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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
Mercy Regional Health Center Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1823 College Avenue

City or town, state or province, country, and ZIP or foreign postal code
Manhattan, KS 66502

D Employer identification number
48-1186704

E Telephone number
(785) 776-3322

G Gross receipts $ 97,026,649

F Name and address of principal officer
John Broberg
1823 College Avenue
Manhattan, KS 66502

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

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

H(c) Group exemption number ▶

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

J Website: ▶ www mercyregional org

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

L Year of formation 1996

M State of legal domicile KS

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Serves as a healing presence with special concern for our neighbors who are vulnerable

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	18
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	14
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	1,047
6	Total number of volunteers (estimate if necessary)	**6**	257
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	194,855
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	67,352

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	31,691	84,430
9	Program service revenue (Part VIII, line 2g)	64,299,697	84,751,586
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	3,621,377	11,003,434
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	901,561	1,127,565
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	68,854,326	96,967,015
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	91,206
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)	29,042,525	38,123,801
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)	34,744,362	42,042,312
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	63,786,887	80,257,319
19	Revenue less expenses Subtract line 18 from line 12	5,067,439	16,709,696

Revenue

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	131,760,485	143,763,800
21	Total liabilities (Part X, line 26)	46,803,304	36,722,528
22	Net assets or fund balances Subtract line 21 from line 20	84,957,181	107,041,272

Net Assets or Fund Balances

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: 2015-05-13

Carol Karp Chief Financial Officer
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Rebecca Lyons				P01487105

Firm's name ▶ Deloitte Tax LLP — Firm's EIN ▶ 86-1065772

Firm's address ▶ 250 East Fifth Street Suite 1900
Cincinnati, OH 45202

Phone no (513) 784-7100

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

As part of Via Christi Health, a Catholic Health System, we share this mission "Inspired by the gospel and our Catholic tradition, we serve as a healing presence with special concern for our neighbors who are vulnerable " Via Christi Health System's history extends back over 100 years and today, along with our sponsoring organization, Ascension Health, we continue to respond to community needs in Kansas and northeastern Oklahoma The obligation to reach out to those in need and improve community health flows directly from our identity as a faith-based healing ministry As a mission-driven organization, we provide community benefit because we are committed to our core values of Human dignity-we recognize and respect the sacredness of each person, Stewardship-we responsibly care for all resources entrusted to us, Excellence-we extend ourselves in outstanding service

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 $ 2,311,805 including grants of $) (Revenue $)

Mercy Regional Health Center, Inc provides a full range of inpatient and outpatient services to individuals in the community regardless of socioeconomic or demographic background Charity Care - free or discounted health services provided to persons who cannot afford to pay and who meet Mercy Regional Health Center, Inc 's criteria for financial assistance Charity care is reported in terms of costs, not charges Charity care does not include bad debt

4b (Code) (Expenses $ 2,570,271 including grants of $) (Revenue $)

Government sponsored means-tested health care - includes unpaid costs of public programs for low-income persons This is the shortfall created when Mercy Regional Health Center, Inc receives payments that are less than the cost of caring for public program beneficiaries This payment shortfall is not the same as a contractual allowance, which is the full difference between charges and government payments

4c (Code) (Expenses $ 59,155,300 including grants of $ 91,206) (Revenue $ 85,291,185)

Mercy Regional Health Center, Inc is committed to community health with programs including but not limited to diabetes education, nutrition education, fitness education, and lifesaving education Mercy Regional Health Center, Inc sponsors The American Heart Walk, provides fitness centers, exercise classes, ergonomic reviews, and provides scholarships to students attending nursing school

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ 64,037,376

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	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		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		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	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)*

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**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
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**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		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	76		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	1,047		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a**	18		
	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**	14		
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**	Yes	
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**	Yes	

