance, Inc (Sunflower) was acquired when Marian Health System joined the System Sunflower provided excess coverage with limits up to $75,000 above the primary coverage for Via Christi Health and retained 10% of the first reinsurance layer of $10,000 on a quota share basis The remaining excess coverage was reinsured by commercial carriers As of October 1, 2013, Via Christi's primary and excess medical professional and general liability and employed physician programs were integrated into the System trust and AHIL After January 1, 2014, the employer stop loss and employee life insurance coverage provided by Sunflower to Via Christi were not renewed and are in run off

**10. Self-Insurance Programs (continued)**

Self-insured entities in the states of Indiana, Kansas, Pennsylvania, and Wisconsin are provided professional liability coverage with limits in compliance with participation in the Patient Compensation Funds The Patient Compensation Funds apply to claims in excess of the primary self-insured limit, except the Fund in Kansas, which only covers claims up to the first $1,000 and then the trust and AHIL cover amounts above $1,000

Included in operating expenses in the accompanying Consolidated Statements of Operations and Changes in Net Assets is professional and general liability expense of $99,568 and $68,437 for the years ended June 30, 2014 and 2013, respectively Included in current and long-term self-insurance liabilities on the accompanying Consolidated Balance Sheets are professional and general liability loss reserves of $604,846 and $614,913 at June 30, 2014 and 2013, respectively

AHIL also offers physician professional liability coverage through insurance or reinsurance arrangements to nonemployed physicians practicing at the System's various facilities, primarily in Michigan, Indiana, Texas, Florida and Illinois Coverage is offered to physicians with limits ranging from $100 per claim to $1,000 per claim with various aggregate limits Beginning October 1, 2013, AHIL offered similar coverage to employed physicians from Marian Health System in Kansas and Wisconsin

Edessa Insurance Company Ltd (Edessa) was acquired as part of the Alexian Brothers business combination effective January 1, 2012 Effective July 1, 2012, the self-insurance programs of Edessa were consolidated into AHIL, and Edessa ceased operations

## 10. Self-Insurance Programs (continued)

### Workers' Compensation

Workers' compensation coverage is provided on an occurrence basis through a grantor trust The self-insured trust provides coverage up to $1,500 per occurrence with no aggregate The trust provides a mechanism for funding the workers' compensation obligations of its members Prior to October 1, 2013, workers' compensation coverage for Marian Health System was self-insured or commercially insured up to various limits and excess insurance against catastrophic loss was obtained through commercial insurers As of October 1, 2013, the Marian Systems are provided coverage under the self-insured trust Premium payments made to the trust are expensed and represent claims reported and claims incurred but not reported

Included in operating expenses in the accompanying Consolidated Statements of Operations and Changes in Net Assets is workers' compensation expense of $42,052 and $41,699 for the years ended June 30, 2014 and 2013, respectively Included in current and long-term self-insurance liabilities on the accompanying Consolidated Balance Sheets are workers' compensation loss reserves of $114,237 and $137,825 at June 30, 2014 and 2013, respectively

(Dollars in Thousands)

### 11. Lease Commitments

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

| | | |
|---|---|---|
| Year ending June 30 | | |
| 2015 | $ | 188,138 |
| 2016 | | 172,635 |
| 2017 | | 138,931 |
| 2018 | | 104,991 |
| 2019 | | 75,410 |
| Thereafter | | 209,295 |
| Total | $ | 889,400 |

Certain System entities are lessees under operating lease agreements for the use of space in buildings owned by third parties, including medical office buildings (MOBs) and medical and information technology equipment In addition, certain System entities have subleased space within buildings where the entity has a current operating lease commitment Certain System entities are also lessors under operating lease agreements, primarily ground leases related to third-party-owned MOBs on land owned by the System entity

(Dollars in Thousands)

**11. Lease Commitments (continued)**

The System's future minimum noncancelable payments associated with operating leases where a System entity is the lessee, as well as future minimum noncancelable receipts associated with operating leases where a System entity is the sublessor or lessor, are presented in the table that follows Future minimum payments and receipts relate to noncancelable leases with terms of one year or more

| | Future Payments Where the System is Lessee | Future Receipts Where the System is Sublessor/ Lessor | Net Future Payments (Receipts) |
|---|---|---|---|
| Year ending June 30 | | | |
| 2015 | $ 188,138 | $ 50,118 | $ 138,020 |
| 2016 | 172,635 | 41,175 | 131,460 |
| 2017 | 138,931 | 32,104 | 106,827 |
| 2018 | 104,991 | 26,333 | 78,658 |
| 2019 | 75,410 | 20,626 | 54,784 |
| Thereafter | 209,295 | 300,833 | (91,538) |
| Total | $ 889,400 | $ 471,189 | $ 418,211 |

Rental expense under operating leases amounted to $391,928 and $347,087 in 2014 and 2013, respectively

**12. Contingencies and Commitments**

The System is involved in litigation and regulatory investigations arising in the ordinary course of business Regulatory investigations also occur from time to time In the opinion of management, after consultation with legal counsel, these matters are expected to be resolved without material adverse effect on the System's Consolidated Balance Sheet

In March 2013, the System and some of its subsidiaries were named as defendants to litigation surrounding the Church Plan status of its System Plans On May 9, 2014, the United States District Court, Eastern District of Michigan, Southern Division, issued its Decision and Order Granting Defendants' Motion to Dismiss, which effectively dismissed the case against the System On June 11, 2014, the plaintiff in the case filed a Notice of Appeal, and the appeal is pending Regardless of the outcome of such appeal, the System does not believe that this matter will have a material adverse effect on the System's financial position or results of operations

(Dollars in Thousands)

**12. Contingencies and Commitments (continued)**

In September 2010, Ascension Health received a letter from the U S Department of Justice (the DOJ) in connection with its nationwide review to determine whether, in certain cases, implantable cardioverter defibrillators (ICD) were provided to certain Medicare beneficiaries in accordance with national coverage criteria In connection with this nationwide review, identified System hospitals are reviewing applicable medical records and responding to the DOJ The DOJ's investigation spans a time frame beginning in 2003 and extending through the present time To date, four System hospitals have entered into settlements with the DOJ and the System is having settlement discussions with the DOJ regarding two other System hospitals subject to the ICD investigation

The System enters into agreements with non-employed physicians that include minimum revenue guarantees The terms of the guarantees vary The carrying amounts of the liability for the System's obligation under these guarantees were $37,623 and $44,553 at June 30, 2014 and 2013, respectively, and are included in other current and noncurrent liabilities in the accompanying Consolidated Balance Sheets The maximum amount of future payments that the System could be required to make under these guarantees is approximately $95,700

The System entered into agreements with sponsors for support through January 2017 The System's obligation under these agreements totals $31,000 at June 30, 2014, and is included in other current and noncurrent liabilities in the accompanying Consolidated Balance Sheet

The System entered into Master Service Agreements for information technology services provided by third parties The maximum amount of future payments that the System could be required to make under these agreements is approximately $190,700

Guarantees and other commitments represent contingent commitments issued by Ascension Health Alliance Senior and Subordinate Credit Groups, generally to guarantee the performance of an affiliate to a third party in borrowing arrangements such as commercial paper issuances, bond financing, and other transactions The terms of guarantees are equal to the terms of the related debt, which can be as long as 26 years The following represents the remaining guarantees and other commitments of the Senior and Subordinate Credit Groups at June 30, 2014

| | |
|---|---|
| Hospital de la Concepción 2000 Series A debt guarantee | **$ 29,240** |
| St Vincent de Paul Series 2000A debt guarantee | **28,300** |
| Other guarantees and commitments | **36,200** |

# Supplementary Information

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Building a better working world

# Report of Independent Auditors on Supplementary Information

The Board of Directors
Ascension Health Alliance d/b/a Ascension

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The accompanying Schedule of Net Cost of Providing Care of Persons Living in Poverty and Community Benefit Programs, the Details of Consolidated Balance Sheets, and the Details of Consolidated Statements of Operations and Changes in Net Assets are presented for purposes of additional analysis and is not a required part of the financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole

Ernst + Young LLP

September 11, 2014

Ascension

# Schedule of Net Cost of Providing Care of Persons Living in Poverty and Other Community Benefit Programs

*(Dollars in Thousands)*

Years Ended June 30, 2014 and 2013

The net cost of providing care to persons living in poverty and other community benefit programs is as follows

| | Year Ended June 30, 2014 | 2013 |
|---|---|---|
| Traditional charity care provided | **$ 580,606** | $ 524,605 |
| Unpaid cost of public programs for persons living in poverty | **641,981** | 488,959 |
| Other programs for persons living in poverty and other vulnerable persons | **117,990** | 89,923 |
| Community benefit programs | **480,866** | 383,583 |
| Care of persons living in poverty and other community benefit programs | **$ 1,821,443** | $ 1,487,070 |

# Ascension

## Details of Consolidated Balance Sheet
*(Dollars in Thousands)*

## June 30, 2014

| | Consolidated Ascension | Consolidated Ascension less Health Ministries Presented | Reclassification | Consolidated Arlington Heights | Consolidated Baltimore | Consolidated Birmingham | Consolidated Flint |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Current assets | | | | | | | |
| Cash and cash equivalents | $ 618 418 | $ 351 470 | $ – | $ 3 940 | $ 10 161 | $ 15 119 | $ 7 313 |
| Short-term investments | 109 081 | 51 860 | – | 5 497 | – | 29 | 500 |
| Accounts receivable less allowances for uncollectible accounts ($1 260 407 in 2014) | 2 419 616 | 1 165 698 | – | 120 498 | 57 963 | 72 165 | 46 071 |
| Inventories | 332 739 | 157 232 | – | 16 787 | 7 727 | 12 067 | 5 764 |
| Due from brokers | 343 757 | 343 757 | – | – | – | – | – |
| Estimated third-party payor settlements | 236 559 | 150 491 | – | 445 | – | 5 166 | 4 297 |
| Other | 562 367 | 328 739 | – | 12 235 | 14 064 | 12 297 | 7 014 |
| Total current assets | 4 622 537 | 2 549 247 | – | 159 402 | 89 915 | 116 843 | 70 959 |
| Long-term investments | 15 327 255 | 9 009 634 | 6 041 614 | 19 694 | 16 877 | 18 693 | 844 |
| Interest in investments held by Ascension | – | – | (6 041 614) | 369 491 | 202 929 | 195 012 | 177 644 |
| Property and equipment net | 8 410 629 | 4 076 941 | – | 692 474 | 230 893 | 343 331 | 153 306 |
| Other assets | | | | | | | |
| Investment in unconsolidated entities | 649 888 | 321 157 | – | 5 163 | 16 496 | 9 609 | 15 382 |
| Capitalized software costs net | 778 705 | 504 301 | – | 9 354 | 2 184 | 1 022 | 12 740 |
| Other | 1 509 849 | 947 716 | – | 18 163 | 18 548 | 12 989 | 15 686 |
| Total other assets | 2 938 442 | 1 773 174 | – | 32 680 | 37 228 | 23 620 | 43 808 |
| Total assets | $ 31 298 863 | $ 17 408 996 | $ – | $ 1 273 741 | $ 577 842 | $ 697 499 | $ 446 561 |



1403-1210450

| Consolidated Indiana | Consolidated Kalamazoo | Consolidated Lewiston | Consolidated Milwaukee | Consolidated Mobile | Consolidated Nashville | Consolidated Saginaw and Tawas | Consolidated Waco | Consolidated Washington D C | Consolidated Wichita |
|---|---|---|---|---|---|---|---|---|---|
| $ 77 988 | $ 9 502 | $ 3 519 | $ 2 973 | $ 6 126 | $ 19 242 | $ 11 118 | $ 1 434 | $ 14 740 | $ 83 773 |
| 24 088 | – | 552 | – | – | 86 | 12 221 | 2 717 | – | 11 531 |
| 371 346 | 68 915 | 25 177 | 87 669 | 31 049 | 142 291 | 34 001 | 43 049 | 26 004 | 127 720 |
| 46 718 | 7 899 | 3 247 | 11 453 | 5 708 | 18 863 | 6 615 | 4 621 | 3 023 | 25 015 |
| – | – | – | – | – | – | – | – | – | – |
| 18 433 | 8 752 | – | 742 | – | 13 615 | 5 634 | 12 779 | 2 751 | 13 454 |
| 64 905 | 10 022 | 2 410 | 16 151 | 7 662 | 27 322 | 12 027 | 3 040 | 6 158 | 38 321 |
| 603 478 | 105 090 | 34 905 | 118 988 | 50 545 | 221 419 | 81 616 | 67 640 | 52 676 | 299 814 |
| 103 181 | 24 353 | 319 | 18 480 | 4 371 | 46 681 | 8 329 | 530 | 3 798 | 9 857 |
| 2 743 942 | 113 811 | 69 863 | 128 250 | 180 136 | 675 612 | 283 610 | 173 750 | (4 050) | 731 614 |
| 628 940 | 179 507 | 43 596 | 612 917 | 65 489 | 470 030 | 102 627 | 99 028 | 59 678 | 651 872 |
| 82 229 | 16 199 | – | 25 777 | 898 | 37 176 | 13 301 | 11 333 | 3 071 | 92 097 |
| 72 537 | 720 | 2 686 | 31 732 | 5 130 | 38 015 | 17 873 | 2 832 | 13 842 | 63 737 |
| 241 900 | 14 579 | 15 963 | 31 164 | 18 990 | 53 226 | 22 549 | 12 447 | 19 729 | 66 200 |
| 396 666 | 31 498 | 18 649 | 88 673 | 25 018 | 128 417 | 53 723 | 26 612 | 36 642 | 222 034 |
| $ 4 476 207 | $ 454 259 | $ 167 332 | $ 967 308 | $ 325 559 | $ 1 542 159 | $ 529 905 | $ 367 560 | $ 148 744 | $ 1 915 191 |

# Ascension

## Details of Consolidated Balance Sheet (continued)
*(Dollars in Thousands)*

## June 30, 2014

| | Consolidated Ascension | Consolidated Ascension less Health Ministries Presented | Consolidated Arlington Heights | Consolidated Baltimore | Consolidated Birmingham | Consolidated Flint |
|---|---|---|---|---|---|---|
| **Liabilities and net assets** | | | | | | |
| Current liabilities | | | | | | |
| Current portion of long-term debt | $ 91 532 | $ 45 503 | $ 4 916 | $ 1 120 | $ 1 656 | $ 4 162 |
| Long-term debt subject to short-term remarketing arrangements | 1 345 530 | 1 345 530 | – | – | – | – |
| Accounts payable and accrued liabilities | 2 293 663 | 1 424 604 | 90 893 | 45 091 | 53 443 | 45 326 |
| Estimated third-party payor settlements | 450 054 | 199 336 | 80 106 | 80 | 27 284 | 7 961 |
| Due to brokers | 332 169 | 332 171 | – | – | – | – |
| Current portion of self-insurance liabilities | 226 856 | 179 459 | 5 466 | 2 292 | 1 139 | 2 441 |
| Other | 274 645 | 119 014 | 8 877 | 10 650 | 13 607 | 2 399 |
| Total current liabilities | 5 014 449 | 3 645 617 | 190 258 | 59 233 | 97 129 | 62 289 |
| Noncurrent liabilities | | | | | | |
| Long-term debt (senior and subordinated) | 4 994 913 | 1 883 940 | 476 212 | 77 150 | 114 106 | 286 710 |
| Self-insurance liabilities | 541 859 | 487 284 | 21 900 | 2 182 | 3 246 | 3 035 |
| Pension and other postretirement liabilities | 428 679 | 272 905 | 14 296 | – | 473 | 35 |
| Other | 1 343 826 | 960 998 | 57 173 | 9 976 | 67 130 | 6 098 |
| Total noncurrent liabilities | 7 309 277 | 3 605 127 | 569 581 | 89 308 | 184 955 | 295 878 |
| Total liabilities | 12 323 726 | 7 250 744 | 759 839 | 148 541 | 282 084 | 358 167 |
| Net assets | | | | | | |
| Unrestricted | | | | | | |
| Controlling interest | 16 736 190 | 8 210 953 | 504 728 | 421 417 | 401 934 | 84 594 |
| Noncontrolling interests | 1 656 106 | 1 568 493 | (507) | – | 1 158 | – |
| Unrestricted net assets | 18 392 296 | 9 779 446 | 504 221 | 421 417 | 403 092 | 84 594 |
| Temporarily restricted | 391 226 | 226 244 | 8 979 | 7 419 | 10 836 | 3 254 |
| Permanently restricted | 191 615 | 152 562 | 702 | 465 | 1 487 | 546 |
| Total net assets | 18 975 137 | 10 158 252 | 513 902 | 429 301 | 415 415 | 88 394 |
| Total liabilities and net assets | $ 31 298 863 | $ 17 408 996 | $ 1 273 741 | $ 577 842 | $ 697 499 | $ 446 561 |