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

▶Judy Davis 8200 E Thorn Drive
Wichita, KS 67226 (316) 858-4931

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Tom Holcombe Chair	1 00 0 00	X		X				0	0	0
(2) Doug Hinkin MD Vice Chair	1 00 0 00	X		X				0	0	0
(3) Michael Cates Secretary	1 00 0 00	X		X				0	0	0
(4) Lance White Treasurer	1 00 0 00	X		X				0	0	0
(5) John Broberg President/Sr Administrator	47 00 3 00	X		X				0	282,896	29,769
(6) Carleton Rider Chief Admin Officer	50 00 0 00	X		X				0	575,934	28,488
(7) Pat Bosco Trustee	1 00 0 00	X						0	0	0
(8) Mike Daniels Trustee	1 00 0 00	X						0	0	0
(9) Hank Doering Trustee	1 00 0 00	X						0	0	0
(10) Robert Mark Duff Trustee	1 00 0 00	X						0	0	0
(11) Dave Gambino Trustee	1 00 49 00	X						0	429,376	96,728
(12) Mark Gros MD Trustee	1 00 0 00	X						0	0	0
(13) Mark Knackendoffel Trustee	1 00 0 00	X						0	0	0
(14) Sister Anne Dolores LaPlante Trustee	1 00 0 00	X						0	0	0
(15) Michael Leitch Trustee	1 00 0 00	X						0	0	0
(16) Jan Marks Trustee	1 00 0 00	X						0	0	0
(17) Nancy O'Conner Trustee	1 00 0 00	X						0	0	0

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) Harold Taylor Med Staff Pres /Physician	50 00 0 00	X						265,992	0	35,272
(19) David Hadley end 13114 Assistant Treasurer	1 00 49 00			X				0	468,299	119,351
(20) Jeff Seirer start 2114 Assistant Treasurer	1 00 49 00			X				0	263,573	68,834
(21) James Fraser start 8713 Administrator-Finance	50 00 0 00			X				64,989	0	5,506
(22) Carla Yost Admin Opertations	50 00 0 00				X			197,922	0	29,052
(23) Vishwanatha S Nadig MD Physician	50 00 0 00					X		626,749	0	28,743
(24) John R Daley Physician	50 00 0 00					X		359,247	0	21,209
(25) Casey M Poell MD Physician	50 00 0 00					X		317,869	0	34,579
(26) Asad Mohmand Physician	50 00 0 00					X		285,896	0	21,371
(27) David Wichman Physician	50 00 0 00					X		231,214	0	41,133

1b	**Sub-Total**			
c	**Total from continuation sheets to Part VII, Section A**			
d	**Total (add lines 1b and 1c)**	2,349,878	2,020,078	560,035

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 ▶ 23

			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
Trimedx LLC PO Box 636129 Cincinnati OH 45263	Equipment Management Services	1,747,257
Sodexo Inc & Affiliates 4880 Paysphere Circle Chicago IL 60674	Nutrition Management Services	964,146
Emergency Physicians of Manhattan LLC 8717 W 110th St Ste 500 Overland Park KS 66210	Prof Fees - Physicians	900,197
Rehabcare Group Inc PO Box 502096 St Louis MO 631502096	Rehab Mgt Contract	753,838
Cascade Health Services 1045 Swift Ave North Kansas City MO 64116	Contract Labor	638,838

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 ▶ 15

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations . . .	1d	79,122			
	e	Government grants (contributions)	1e	5,308			
	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 . . . . . ▶		84,430			
Program Service Revenue			Business Code				
	2a	Net Patient Services	621110	81,490,816	81,321,096	169,720	
	b	EMS	621990	1,915,573	1,915,573		
	c	Meaningful Use Funds	900099	1,250,244	1,250,244		
	d	Pharmacy	446110	37,565	37,565		
	e	Wellness & Fitness	624100	17,525	17,525		
	f	All other program service revenue		39,863	39,863		
	g	**Total.** Add lines 2a–2f . . . . . ▶		84,751,586			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		2,576,050			2,576,050
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					
			(i) Real	(ii) Personal			
	6a	Gross rents	146,799	2,800			
	b	Less rental expenses	59,634	0			
	c	Rental income or (loss)	87,165	2,800			
	d	Net rental income or (loss) . . . . . ▶			89,965		89,965
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory		8,427,384			
	b	Less cost or other basis and sales expenses		0			
	c	Gain or (loss)		8,427,384			
	d	Net gain or (loss) . . . . . ▶			8,427,384		8,427,384
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from fundraising events . . ▶					
	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	Food Services	722210	372,355			372,355
	b	Management	541900	330,714	330,714		
	c	Deficit Billing	900099	160,427	160,427		
	d	All other revenue		174,104	128,213	25,135	20,756
	e	**Total.** Add lines 11a–11d . . . . . ▶		1,037,600			
	12	**Total revenue.** See Instructions . . . . . ▶		96,967,015	85,201,220	194,855	11,486,510

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	91,206	91,206		
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	753,101	235,401	517,700	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	29,798,049	26,910,178	2,887,871	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	-109,070		-109,070	
9 Other employee benefits	5,468,449	4,514,585	953,864	
10 Payroll taxes	2,213,272	1,930,534	282,738	
11 Fees for services (non-employees)				
a Management	1,935,996		1,935,996	
b Legal	8,463	1,825	6,638	
c Accounting	19,675		19,675	
d Lobbying	8,305		8,305	
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)	14,705,565	7,195,713	7,509,852	
12 Advertising and promotion	223,302	606	222,696	
13 Office expenses	14,920,465	14,558,989	361,476	
14 Information technology	264,782	103,006	161,776	
15 Royalties . .				
16 Occupancy	2,030,566	1,674,651	355,915	
17 Travel	147,375	86,497	60,878	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	5,234	784	4,450	
20 Interest	1,043,582	1,043,582		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	4,335,368	3,658,795	676,573	
23 Insurance	617,249	615,841	1,408	
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 Membership Dues	139,642	13,576	126,066	0
b Donations & Gifts	138,621	138,621	0	0
c Relocation Costs	73,795	3,014	70,781	0
d Income Tax Expense	42,254	0	42,254	0
e All other expenses	1,382,073	1,259,972	122,101	
25 **Total functional expenses.** Add lines 1 through 24e	80,257,319	64,037,376	16,219,943	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		11,528,658	1	9,267,268
	2	Savings and temporary cash investments		50,681	2	49,269
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		14,333,588	4	10,209,236
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			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			7	
	8	Inventories for sale or use		2,324,749	8	2,605,238
	9	Prepaid expenses and deferred charges		1,415,208	9	2,019,216
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 44,029,709			
	b	Less accumulated depreciation	10b 5,283,986	57,222,043	10c	38,745,723
	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			13	441,923
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		44,885,558	15	80,425,927
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		131,760,485	16	143,763,800
Liabilities	17	Accounts payable and accrued expenses		7,768,658	17	6,858,546
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		25,060,000	20	26,542,684
	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		13,974,646	25	3,321,298
	26	**Total liabilities.** Add lines 17 through 25		46,803,304	26	36,722,528
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		84,957,181	27	107,041,272
	28	Temporarily restricted net assets			28	0
	29	Permanently restricted net assets			29	0
		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		84,957,181	33	107,041,272
	34	Total liabilities and net assets/fund balances		131,760,485	34	143,763,800

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	96,967,015
2	Total expenses (must equal Part IX, column (A), line 25)	2	80,257,319
3	Revenue less expenses Subtract line 2 from line 1	3	16,709,696
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	84,957,181
5	Net unrealized gains (losses) on investments	5	3,520,243
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	1,854,152
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	107,041,272

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Mercy Regional Health Center Inc

Employer identification number
48-1186704

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Facts And Circumstances Test		
Return Reference	Explanation	

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.
▶ See separate instructions. ▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
Mercy Regional Health Center Inc	48-1186704

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

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

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

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

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

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

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

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		8,305
j	Total Add lines 1c through 1i			8,305
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Return Reference	Explanation
Part II-B, Line 1	Lobbying expenses represent the portion of dues paid to national and state hospital associations that is specifically allocable to lobbying Mercy Regional Health Center, Inc does not participate in or intervene in (including the publishing or distributing or statements) any political campaign on behalf of (or in opposition to) any candidate for public office