| Consolidated Indiana | Consolidated Kalamazoo | Consolidated Lewiston | Consolidated Milwaukee | Consolidated Mobile | Consolidated Nashville | Consolidated Saginaw and Tawas | Consolidated Waco | Consolidated Washington D C | Consolidated Wichita |
|---|---|---|---|---|---|---|---|---|---|
| $ 6 655 | $ 2 341 | $ 378 | $ 4 531 | $ 1 004 | $ 6 629 | $ 1 992 | $ 742 | $ 906 | $ 8 997 |
| – | – | – | – | – | – | – | – | – | – |
| 199 375 | 48 212 | 10 409 | 36 411 | 16 191 | 92 926 | 26 072 | 20 943 | 30 289 | 153 478 |
| 71 731 | 12 350 | 5 605 | 433 | 2 299 | 16 713 | 9 768 | 1 202 | 9 993 | 5 193 |
| – | – | – | – | – | (2) | – | – | – | – |
| 8 893 | 1 352 | 480 | 2 370 | 493 | 10 118 | 1 454 | 595 | 995 | 9 309 |
| 64 347 | 434 | 997 | 12 035 | 7 260 | 20 968 | 1 560 | 7 159 | 2 022 | 3 316 |
| 351 001 | 64 689 | 17 869 | 55 780 | 27 247 | 147 352 | 40 846 | 30 641 | 44 205 | 180 293 |
| 458 502 | 161 280 | 26 028 | 312 163 | 69 202 | 401 397 | 124 862 | 51 093 | 62 439 | 489 829 |
| – | 3 110 | 144 | 6 | 1 627 | 2 997 | 1 703 | 2 057 | 2 568 | 10 000 |
| 81 706 | 47 431 | – | – | 53 | 6 219 | – | 5 561 | – | – |
| 79 903 | 23 370 | 2 403 | 22 591 | 11 896 | 28 595 | 7 970 | 9 409 | 6 850 | 49 464 |
| 620 111 | 235 191 | 28 575 | 334 760 | 82 778 | 439 208 | 134 535 | 68 120 | 71 857 | 549 293 |
| 971 112 | 299 880 | 46 444 | 390 540 | 110 025 | 586 560 | 175 381 | 98 761 | 116 062 | 729 586 |
| 3 380 925 | 148 782 | 120 569 | 558 288 | 213 522 | 916 688 | 345 694 | 265 674 | 27 991 | 1 134 431 |
| 47 716 | – | – | – | – | 7 379 | – | – | – | 31 867 |
| 3 428 641 | 148 782 | 120 569 | 558 288 | 213 522 | 924 067 | 345 694 | 265 674 | 27 991 | 1 166 298 |
| 57 415 | 5 300 | 319 | 12 676 | 2 012 | 29 231 | 8 159 | 2 351 | 4 691 | 12 340 |
| 19 039 | 297 | – | 5 804 | – | 2 301 | 671 | 774 | – | 6 967 |
| 3 505 095 | 154 379 | 120 888 | 576 768 | 215 534 | 955 599 | 354 524 | 268 799 | 32 682 | 1 185 605 |
| $ 4 476 207 | $ 454 259 | $ 167 332 | $ 967 308 | $ 325 559 | $ 1 542 159 | $ 529 905 | $ 367 560 | $ 148 744 | $ 1 915 191 |

# Ascension

## Details of Consolidated Balance Sheet
*(Dollars in Thousands)*

## June 30, 2013

| | Consolidated Ascension | Consolidated Ascension less Health Ministries Presented | Reclassification | Consolidated Baltimore | Consolidated Birmingham | Consolidated Flint | Consolidated Kalamazoo |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Current assets | | | | | | | |
| Cash and cash equivalents | $ 753 555 | $ 227 969 | $ – | $ 14 826 | $ 13 436 | $ 5 136 | $ 11 691 |
| Short-term investments | 113 825 | 56 921 | – | – | – | 500 | – |
| Accounts receivable, less allowances for uncollectible accounts ($1 297 609 in 2013) | 2 292 521 | 1 232 225 | – | 53 294 | 71 872 | 48 531 | 63 725 |
| Inventories | 297 233 | 147 923 | – | 7 633 | 12 292 | 6 714 | 8 050 |
| Due from brokers | 178 380 | 178 380 | – | – | – | – | – |
| Estimated third-party payor settlements | 119 379 | 56 885 | – | – | 8 200 | 9 321 | 6 897 |
| Other | 1 026 397 | 790 587 | – | 5 293 | 13 554 | 9 805 | 10 261 |
| Total current assets | 4 781 290 | 2 690 890 | – | 81 046 | 119 354 | 80 007 | 100 624 |
| Long-term investments | 14 156 447 | 9 955 849 | 3 686 316 | 15 104 | 16 508 | 1 993 | 21 788 |
| Interest in investments held by Ascension | – | – | (3 686 316) | 180 235 | 188 196 | 188 395 | 139 959 |
| Property and equipment, net | 8 274 854 | 3 905 769 | – | 240 204 | 354 150 | 159 567 | 161 025 |
| Other assets | | | | | | | |
| Investment in unconsolidated entities | 628 772 | 314 276 | – | 18 717 | 5 889 | 14 535 | 16 876 |
| Capitalized software costs, net | 718 122 | 502 282 | – | 1 162 | 1 906 | 9 590 | 157 |
| Other | 1 487 886 | 1 150 309 | – | 12 830 | 10 309 | 14 125 | 23 144 |
| Total other assets | 2 834 780 | 1 966 867 | – | 32 709 | 18 104 | 38 250 | 40 177 |
| Total assets | $ 30 047 371 | $ 18 519 375 | $ – | $ 549 298 | $ 696 312 | $ 468 212 | $ 463 573 |

| Consolidated Lewiston | Consolidated Milwaukee | Consolidated Ministry | Consolidated Mobile | Consolidated Nashville | Consolidated Saginaw and Tawas | Consolidated Tulsa | Consolidated Waco | Consolidated Washington D C | Consolidated Wichita |
|---|---|---|---|---|---|---|---|---|---|
| $ 5 737 | $ 4 107 | $ 301 544 | $ 1 144 | $ 12 393 | $ 7 949 | $ 30 935 | $ 3 583 | $ 1 201 | $ 111 904 |
| 565 | – | 24 023 | – | 253 | 11 012 | 7 916 | 1 455 | – | 11 180 |
| 21 606 | 89 751 | 169 137 | 31 632 | 138 556 | 38 787 | 129 596 | 43 103 | 28 526 | 132 180 |
| 2 875 | 10 542 | 27 432 | 6 168 | 15 816 | 6 404 | 15 766 | 5 027 | 2 740 | 21 851 |
| – | – | – | – | – | – | – | – | – | – |
| – | 1 243 | 6 299 | 3 204 | 7 637 | 5 075 | 2 906 | 8 192 | 1 327 | 2 193 |
| 1 682 | 24 876 | 55 760 | 5 225 | 26 362 | 8 292 | 22 955 | 1 677 | 5 439 | 44 629 |
| 32 465 | 130 519 | 584 195 | 47 373 | 201 017 | 77 519 | 210 074 | 63 037 | 39 233 | 323 937 |
| 593 | 17 864 | 287 345 | 3 552 | 40 060 | 6 145 | 69 731 | 795 | 2 905 | 29 899 |
| 75 636 | 111 976 | 515 452 | 165 956 | 588 464 | 289 425 | 378 162 | 146 311 | 45 419 | 672 730 |
| 39 901 | 633 556 | 703 634 | 64 876 | 468 500 | 109 094 | 660 947 | 102 293 | 52 434 | 618 904 |
| – | 24 691 | 14 223 | 884 | 36 252 | 13 768 | 76 877 | 10 050 | 3 670 | 78 064 |
| 2 404 | 32 951 | 29 622 | 4 631 | 39 213 | 17 492 | 26 638 | 3 160 | 12 821 | 34 093 |
| 14 623 | 16 050 | 86 082 | 13 435 | 39 223 | 12 229 | 43 454 | 13 888 | 12 567 | 25 618 |
| 17 027 | 73 692 | 129 927 | 18 950 | 114 688 | 43 489 | 146 969 | 27 098 | 29 058 | 137 775 |
| $ 165 622 | $ 967 607 | $ 2 220 553 | $ 300 707 | $ 1 412 729 | $ 525 672 | $ 1 465 883 | $ 339 534 | $ 169 049 | $ 1 783 245 |

# Ascension

## Details of Consolidated Balance Sheet (continued)
*(Dollars in Thousands)*

## June 30, 2013

| | Consolidated Ascension | Consolidated Ascension less Health Ministries Presented | Consolidated Baltimore | Consolidated Birmingham | Consolidated Flint | Consolidated Kalamazoo |
|---|---|---|---|---|---|---|
| **Liabilities and net assets** | | | | | | |
| Current liabilities | | | | | | |
| Current portion of long-term debt | $ 89 869 | $ 28 757 | $ 1 143 | $ 1 692 | $ 4 248 | $ 2 391 |
| Long-term debt subject to short-term remarketing arrangements | 1 187 125 | 1 187 125 | – | – | – | – |
| Accounts payable and accrued liabilities | 2 278 242 | 1 436 176 | 40 421 | 51 261 | 56 098 | 45 622 |
| Estimated third-party payor settlements | 455 432 | 361 331 | 117 | 16 006 | 8 984 | 13 404 |
| Due to brokers | 493 420 | 493 420 | – | – | – | – |
| Current portion of self-insurance liabilities | 210 115 | 172 183 | 1 934 | 1 386 | 2 553 | 1 308 |
| Other | 639 566 | 434 739 | 15 904 | 26 034 | 62 | 993 |
| Total current liabilities | 5 353 769 | 4 113 731 | 59 519 | 96 379 | 71 945 | 63 718 |
| | | | | | | |
| Noncurrent liabilities | | | | | | |
| Long-term debt (senior and subordinated) | 5 278 304 | 1 841 784 | 78 270 | 115 834 | 290 872 | 163 683 |
| Self-insurance liabilities | 553 706 | 491 977 | 2 182 | 3 284 | 3 311 | 3 204 |
| Pension and other postretirement liabilities | 554 368 | 341 517 | – | 2 802 | 9 752 | 48 437 |
| Other | 1 178 597 | 846 176 | 8 285 | 66 784 | 6 319 | 30 686 |
| Total noncurrent liabilities | 7 564 975 | 3 521 454 | 88 737 | 188 704 | 310 254 | 246 010 |
| Total liabilities | 12 918 744 | 7 635 185 | 148 256 | 285 083 | 382 199 | 309 728 |
| | | | | | | |
| Net assets | | | | | | |
| Unrestricted | | | | | | |
| Controlling interest | 14 986 302 | 9 019 750 | 392 653 | 393 055 | 81 365 | 148 880 |
| Noncontrolling interests | 1 592 356 | 1 523 448 | – | 1 128 | – | – |
| Unrestricted net assets | 16 578 658 | 10 543 198 | 392 653 | 394 183 | 81 365 | 148 880 |
| | | | | | | |
| Temporarily restricted | 375 054 | 245 690 | 7 930 | 15 613 | 4 103 | 4 674 |
| Permanently restricted | 174 915 | 95 302 | 459 | 1 433 | 545 | 291 |
| | | | | | | |
| Total net assets | 17 128 627 | 10 884 190 | 401 042 | 411 229 | 86 013 | 153 845 |
| | | | | | | |
| Total liabilities and net assets | $ 30 047 371 | $ 18 519 375 | $ 549 298 | $ 696 312 | $ 468 212 | $ 463 573 |



1403-1210450

| Consolidated Lewiston | Consolidated Milwaukee | Consolidated Ministry | Consolidated Mobile | Consolidated Nashville | Consolidated Saginaw and Tawas | Consolidated Tulsa | Consolidated Waco | Consolidated Washington D C | Consolidated Wichita |
|---|---|---|---|---|---|---|---|---|---|
| $ 386 | $ 4 625 | $ 16 198 | $ 1 041 | $ 6 400 | $ 2 039 | $ 8 927 | $ 757 | $ 925 | $ 10 340 |
| – | – | – | – | – | – | – | – | – | – |
| 10 632 | 46 909 | 178 263 | 16 173 | 86 651 | 30 578 | 96 244 | 21 260 | 33 151 | 128 803 |
| 5 652 | 332 | 12 276 | 2 446 | 16 585 | 10 225 | 2 405 | 897 | 4 750 | 22 |
| – | – | – | – | – | – | – | – | – | – |
| 782 | 2 762 | – | 479 | 10 023 | 1 248 | 5 500 | 600 | 1 028 | 8 329 |
| 7 120 | 13 955 | 89 771 | 5 282 | 27 751 | 1 578 | 10 976 | 3 452 | 1 949 | – |
| 24 572 | 68 583 | 296 508 | 25 421 | 147 410 | 45 668 | 124 052 | 26 966 | 41 803 | 147 494 |
| 26 406 | 316 694 | 710 719 | 70 208 | 407 177 | 127 466 | 514 433 | 51 835 | 63 345 | 499 578 |
| 157 | 6 | – | 1 561 | 3 069 | 1 713 | 12 385 | 1 950 | 2 426 | 26 481 |
| – | 3 232 | 77 463 | 53 | 9 652 | – | 53 595 | 7 865 | – | – |
| 1 957 | 20 337 | 70 949 | 9 746 | 19 611 | 6 684 | 36 559 | 7 890 | 6 492 | 40 122 |
| 28 520 | 340 269 | 859 131 | 81 568 | 439 509 | 135 863 | 616 972 | 69 540 | 72 263 | 566 181 |
| 53 092 | 408 852 | 1 155 639 | 106 989 | 586 919 | 181 531 | 741 024 | 96 506 | 114 066 | 713 675 |
| 112 195 | 540 891 | 991 800 | 192 441 | 792 910 | 337 660 | 703 926 | 239 989 | 51 219 | 987 568 |
| – | – | 1 790 | – | 2 158 | – | (89) | – | – | 63 921 |
| 112 195 | 540 891 | 993 590 | 192 441 | 795 068 | 337 660 | 703 837 | 239 989 | 51 219 | 1 051 489 |
| 335 | 12 112 | 20 641 | 1 277 | 28 455 | 5 784 | 11 022 | 2 288 | 3 764 | 11 366 |
| – | 5 752 | 50 683 | – | 2 287 | 697 | 10 000 | 751 | – | 6 715 |
| 112 530 | 558 755 | 1 064 914 | 193 718 | 825 810 | 344 141 | 724 859 | 243 028 | 54 983 | 1 069 570 |
| $ 165 622 | $ 967 607 | $ 2 220 553 | $ 300 707 | $ 1 412 729 | $ 525 672 | $ 1 465 883 | $ 339 534 | $ 169 049 | $ 1 783 245 |

# Ascension

## Details of Consolidated Statement of Operations and Changes in Net Assets
*(Dollars in Thousands)*

## Year Ended June 30, 2014

| | Consolidated Ascension | Consolidated Ascension less Health Ministries Presented | Consolidated Arlington Heights | Consolidated Baltimore | Consolidated Birmingham | Consolidated Flint |
|---|---|---|---|---|---|---|
| Operating revenue | | | | | | |
| Net patient service revenue | $ 19 193 307 | $ 9 067 510 | $ 1 035 923 | $ 427 825 | $ 678 788 | $ 453 861 |
| Less provision for doubtful accounts | 1 273 354 | 749 232 | 36 260 | 22 195 | 47 647 | 22 438 |
| Net patient service revenue less provision for doubtful accounts | 17 919 953 | 8 318 278 | 999 663 | 405 630 | 631 141 | 431 423 |
| Other revenue | 2 229 767 | 1 660 260 | 47 898 | 10 972 | 34 186 | 18 797 |
| Total operating revenue | 20 149 720 | 9 978 538 | 1 047 561 | 416 602 | 665 327 | 450 220 |
| Operating expenses | | | | | | |
| Salaries and wages | 8 202 294 | 4 312 146 | 395 857 | 193 071 | 225 976 | 199 705 |
| Employee benefits | 1 747 739 | 901 150 | 87 397 | 31 436 | 44 878 | 44 516 |
| Purchased services | 1 210 276 | 132 000 | 116 791 | 30 119 | 91 303 | 52 913 |
| Professional fees | 1 279 459 | 728 618 | 54 058 | 15 841 | 17 945 | 36 644 |
| Supplies | 2 822 102 | 1 304 508 | 132 300 | 64 005 | 146 547 | 64 616 |
| Insurance | 128 535 | 77 220 | 13 020 | 2 872 | 2 513 | 934 |
| Interest | 194 616 | 90 152 | 16 272 | 2 518 | 7 341 | 9 372 |
| Depreciation and amortization | 899 389 | 437 997 | 55 594 | 18 753 | 33 465 | 12 824 |
| Other | 2 901 859 | 1 790 256 | 124 404 | 30 356 | 94 165 | 26 066 |
| Total operating expenses before impairment restructuring and nonrecurring gains (losses) net | 19 386 269 | 9 774 047 | 995 693 | 388 971 | 664 133 | 447 590 |
| Income (loss) from operations before self-insurance trust fund investment return and impairment restructuring and non recurring gains (losses) net | 763 451 | 204 491 | 51 868 | 27 631 | 1 194 | 2 630 |
| Self-insurance trust fund investment return | 66 174 | 66 141 | – | – | – | – |
| Impairment restructuring and nonrecurring expenses | (223 834) | (185 894) | (1 496) | (3 500) | (449) | (3 863) |
| Income (loss) from operations | 605 791 | 84 738 | 50 372 | 24 131 | 745 | (1 233) |
| Nonoperating gains (losses) | | | | | | |
| Investment return | 1 515 819 | 859 416 | 36 580 | 22 134 | 21 728 | 18 495 |
| Loss on extinguishment of debt | (1 605) | (1 715) | – | – | (2) | – |
| Gain (loss) on interest rate swaps | (6 020) | (5 492) | (366) | (3) | (5) | (12) |
| Income from unconsolidated entities | 5 539 | 2 720 | 523 | 218 | – | 970 |
| Contributions from business combinations | – | – | – | – | – | – |
| Other | (63 119) | (61 966) | (811) | (1 413) | (550) | (983) |
| Total nonoperating gains net | 1 450 614 | 792 963 | 35 926 | 20 936 | 21 171 | 18 470 |
| Excess (deficit) of revenues and gains over expenses and losses | 2 056 405 | 877 701 | 86 298 | 45 067 | 21 916 | 17 237 |
| Less noncontrolling interests | 245 893 | 192 515 | (71) | – | 673 | – |
| Excess of revenues and gains over expenses and losses attributable to controlling interest | 1 810 512 | 685 186 | 86 369 | 45 067 | 21 243 | 17 237 |