Part IV Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Mercy Regional Health Center Inc

Employer identification number
48-1186704

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		2,127,223		2,127,223
b Buildings		24,361,525	1,265,075	23,096,450
c Leasehold improvements		147,638	68,016	79,622
d Equipment		16,602,427	3,831,191	12,771,236
e Other		790,896	119,704	671,192
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				38,745,723

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

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

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

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

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

(a) Description	(b) Book value
(1) Estimated AR from 3rd Party Payors	1,455,522
(2) Misc AR Unrelated Parties	759,736
(3) Other Assets - Related Party	72,387
(4) Income Guarantee Note Receivable	88,611
(5) Interest in Investments Held by Ascension Health Alliance	78,049,671
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	80,425,927

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	
Asset Retirement Obligation	3,321,298
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	3,321,298

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 Mercy Regional Health Center, 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

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Mercy Regional Health Center Inc

Employer identification number
48-1186704

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year			
	☑ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care	3a	Yes	
	☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %			
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care	3b	Yes	
	☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other _____ %			
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	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)			2,311,805		2,311,805	2 880 %
b Medicaid (from Worksheet 3, column a)			6,064,892	3,554,621	2,510,271	3 130 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			8,376,697	3,554,621	4,822,076	6 010 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			504,656	12,297	492,359	0 610 %
f Health professions education (from Worksheet 5)			188,751		188,751	0 240 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			41,912		41,912	0 050 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			44,541		44,541	0 060 %
j **Total.** Other Benefits			779,860	12,297	767,563	0 960 %
k **Total.** Add lines 7d and 7j			9,156,557	3,566,918	5,589,639	6 970 %

Part II Community Building Activities Complete this 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			256		256	0 %
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building			2,359		2,359	0 %
7 Community health improvement advocacy						
8 Workforce development			37		37	0 %
9 Other						
10 **Total**			2,652		2,652	

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	13,074,985		
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	564,826		
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	25,710,398
6	Enter Medicare allowable costs of care relating to payments on line 5	6	28,378,585
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-2,668,187
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 1 Mercy Imaging LLC	Diagnostic Imaging	75 000 %	0 %	25 000 %
2				
3				
4				
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11				
12				
13				

Part V Facility Information

Section A. Hospital Facilities

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

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

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group Mercy Regional Health Center Inc

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

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ 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 Schedule H, Part V, Section C			
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 400 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			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

Part V Facility Information *(continued)*

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

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

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

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

Form and Line Reference	Explanation
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? **16**

	Name and address	Type of Facility (describe)
1	See Additional Data Table	
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 6a	Via Christi Health produces a consolidated annual report for all ministries including Mercy Regional Health Center Within the report, several pages are devoted to describe the Community Benefit activities that has taken place over the last year and its monetary value to the Manhattan/Riley County area

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, such as Financial Assistance and Medicaid, a specific cost-to-charge ratio was calculated and applied

Form and Line Reference	Explanation
Part II, Community Building Activities	MRHC representatives are involved with numerous Community Building coalitions that periodically assess community needs and work towards improving the health and safety of the community -Geary County Perinatal Coalition focuses on the lack of access to prenatal care for women living in Geary County -Riley County Perinatal Coalition focuses on the lack of access to prenatal care for women living in Riley County -Flint Hills Breast Feeding Coalition led to the development of a resource guide that lets current and future mothers know about all the various organizations in the area that serve as breastfeeding resources This new resource guide is used by organization in Manhattan, Junction City and Fort Riley -MRHC staff is involved with the Manhattan Chamber of Commerce in an effort to draw in new businesses in order to generate more job opportunities -Staff also work with Kansas State University departments and the Manhattan Area Technical College reviewing student resumes and providing mock interview feedback to prepare students for entry into the job market -By our involvement, the community is better aware of the services available for them and MRHC, in turn, is constantly being updated with regards to community needs and/or gaps in services so they can be improved