| Consolidated Indiana | Consolidated Kalamazoo | Consolidated Lewiston | Consolidated Milwaukee | Consolidated Mobile | Consolidated Nashville | Consolidated Saginaw and Tawas | Consolidated Waco | Consolidated Washington D C | Consolidated Wichita |
|---|---|---|---|---|---|---|---|---|---|
| $ 2 789 133 | $ 528 877 | $ 150 635 | $ 644 593 | $ 266 709 | $ 1 223 119 | $ 304 618 | $ 304 290 | $ 207 935 | $ 1 109 491 |
| 135 365 | 12 934 | 4 827 | 44 026 | 15 807 | 50 885 | 13 677 | 25 037 | 4 921 | 88 103 |
| 2 653 768 | 515 943 | 145 808 | 600 567 | 250 902 | 1 172 234 | 290 941 | 279 253 | 203 014 | 1 021 388 |
| 134 053 | 29 225 | 4 449 | 28 192 | 11 613 | 94 846 | 16 570 | 11 834 | 14 294 | 112 578 |
| 2 787 821 | 545 168 | 150 257 | 628 759 | 262 515 | 1 267 080 | 307 511 | 291 087 | 217 308 | 1 133 966 |
| 1 005 587 | 217 427 | 56 781 | 247 445 | 96 640 | 396 309 | 125 997 | 109 919 | 108 865 | 510 569 |
| 238 249 | 57 643 | 11 521 | 48 319 | 15 370 | 84 881 | 26 066 | 24 255 | 17 592 | 114 466 |
| 299 632 | 64 607 | 14 574 | 68 062 | 33 882 | 135 218 | 45 361 | 21 747 | 31 579 | 72 488 |
| 137 806 | 47 701 | 10 986 | 50 615 | 5 718 | 65 929 | 25 072 | 17 460 | 17 126 | 47 940 |
| 357 986 | 75 173 | 32 726 | 65 191 | 55 165 | 230 190 | 48 248 | 43 448 | 25 826 | 176 173 |
| 11 853 | 2 625 | 263 | 1 754 | 1 073 | 4 460 | 1 727 | 1 217 | 1 876 | 5 128 |
| 14 609 | 4 878 | 850 | 10 189 | 2 320 | 12 991 | 4 321 | 1 668 | 1 932 | 15 203 |
| 103 797 | 18 002 | 5 536 | 39 769 | 11 949 | 62 406 | 13 697 | 12 041 | 9 015 | 64 544 |
| 331 081 | 53 506 | 8 651 | 74 621 | 28 219 | 168 491 | 23 653 | 39 622 | 22 214 | 86 554 |
| 2 500 600 | 541 562 | 141 888 | 605 965 | 250 336 | 1 160 875 | 314 142 | 271 377 | 236 025 | 1 093 065 |
| 287 221 | 3 606 | 8 369 | 22 794 | 12 179 | 106 205 | (6 631) | 19 710 | (18 717) | 40 901 |
| – | – | – | – | – | – | – | – | – | 33 |
| (15 743) | (4 148) | (684) | (2 060) | 67 | (1 281) | (2 306) | (179) | (2 298) | – |
| 271 478 | (542) | 7 685 | 20 734 | 12 246 | 104 924 | (8 937) | 19 531 | (21 015) | 40 934 |
| 301 790 | 16 049 | 7 598 | 12 186 | 19 007 | 72 147 | 32 973 | 17 532 | 2 904 | 75 280 |
| 52 | (2) | – | – | – | 2 | 60 | – | – | – |
| (19) | (7) | (1) | (13) | (3) | (16) | (5) | (2) | (74) | (2) |
| 588 | – | – | – | – | – | 169 | – | 351 | – |
| – | – | – | – | – | – | – | – | – | – |
| 7 894 | (984) | (191) | (556) | (1) | (829) | (347) | (787) | 217 | (1 812) |
| 310 305 | 15 056 | 7 406 | 11 617 | 19 003 | 71 304 | 32 850 | 16 743 | 3 398 | 73 466 |
| 581 783 | 14 514 | 15 091 | 32 351 | 31 249 | 176 228 | 23 913 | 36 274 | (17 617) | 114 400 |
| 23 839 | – | – | – | – | 15 050 | – | – | – | 13 887 |
| 557 944 | 14 514 | 15 091 | 32 351 | 31 249 | 161 178 | 23 913 | 36 274 | (17 617) | 100 513 |

# Ascension

## Details of Consolidated Statement of Operations and Changes in Net Assets (continued)
*(Dollars in Thousands)*

## Year Ended June 30, 2014

| | Consolidated Ascension | Consolidated Ascension less Health Ministries Presented | Consolidated Arlington Heights | Consolidated Baltimore | Consolidated Birmingham | Consolidated Flint |
|---|---|---|---|---|---|---|
| Unrestricted net assets, controlling interest: | | | | | | |
| Excess (deficit) of revenues and gains over expenses and losses | $ 1,810,512 | $ 685,186 | $ 86,369 | $ 45,067 | $ 21,243 | $ 17,237 |
| Transfer (to) from sponsors and other affiliates, net | (6,566) | 330,100 | (15,661) | (14,949) | (18,805) | (13,428) |
| Contributed net assets | (1,534) | (1,411) | – | – | – | – |
| Membership interest changes, net | 45,255 | – | | | | |
| Net assets released from restrictions for property acquisitions | 62,537 | 40,651 | 1,618 | 1,308 | 6,433 | 347 |
| Pension and other postretirement liability adjustments | 23,990 | 3,103 | 2,139 | (2,660) | – | (940) |
| Change in unconsolidated entities' net assets | 4,571 | (973) | – | – | – | 13 |
| Other | (24,514) | (11,794) | 43 | (2) | 8 | – |
| Increase in unrestricted net assets, controlling interest, before (loss) gain from discontinued operations and cumulative effect of change in accounting principle | 1,914,251 | 1,044,862 | 74,508 | 28,764 | 8,879 | 3,229 |
| (Loss) gain from discontinued operations | (164,363) | (164,363) | – | – | – | – |
| Increase (decrease) in unrestricted net assets, controlling interest | 1,749,888 | 880,499 | 74,508 | 28,764 | 8,879 | 3,229 |
| Unrestricted net assets, noncontrolling interest: | | | | | | |
| Excess of revenues and gains over expenses and losses | 245,893 | 192,515 | (71) | – | 673 | – |
| Distributions of capital | (531,159) | (496,742) | – | – | (622) | – |
| Contributions of capital | 401,546 | 362,901 | – | – | (21) | – |
| Membership interest changes, net | (52,530) | – | – | – | – | – |
| Increase (decrease) in unrestricted net assets, noncontrolling interest | 63,750 | 58,674 | (71) | – | 30 | – |
| Temporarily restricted net assets, controlling interest: | | | | | | |
| Contributions and grants | 99,885 | 64,457 | 4,266 | 2,021 | 2,161 | 1,636 |
| Investment return | 31,292 | 19,972 | 576 | 177 | 344 | 255 |
| Net assets released from restrictions | (115,353) | (73,738) | (4,791) | (2,709) | (7,226) | (2,740) |
| Other | 348 | (253) | (262) | – | (56) | – |
| Increase (decrease) in temporarily restricted net assets, controlling interest | 16,172 | 10,438 | (211) | (511) | (4,777) | (849) |
| Permanently restricted net assets, controlling interest: | | | | | | |
| Contributions | 10,405 | 8,426 | – | – | 1 | – |
| Investment return | 7,942 | 7,350 | – | 6 | 53 | 1 |
| Other | (1,647) | (828) | (480) | – | – | – |
| Increase in permanently restricted net assets, controlling interest | 16,700 | 14,948 | (480) | 6 | 54 | 1 |
| Increase in net assets | 1,846,510 | 964,559 | 73,746 | 28,259 | 4,186 | 2,381 |
| Net assets, beginning of period | 17,128,627 | 9,193,693 | 440,156 | 401,042 | 411,229 | 86,013 |
| Net assets, end of period | $ 18,975,137 | $ 10,158,252 | $ 513,902 | $ 429,301 | $ 415,415 | $ 88,394 |

| Consolidated Indiana | Consolidated Kalamazoo | Consolidated Lewiston | Consolidated Milwaukee | Consolidated Mobile | Consolidated Nashville | Consolidated Saginaw and Tawas | Consolidated Waco | Consolidated Washington D C | Consolidated Wichita |
|---|---|---|---|---|---|---|---|---|---|
| $ 557 944 | $ 14 514 | $ 15 091 | $ 32 351 | $ 31 249 | $ 161 178 | $ 23 913 | $ 36 274 | $ (17 617) | $ 100 513 |
| (134 079) | (16 002) | (5 270) | (16 675) | (10 562) | (44 027) | (17 605) | (10 959) | (6 649) | (11 995) |
| – | – | – | – | (123) | – | – | – | – | – |
| | | | | | | | | | 45 255 |
| 5 247 | 667 | 119 | 42 | – | 4 978 | 449 | 321 | 37 | 320 |
| (2 762) | 723 | (1 566) | 1 679 | 517 | 2 326 | 1 276 | 20 | 693 | 19 442 |
| – | – | – | – | – | – | – | – | – | 5 531 |
| (227) | – | – | – | – | (677) | 1 | 29 | 308 | (12 203) |
| 426 123 | (98) | 8 374 | 17 397 | 21 081 | 123 778 | 8 034 | 25 685 | (23 228) | 146 863 |
| – | – | – | – | – | – | – | – | – | – |
| 426 123 | (98) | 8 374 | 17 397 | 21 081 | 123 778 | 8 034 | 25 685 | (23 228) | 146 863 |
| 23 839 | – | – | – | – | 15 050 | – | – | – | 13 887 |
| (17 370) | – | – | – | – | (12 891) | – | – | – | (3 534) |
| 25 481 | – | – | – | – | 3 062 | – | – | – | 10 123 |
| | | | | | | | | | (52 530) |
| 31 950 | – | – | – | – | 5 221 | – | – | – | (32 054) |
| 9 829 | 2 029 | 186 | – | 1 069 | 3 470 | 2 439 | 521 | 3 718 | 2 083 |
| 4 145 | 423 | – | – | 34 | 3 513 | 461 | 84 | – | 1 308 |
| (8 489) | (1 824) | (202) | (42) | (368) | (6 937) | (658) | (421) | (2 791) | (2 417) |
| (427) | (2) | – | 606 | – | 730 | 133 | (121) | – | – |
| 5 058 | 626 | (16) | 564 | 735 | 776 | 2 375 | 63 | 927 | 974 |
| 1 679 | 6 | – | – | – | 14 | 4 | 23 | – | 252 |
| 429 | – | – | – | – | – | 103 | – | – | – |
| (258) | – | – | 52 | – | – | (133) | – | – | – |
| 1 850 | 6 | – | 52 | – | 14 | (26) | 23 | – | 252 |
| 464 981 | 534 | 8 358 | 18 013 | 21 816 | 129 789 | 10 383 | 25 771 | (22 301) | 116 035 |
| 3 040 114 | 153 845 | 112 530 | 558 755 | 193 718 | 825 810 | 344 141 | 243 028 | 54 983 | 1 069 570 |
| $ 3 505 095 | $ 154 379 | $ 120 888 | $ 576 768 | $ 215 534 | $ 955 599 | $ 354 524 | $ 268 799 | $ 32 682 | $ 1 185 605 |

# Ascension

## Details of Consolidated Statement of Operations and Changes in Net Assets
*(Dollars in Thousands)*

## Year Ended June 30, 2013

| | Consolidated Ascension | Consolidated Ascension less Health Ministries Presented | Consolidated Baltimore | Consolidated Birmingham | Consolidated Flint |
|---|---|---|---|---|---|
| Operating revenue | | | | | |
| Net patient service revenue | $ 16 326 684 | $ 10 272 825 | $ 419 247 | $ 651 936 | $ 454 997 |
| Less provision for doubtful accounts | 1 124 409 | 794 303 | 18 230 | 24 205 | 16 563 |
| Net patient service revenue less provision for doubtful accounts | 15 202 275 | 9 478 522 | 401 017 | 627 731 | 438 434 |
| Other revenue | 1 334 623 | 794 194 | 12 085 | 39 997 | 20 584 |
| Total operating revenue | 16 536 898 | 10 272 716 | 413 102 | 667 728 | 459 018 |
| Operating expenses | | | | | |
| Salaries and wages | 6 974 951 | 4 526 008 | 198 232 | 219 244 | 204 060 |
| Employee benefits | 1 528 119 | 992 104 | 30 490 | 46 792 | 56 617 |
| Purchased services | 955 440 | 348 971 | 25 020 | 84 559 | 45 083 |
| Professional fees | 1 093 446 | 736 221 | 17 997 | 15 979 | 37 184 |
| Supplies | 2 334 427 | 1 355 338 | 59 966 | 138 758 | 62 523 |
| Insurance | 109 178 | 79 023 | 886 | 3 330 | 1 393 |
| Interest | 150 877 | 73 494 | 2 737 | 7 595 | 10 269 |
| Depreciation and amortization | 730 757 | 452 706 | 17 661 | 34 350 | 11 814 |
| Other | 2 140 182 | 1 337 001 | 32 436 | 91 757 | 29 311 |
| Total operating expenses before impairment restructuring and nonrecurring gains (losses) net | 16 017 377 | 9 900 866 | 385 425 | 642 364 | 458 254 |
| Income (loss) from operations before self-insurance trust fund investment return and impairment restructuring and non recurring gains (losses) net | 519 521 | 371 850 | 27 677 | 25 364 | 764 |
| Self-insurance trust fund investment return | 34 985 | 35 003 | – | – | – |
| Impairment restructuring and nonrecurring expenses | (103 344) | (147 013) | (1 030) | (4 156) | (2 774) |
| Income (loss) from operations | 451 162 | 259 840 | 26 647 | 21 208 | (2 010) |
| Nonoperating gains (losses) | | | | | |
| Investment return | 736 300 | 606 540 | 15 619 | 14 348 | 12 813 |
| Loss on extinguishment of debt | (4 079) | (4 079) | – | – | – |
| Gain (loss) on interest rate swaps | 53 746 | 47 817 | (17) | 5 | (63) |
| Income from unconsolidated entities | 8 544 | 4 044 | 1 308 | – | 884 |
| Contributions from business combinations | 2 021 963 | 2 021 963 | – | – | – |
| Other | (69 524) | (60 745) | (1 253) | (416) | (1 110) |
| Total nonoperating gains net | 2 746 950 | 2 615 540 | 15 657 | 13 937 | 12 524 |
| Excess (deficit) of revenues and gains over expenses and losses | 3 198 112 | 2 875 380 | 42 304 | 35 145 | 10 514 |
| Less noncontrolling interests | 131 184 | 122 083 | – | 566 | – |
| Excess of revenues and gains over expenses and losses attributable to controlling interest | 3 066 928 | 2 753 297 | 42 304 | 34 579 | 10 514 |