Form and Line Reference	Explanation
Part III, Line 2	The amount of $13,074,985 is the amount of patient bad debt as posted to our general ledger by the MRHC patient accounting systems Bad debt expense is a combination of accounts that have been turned to collection because they have been deemed uncollectible as well as an estimate for accounts still in AR that uses a historical look back period to estimate collectability

Form and Line Reference	Explanation
Part III, Line 3	MRHC estimated the bad debt expense that would be attributable to patients eligible under the organization's charity care policy by taking gross bad debt expense and multiplying it by a charity write-off percentage This percentage is calculated taking the full charity write-offs for a defined period divided by the total amount of bad debt allowance for the period preceding This organization does not consider bad debt as a community benefit

Form and Line Reference	Explanation
Part III, Line 1	MRHC reports bad debt in accordance with generally accepted accounting principles (GAAP) Healthcare Financial Management Statement No 15 is followed to the extent that it aligns with the guidelines set forth by GAAP Bad debt expense at cost is determined using the same cost-to-charge ratio that is used for charity care and Medicaid shortfall MRHC follows the guidance from CHA and does not consider bad debt as a community benefit

Form and Line Reference	Explanation
Part III, Line 4	From the audited financial statements of Ascension Health Alliance (which include the activity of MRHC) The provision for doubtful accounts is based upon management's assessmentof expected net collections considering economic conditions, historicalexperience, 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 MRHC's bad debt deduction was $13,074,985 at charges and $564,826 atcost (after the cost to charge ratio was applied to the amount of charges)

Form and Line Reference	Explanation
Part III, Line 8	Ascension Health and related health ministries follow 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	It is the policy of MRHC to promote socially just practices for billing and collections for all patients receiving care The policy is intended to further MRHC's mission by requiring ethical conduct in billing and collecting self-pay balances from patient/guarantor's regardless of ability to pay The policy ensures that prior to turning an account to a Third Party Collection Agent (Agent) for collection activity, MRHC will perform a reasonable review of each account to verify that the patient/guarantor is not potentially eligible for any government assistance program (e g Medicaid, Medicare, etc) and would likely not qualify for charity care MRHC will direct its staff and Agents to periodically assess each patient/guarantor's ability to pay or to determine eligibility for charity care The review and assessment should include but may not be limited to the following a Ensure the patient/guarantor has been notified of MRHC's financial assistance policy,b Ensure the patient/guarantor was offered a financial assistance application,c Ensure documentation of any known extraordinary financial circumstances of the patient/guarantor or if they are medically indigent

Form and Line Reference	Explanation
Part VI, Line 2	In addition to the Aging Assessment conducted in 2012, other area assessments were taken into account (primarily the Manhattan/Wamego 2011 Assessment) Up-to-date downloads from the Census Bureau as well as the Kansas University's Institute for Policy and Social Research and Kansas Hospital Association help to guide us in gathering data for our geographical areas and one-on-one interviews were held

Form and Line Reference	Explanation
Part VI, Line 3	MRHC financial assistance staff are trained on how to qualify patients for Medicaid, SCHIP and other such income-based programs During the patient's registration, admissions and discharge processes, MRHC attempts to identify patients who may be eligible for charity or discounted care through the charity care policy In addition, MRHC uses a percentage of the Federal Poverty Guidelines (FPG) to determine free and discounted care