| Consolidated Kalamazoo | Consolidated Lewiston | Consolidated Milwaukee | Consolidated Ministry | Consolidated Mobile | Consolidated Nashville | Consolidated Saginaw and Tawas | Consolidated Tulsa | Consolidated Waco | Consolidated Washington D C | Consolidated Wichita |
|---|---|---|---|---|---|---|---|---|---|---|
| $ 541 397 | $ 139 838 | $ 627 323 | $ 336 232 | $ 267 116 | $ 1 233 158 | $ 325 126 | $ 265 372 | $ 286 577 | $ 232 461 | $ 273 079 |
| 18 544 | 4 878 | 32 113 | 22 577 | 19 318 | 76 041 | 13 681 | 35 334 | 18 233 | 14 407 | 15 982 |
| 522 853 | 134 960 | 595 210 | 313 655 | 247 798 | 1 157 117 | 311 445 | 230 038 | 268 344 | 218 054 | 257 097 |
| 35 972 | 4 375 | 32 469 | 214 863 | 9 682 | 100 610 | 8 581 | 14 710 | 13 443 | 14 162 | 18 896 |
| 558 825 | 139 335 | 627 679 | 528 518 | 257 480 | 1 257 727 | 320 026 | 244 748 | 281 787 | 232 216 | 275 993 |
| 223 624 | 52 762 | 249 296 | 179 165 | 97 823 | 418 120 | 132 001 | 113 942 | 110 711 | 124 977 | 124 986 |
| 65 053 | 11 788 | 49 138 | 45 898 | 15 970 | 91 851 | 28 779 | 21 140 | 25 258 | 18 818 | 28 423 |
| 64 243 | 13 407 | 65 230 | 43 099 | 30 145 | 123 539 | 44 631 | 11 314 | 17 868 | 25 476 | 12 855 |
| 43 276 | 8 716 | 48 550 | 22 608 | 7 115 | 67 410 | 29 607 | 8 790 | 17 635 | 19 764 | 12 594 |
| 74 159 | 30 127 | 66 824 | 50 083 | 53 361 | 232 769 | 50 032 | 44 606 | 44 915 | 27 330 | 43 636 |
| 2 680 | 365 | 2 410 | 1 662 | 1 644 | 5 694 | 1 810 | 1 790 | 1 170 | 2 595 | 2 726 |
| 5 694 | 931 | 11 168 | 3 226 | 2 950 | 14 406 | 4 595 | 5 434 | 1 829 | 2 344 | 4 205 |
| 18 126 | 4 807 | 45 622 | 16 840 | 10 606 | 60 228 | 11 318 | 11 760 | 12 070 | 7 778 | 15 071 |
| 56 285 | 9 162 | 78 534 | 164 539 | 27 434 | 181 908 | 26 830 | 20 884 | 33 263 | 26 481 | 24 357 |
| 553 140 | 132 065 | 616 772 | 527 120 | 247 048 | 1 195 925 | 329 603 | 239 660 | 264 719 | 255 563 | 268 853 |
| 5 685 | 7 270 | 10 907 | 1 398 | 10 432 | 61 802 | (9 577) | 5 088 | 17 068 | (23 347) | 7 140 |
| – | – | – | – | – | – | – | – | (1) | – | (17) |
| (1 489) | (500) | (5 111) | 45 607 | (351) | 177 | (1 624) | 22 648 | (4 101) | (1 161) | (2 466) |
| 4 196 | 6 770 | 5 796 | 47 005 | 10 081 | 61 979 | (11 201) | 27 736 | 12 966 | (24 508) | 4 657 |
| 10 657 | 5 437 | 5 462 | (12 275) | 12 805 | 41 675 | 24 614 | (5 451) | 10 278 | 4 641 | (10 863) |
| – | – | – | – | – | – | – | – | – | – | – |
| (35) | (6) | (68) | 6 506 | (13) | (88) | (56) | (236) | (10) | 14 | (4) |
| – | – | – | – | – | – | 104 | – | – | 522 | 1 682 |
| – | – | – | – | – | – | – | – | – | – | – |
| (1 286) | (524) | (462) | (2 575) | – | (916) | (292) | 272 | (502) | 71 | 214 |
| 9 336 | 4 907 | 4 932 | (8 344) | 12 792 | 40 671 | 24 370 | (5 415) | 9 766 | 5 248 | (8 971) |
| 13 532 | 11 677 | 10 728 | 38 661 | 22 873 | 102 650 | 13 169 | 22 321 | 22 732 | (19 260) | (4 314) |
| – | – | – | (39) | – | 7 406 | – | – | – | – | 1 168 |
| 13 532 | 11 677 | 10 728 | 38 700 | 22 873 | 95 244 | 13 169 | 22 321 | 22 732 | (19 260) | (5 482) |

# Ascension

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

*(Dollars in Thousands)*

## Year Ended June 30, 2013

| | Consolidated Ascension | Consolidated Ascension less Health Ministries Presented | Consolidated Baltimore | Consolidated Birmingham | Consolidated Flint | Consolidated Kalamazoo |
|---|---|---|---|---|---|---|
| Unrestricted net assets, controlling interest: | | | | | | |
| Excess (deficit) of revenues and gains over expenses and losses | $ 3,066,928 | $ 2,753,297 | $ 42,304 | $ 34,579 | $ 10,514 | $ 13,532 |
| Transfer (to) from sponsors and other affiliates, net | (9,152) | 74,813 | (7,390) | (8,680) | (4,616) | (5,912) |
| Contributed net assets | (1,050) | (2,574,751) | – | – | – | – |
| Net assets released from restrictions for property acquisitions | 65,706 | 44,364 | 8,064 | 885 | 390 | 751 |
| Pension and other postretirement liability adjustments | 76,483 | 13,459 | 424 | 1,176 | (2,219) | 5,789 |
| Change in unconsolidated entities' net assets | 23,295 | 23,119 | – | – | 176 | – |
| Other | 4,507 | 2,449 | – | 47 | (1,343) | 4 |
| Increase in unrestricted net assets, controlling interest, before (loss) gain from discontinued operations and cumulative effect of change in accounting principle | 3,226,717 | 336,750 | 43,402 | 28,007 | 2,902 | 14,164 |
| (Loss) gain from discontinued operations | (76,829) | (76,829) | – | – | – | – |
| Cumulative effect of change in accounting principle | – | – | – | – | – | – |
| Increase (decrease) in unrestricted net assets, controlling interest | 3,149,888 | 259,921 | 43,402 | 28,007 | 2,902 | 14,164 |
| Unrestricted net assets, noncontrolling interest: | | | | | | |
| Excess of revenues and gains over expenses and losses | 131,184 | 122,083 | – | 566 | – | – |
| Distributions of capital | (829,989) | (820,355) | – | (731) | – | – |
| Contributions of capital | 1,579,187 | 1,578,269 | – | – | – | – |
| Contributions from business combinations | 64,738 | 99 | – | (9) | – | – |
| Increase (decrease) in unrestricted net assets, noncontrolling interest | 945,120 | 880,096 | – | (174) | – | – |
| Temporarily restricted net assets, controlling interest: | | | | | | |
| Contributions and grants | 88,841 | 64,485 | 2,632 | 5,016 | 753 | 1,532 |
| Investment return | 17,232 | 13,996 | 186 | 309 | 152 | 286 |
| Net assets released from restrictions | (108,193) | (71,793) | (10,087) | (2,983) | (798) | (2,047) |
| Contributions from business combinations | 44,201 | – | – | – | – | – |
| Other | 1,088 | 2,931 | – | (44) | – | 57 |
| Increase (decrease) in temporarily restricted net assets, controlling interest | 43,169 | 9,619 | (7,269) | 2,298 | 107 | (172) |
| Permanently restricted net assets, controlling interest: | | | | | | |
| Contributions | 2,664 | 2,326 | – | 19 | 11 | 5 |
| Investment return | 1,598 | 1,622 | 3 | 39 | 1 | – |
| Contributions from business combinations | 67,846 | 2 | – | – | – | – |
| Other | (368) | 28 | – | – | – | – |
| Increase in permanently restricted net assets, controlling interest | 71,740 | 3,978 | 3 | 58 | 12 | 5 |
| Increase in net assets | 4,209,917 | 1,153,614 | 36,136 | 30,189 | 3,021 | 13,997 |
| Net assets, beginning of period | 12,918,710 | 9,730,576 | 364,906 | 381,040 | 82,992 | 139,848 |
| Net assets, end of period | $ 17,128,627 | $ 10,884,190 | $ 401,042 | $ 411,229 | $ 86,013 | $ 153,845 |