Form and Line Reference	Explanation
Part VI, Line 4	The primary counties for Manhattan ministries include Riley, Geary and Pottawatomie Riley County has a land area of 610 square miles with a 2013 estimated population of 75,394 Pottawatomie County has a land area of 841 square miles with a 2013 estimated population of 22,691 Geary County has a land area of 385 square miles with a 2013 estimated population of 37,384 Riley County's population demographic includes 84 5% White, 6 9% Black, 0 7% American Indian, 4 4% Asian and 7 9% persons of Hispanic or Latino origin The diversity of the population in Riley County is greater than for Pottawatomie County Racial breakout for Pottawatomie County includes 94 3% White, 1 3% Black, 0 9% American Indian, 0 9% Asian persons, and 5 2% persons of Hispanic or Latino origin The demographic distribution for Geary County includes 69 9% White, 18 7% Black, 1 3% American Indian, 3 7% Asian and 14 6% Hispanic or Latino origin Geary County has the highest diversity rates primarily due to Fort Riley, an Army base and Home of the 1st Infantry Division Almost 8 4% of the Riley County residents, 4 3% of the Pottawatomie County residents and 13 3% of the Geary County residents report that a language other than English is spoken at home When it comes to education, 95 4% of Riley County residents completed high school and 45 4% had a bachelor's degree or higher This compares to 93 9% and 28 5% for Pottawatomie County and 91 1% and 19 9% for Geary County Median household income for Riley County residents between 2008 and 2012 was $43,364 compared to $56,775 for Pottawatomie County and $47,879 for Geary County During this same time period, the median value of owner-occupied housing units in Riley County was $166,900 compared to $152,000 in Pottawatomie and $130,600 for Geary County residents Riley County reports 22 7% of its residents are below poverty level compared to 8 2% for Pottawatomie and 10 8% for Geary County The Statewide poverty level is around 13 2% Riley County has far fewer residents age 65 years and older compared to the State of Kansas and the other two counties Kansas reported in 2013 that 14 0% of all residents were persons 65 years of age and older This compares to 7 6% for Riley, 12 9% for Pottawatomie and 7 3% for Geary Counties The City of Manhattan is home to Kansas State University which has a student enrollment of 23,810 for Spring 2013 semester MRHC is the only hospital in the City of Manhattan and is the largest full-service medical center in the area that is available to all persons regardless of their ability to pay

Form and Line Reference	Explanation
Part VI, Line 5	MRHC enriches the area in which they operate as well as the broader community, improving m edicine and increasing access through educating physicians and other healthcare providers, and providing care and support to people in need MRHC further supports this mission with a community board, open medical staff, and an emergency room available to patients regard less of ability to pay O pen Medical Staff The medical staff of MRCH is open and is compose d of physicians licensed to practice medicine in the State of Kansas On a day-to-day basi s, that means approximately 150 physicians, more than 800 employees and about 350 voluntee rs are serving the people of Manhattan and the surrounding areas with a wide range of qual ity health and wellness services MRHC staff also participates in the community on boards of other not-for-profit organizations, government entities, foundations, area colleges and university committees, state-wide coalitions, etc Currently, MRHC staff is serving with the following area not-for-profit organizations (e g Flint Hills Community Clinic Board, Riley County Perinatal Coalition, Flint Hills Breast Feeding Coalition, Manhattan Chamber of Commerce, Homecare and Hospice Board, Riley County Public Health Advisory Council, Indi gent Care Clinic Committee, Riley County Domestic Violence Task Force, Junction City Domes tic Violence Task Force, Flint Hills Sexual Assault Coalition and United Way of Riley Coun ty Board) Community representation on the Governing BodyThe Board of Directors is the gov erning body of MRHC The majority of its members are external members comprised of persons who reside in or around Riley County and has overall responsibility for the charitable mi ssion of the Organization as set forth in its Articles of Incorporation and Bylaws These directors are selected based on their expertise, experience, and other criteria establishe d by the nominating committee of the Board of Directors Areas of expertise and experience include such areas as healthcare, finance, education, and local government The Board act ively debates and sets policy and strategic direction for the ministry but does not get in volved in issues related to daily operations The Board takes a balanced approach when add ressing community and business/financial concerns The Board is also the primary group for determining the use of surplus funds generated by the organization which are reinvested i n the ministry in order to allow the ministry to sustain its mission and prepare for the f uture -Annually, MRHC provides diagnostic services for Flint Hills Community Clinic and pi cks up the cost of wages for the community clinic staff MRHC also provides diagnostic serv ices for the Riley County Clinic -MRHC works with multiple law enforcement agencies in pro viding care to victims of sexual assault Because MRHC provides for the salary of SANE/SAR T nurses, sexual assault victims no longer are required to be transported to Topeka Kansas (an hour drive) to be processed for legal proceedings -MRHC's vascular lab staff annually perform ECHO's on student athletes for KS-State and high schools around Manhattan to ensu re they have healthy hearts prior to getting involved in competitive sports -MRHC staff pa rticipate in periodic Red Cross blood drives due to our mission of caring for those who ar e vulnerable and in need of life-saving blood -MRHC annual makes a $15,000 donation to the KS State Foundation restricted to the pre-health scholarship program as a way to ensure f uture health care providers will be available in the State of Kansas -Additional cash dona tions are made to organizations who share our mission to serve as a healing presence with special concern for neighbors who are vulnerable (e g Flint Hills Community Clinic and Ho mecare and Hospice) -MRHC also supports preventative steps to ensure health and wellness f or all ages A grant was made to the National Fire Safety Council for education materials used for Kindergarten through 6th graders to teach them the importance of fire safety -In partnership with Riley County EMS, MRHC provides staff for all major community events wher e injuries and/or unexpected emergencies could develop (e g fun runs, New Year's celebrat ions, community festivals, etc) -MRHC staff have assisted in fundraising activities for ot her not-for-profits in the community (e g Flint Hills Community Clinic and United Way of Riley County) -MRHC's conference rooms are shared with outside community not-for-profits s o they can use more of their resources in carrying out their missions (e g Breastfeeding Support Group, Palliative Care Group, Kansas State University Advisory Council, O vereaters Anonymous Group, Flint Hills Community Clinic, etc)-When weather allows, the EMS staff p rovide regular child safety seat installations and checks for free at the Manhattan Fire D epartment headquarters -Educational classes are held on a variety of topics by various cli nical staff of MRHC (e g physical therapy staff p

Form and Line Reference	Explanation
Part VI, Line 5	rovided an aquatic exercise class for people who are overweight in partnership with Mercy Light, in partnership with the Flint Hills Area Agency on Aging, a program on family careg iving was presented to the community, several presentations given on the topic of cancer, heart disease, depression, CPR, safe babysitting, breastfeeding basics, Daddy basics, chil dbirth education, infant massages, etc)

Form and Line Reference	Explanation
Part VI, Line 6	Mercy Regional Health Center (MRHC) is an affiliate of Via Christi Health, Inc (VCH) and Ascension Health VCH's affiliates are large multi-faceted, integrated, not-for-profit ministries including hospital and non-hospital ministries (physician group practices, hospital organizations, research, home health, durable medical equipment and senior facilities) These ministries work together to care for patients, joined by common systems and a philosophy of serving as a healing presence with special concern for our neighbors especially those who are vulnerable This community benefit happens through its focus on patient care, education and research The organizations work together to serve their communities at the local, regional, state and national level 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 corporation that own and operate local healthcare facilities, or Health Ministries, located in 23 of the United States and the District of Columbia Ascension is sponsored by Ascension Sponsor, a Public Juridic Person ThePartcipating Entities of Ascension Sponsor are the Daughters of Charityof 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 theThird Order of St Francis of Assisi - US/Caribbean Province As morefully described in the Organizational Changes note, Marian Health System,which was previously sponsored by the Sisters of the Sorrowful Mother ofthe Third Order of St Francis of Assisi - US/Caribbean Province, becamepart 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, anddedicates its resources to spiritually centered care which sustains andimproves the health of the individuals and communities it serves Inaccordance with the System's mission of service to those persons living inpoverty and other vulnerable persons, each Health Ministry acceptspatients regardless of their ability to pay The System uses fourcategories to identify the resources utilized for the care of personsliving in poverty and community benefit programs -Traditional charity care includes the cost of services provided topersons who cannot afford healthcare because of inadequate resourcesand/or who are uninsured or underinsured -Unpaid cost of public programs, excluding Medicare, represents the unpaidcost of services provided to persons covered by public programs forpersons living in poverty and other vulnerable persons -Cost of other programs for persons living in poverty and other vulnerablepersons includes unreimbursed costs of programs intentionally designed toserve the persons living in poverty and other vulnerable persons of thecommunity, 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 benefitprograms and services for the general community, not solely for thepersons 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 themeans to pay Discounts provided to those patients who did not qualify forassistance under charity care guidelines are not included in the cost ofproviding care of persons living in poverty and other community benefitprograms The cost of providing care to persons living in poverty andother community benefit programs is estimated by reducing charges forgoneby a factor derived from the ratio of each entity's total operatingexpenses to the entity's billed charges for patient care Certain costs such as graduate medical education and certain otheractivities are excluded from total operating expenses for purposes of thiscomputation