| Consolidated Lewiston | Consolidated Milwaukee | Consolidated Ministry | Consolidated Mobile | Consolidated Nashville | Consolidated Saginaw and Tawas | Consolidated Tulsa | Consolidated Waco | Consolidated Washington D C | Consolidated Wichita |
|---|---|---|---|---|---|---|---|---|---|
| $ 11 677 | $ 10 728 | $ 38 700 | $ 22 873 | $ 95 244 | $ 13 169 | $ 22 321 | $ 22 732 | $ (19 260) | $ (5 482) |
| (2 330) | (12 041) | – | (4 513) | (21 085) | (8 968) | – | (5 330) | (3 100) | – |
| – | – | 920 665 | (250) | – | – | 664 297 | – | – | 988 989 |
| 110 | 2 208 | – | 171 | 6 816 | 1 118 | – | 96 | 409 | 324 |
| (1 336) | 5 473 | 30 566 | 675 | 1 184 | (487) | 16 903 | 142 | 1 101 | 3 633 |
| – | – | – | – | – | – | – | – | – | – |
| – | – | 1 869 | 760 | – | 2 | 405 | (246) | 456 | 104 |
| 8 121 | 6 368 | 991 800 | 19 716 | 82 159 | 4 834 | 703 926 | 17 394 | (20 394) | 987 568 |
| – | – | – | – | – | – | – | – | – | – |
| – | – | – | – | – | – | – | – | – | – |
| 8 121 | 6 368 | 991 800 | 19 716 | 82 159 | 4 834 | 703 926 | 17 394 | (20 394) | 987 568 |
| – | – | (39) | – | 7 406 | – | – | – | – | 1 168 |
| – | – | (57) | – | (7 830) | – | – | – | – | (1 016) |
| – | – | 817 | – | – | – | – | – | – | 101 |
| – | – | 1 069 | – | – | – | (89) | – | – | 63 668 |
| – | – | 1 790 | – | (424) | – | (89) | – | – | 63 921 |
| 173 | 63 | 1 612 | 837 | 3 109 | 1 145 | 2 301 | 540 | 3 424 | 1 219 |
| 1 | – | (113) | 23 | 2 358 | 248 | (179) | 62 | – | (97) |
| (167) | (2 208) | – | (980) | (7 200) | (1 356) | (2 203) | (536) | (4 210) | (1 625) |
| – | – | 21 229 | – | – | – | 11 103 | – | – | 11 869 |
| – | 1 105 | (2 087) | (3) | (1 041) | – | – | 170 | – | – |
| 7 | (1 040) | 20 641 | (123) | (2 774) | 37 | 11 022 | 236 | (786) | 11 366 |
| – | – | 90 | – | 150 | 33 | – | 30 | – | – |
| – | – | (146) | – | – | 79 | – | – | – | – |
| – | – | 51 129 | – | – | – | 10 000 | – | – | 6 715 |
| – | 2 | (390) | – | – | – | – | (8) | – | – |
| – | 2 | 50 683 | – | 150 | 112 | 10 000 | 22 | – | 6 715 |
| 8 128 | 5 330 | 1 064 914 | 19 593 | 79 111 | 4 983 | 724 859 | 17 652 | (21 180) | 1 069 570 |
| 104 402 | 553 425 | – | 174 125 | 746 699 | 339 158 | – | 225 376 | 76 163 | – |
| $ 112 530 | $ 558 755 | $ 1 064 914 | $ 193 718 | $ 825 810 | $ 344 141 | $ 724 859 | $ 243 028 | $ 54 983 | $ 1 069 570 |

# Orthopaedic Hospital of Wisconsin

- Community Health Needs Assessment (CHNA) Overview
- Community Health Improvement Plan (CHIP) Overview

## Community Health Needs Assessment (CHNA) Overview

The Community Health Needs Assessment for the Orthopaedic Hospital of Wisconsin (OHOW) represents analysis for the primary service area of the hospital, which is defined as the Milwaukee County area The demographics for the area are described in the CHNA Milwaukee Secondary Data Report on pages 1 and 2

This geographic area is served by five hospital systems Columbia St Mary's, Wheaton Health Care, Froedtert and Medical College, Aurora Health Care and Children's Hospital of Wisconsin Four Federally Qualified Health Centers (FQHC's) also serve the Milwaukee County area These hospital systems and FQHC's have developed the Milwaukee Health Care Partnership (MHCP) to collaborate in efforts to improve understanding of health care needs in Milwaukee and to improve access to health care As a member of Columbia St Mary's Incorporated, OHOW functions as a member of the MHCP

## Community Health Needs Assessment Process

Representatives from the Milwaukee Health Care Partnership (MHCP) have collaborated to develop a process for the Community Health Needs Assessment (CHNA) of Milwaukee The collaboration included participation by the City of Milwaukee Health Department and representatives from health departments in Milwaukee County The CHNA team developed a multi-level assessment process The first level consisted of a survey of county residents regarding their health status, health access and perception of community needs Working together, survey questions were developed and approved A consultant was contracted to perform the survey using techniques that the consultant had used in similar surveys over ten years The survey process has been reviewed for scientific reliability The survey was conducted over the telephone to cell phone owners and "land-line" telephone owners More than 1,900 people were interviewed The consultant produced a CHNA Milwaukee County Community Health Survey and a Survey Summary Report for 2012

The second level of data gathering was performed by the Center for Urban Population Health (CUPH) as secondary data gathering about community needs based on public health and other publicly available information Data was gathered and summarized in the CHNA Milwaukee County Secondary Data Report for 2012

The third level of data was gathered through a key stakeholder interview process MHCP members had agreed upon those diverse people who represented key aspects of the community A survey tool was developed by the group and interviews were scheduled by MHCP members and by public health students working with the City of Milwaukee Health Department In all, 35 individual interviews and five group interviews were conducted by team members A listing of those interviewed is included in the Key Stakeholder summary CUPH was contracted to gather and summarize the key stakeholder interviews CUPH produced the CHNA Milwaukee County Stakeholder Report for 2012

The CHNA process was designed to gather data and input from all available resources in an organized and collaborative manner The members of the MHCP do not believe that any data gaps exist The MHCP produced an Executive Summary of the information that serves as an overview of community needs

Each of the CHNA reports was developed in a pdf format able to be posted on CSM's website as well as other MHCP health system and public health websites

The MHCP has committed to continue work to develop elements of a system-wide collaboration plan to implement over calendar year 2013

## Milwaukee Community Needs

The CHNA CSM Milwaukee County Executive Summary highlighted the most critical information evidenced by data from the levels of reporting The Community Health Priorities were consistently mentioned by those involved in the multiple levels of those reporting

As described in the attached CHNA CSM Milwaukee County Executive Summary, the key priorities identified were

- Infant Mortality
- Dental Care for Children
- Breast Cancer
- Access to Care
- Mental Health
- Chronic Disease Management

## Orthopaedic Hospital of Wisconsin Community Health Improvement Plan Overview

The CSM Milwaukee Community Benefit Committee used the CHNA information to develop an OHOW Community Health Improvement Plan (CHIP), employing a basic planning format used for the CSM Milwaukee facility The Milwaukee Community Benefit Committee functioned in an advisory capacity to the CEO and Administrative Council of OHOW

The CHIP document provides a crosswalk format that begins with the identified need and then lists OHOW Resources that are relevant to the need A description of Community Resources from other health systems and programs in the community follow An Analysis of the Need is the next step, taking into consideration the OHOW and Community Resources available

The Milwaukee CHNA identified seven key issues Infant Mortality, Children's Dental Needs, Breast Cancer, Access to Care in general, Access to Care regarding medical specialists and Inappropriate Use of Emergency Departments Given the specialty nature of OHOW, many of the identified community needs had no relevance to OHOW resources A primary area of focus in the Milwaukee CHNA, however, was access to specialist care and OHOW does have resources to apply in this area

The Plan was reviewed by the CSM Milwaukee Community Benefit Committee on September 23, 2013 and communicated to the OHOW Chief Executive Officer for review and scheduled presentation to the Advisory Council The Council reviewed and approved the CHIP on October 25, 2013 The CHIP will be monitored by OHOW administrative staff and reported to the CSM Community Benefit Committee following the completion of the fiscal year

The CHNA and CHIP will be posted on the OHOW webpage for review by the public in a downloadable format As with the CHNA, printed documents will be available upon request from OHOW Administration

## Plan

The plan is available through website link OHOW Community Health Improvement Plan

## Resources

Milwaukee Health Survey Report

Milwaukee Health Survey Summary

Secondary Data

Stakeholders Report

CSM OHOW Milwaukee County Executive Summary

Milwaukee County Community Health Needs Asssessment (CHNA)

Orthopaedic Hospital of Wisconsin Community Health Improvement Plan (CHIP)

# Orthopaedic Hospital of Wisconsin Community Health Improvement Plan FY 14

| *Health Issue* | [redacted] | *Community Resources* | [redacted] | *Community Benefit Plan* |
|---|---|---|---|---|
| **Access to Care**<br>• **Poor access for primary care and dental care for uninsured populations** | [redacted] | • Federally Qualified Health Centers (FQHC)<br>• Sixteenth Street Community Health Center (SSCHC)<br>• Milwaukee Healthcare Services, Inc.<br>• Free Clinic Collaborative of multiple clinics to serve impoverished people<br>• Granville Interfaith as a community free clinic | [redacted] | • **Increase value of government shortfall through Medical Assistance and BadgerCare**<br>• **Support Granville Interfaith through coordinated volunteer support on a periodic basis** |
| • **Lack of access to specialty care for BadgerCare and uninsured patients** | [redacted] | • Milwaukee Health Care Partnership has a goal of improving specialty access<br>• SSCHC is currently provided specialty services through informal network of specialists | [redacted] | • **OHOW and CSM will collaborate in Orthopedic coverage through SAUP for St. Ben's Clinic** |