Additional Data

Software ID:
Software Version:
EIN: 48-1186704
Name: Mercy Regional Health Center Inc

990 Schedule H, Supplemental Information

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

Form and Line Reference	Explanation
Mercy Regional Health Center, Inc	
Mercy Regional Health Center, Inc	Part V, Section B, Line 4 The CHNA focused on the aging population within geographical areas where Via Christi Health has hospital and senior living ministries The participating partners included -Via Christi Hospitals Wichita-Via Christi Hospital St Teresa-Via Christi Rehabilitation Hospital-Via Christi Hospital Pittsburg-Mercy Regional Health Center-Wamego City Hospital
Mercy Regional Health Center, Inc	Part V, Section B, Line 5d Hospital facility's website http //www viachristi org/sites/default/files/pdf/about_us/Aging-Assessment-VCV-Markets pdf
Mercy Regional Health Center, Inc	Part V, Section B, Line 7 The Hospital facility did not address all of the significant needs identified in its most recently conducted CHNA See below for specifics 2012 Aging Assessment - Need Transportation for health appointments - Why Need not being addressed Flint Hills Regional Breakthrough Team is working on this issue 2012 Aging Assessment - Need the Via Christi HOPE program needs to be expanded and would also address home health care needs Why Need not being addressed Via Christi Villages is already pursuing this need and is discussing the feasibility of this expansion with the State of Kansas In partnership with Kansas, their HOPE program is being expanded in the NE part of the state first Other parts of KS may fall-in later depending on funding 2010 CHNA - Need Lack of Shared Medical Records - Why Need not being addressed State of Kansas is working on this plan and VCH is involved on the State level as are other hospital providers 2010 CHNA - Need Recruitment of specialists that are in high need Addressing this issue is a cost of doing business and not seen as resulting from CHNA - Why Need not being addressed This is going to be an on-going initiative and is discussed in the Medical Staff Development Plan (Oct 1, 2010 - Sept 30, 2013)
Mercy Regional Health Center, Inc	Part V, Section B, Line 14g Patients are notified in writing that the hospital facility has a Financial Assistance Policy and trained financial counselors are available to assist patients

Form 990 Schedule H, Part V Section D. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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)
Mercy Imaging LLC 1133 College Ave Bldg G Ste 110 Manhattan, KS 66502	Outpatient Radiology, Diagnostic Imaging, and PET
Mercy West 315 Seth Child Rd Manhattan, KS 66502	Outpatient Radiology, Diagnostic Imaging, and PET
Women's Imaging 1133 College Ave Bldg G Ste 130 Manhattan, KS 66502	Outpatient Radiology, Diagnostic Imaging, and PET
Mercy East 451 E Poyntz Ave Manhattan, KS 66502	Outpatient Radiology, Diagnostic Imaging, and PET
Mercy Regional Health Ctr Sleep Lab 1105 Sunset Ave Manhattan, KS 66502	Outpatient Radiology, Diagnostic Imaging, and PET
Behavioral Health Services 1105 Sunset Ave Manhattan, KS 66502	Outpatient Radiology, Diagnostic Imaging, and PET
Mercy Physical Therapy Max Fitness 3011 Anderson Ave Ste C Manhattan, KS 66503	Outpatient Radiology, Diagnostic Imaging, and PET
Physician Specialists 3901 Vanesa Drive Ste E Manhattan, KS 66503	Outpatient Radiology, Diagnostic Imaging, and PET
Pain Management Clinic 1105 Sunset Ave Manhattan, KS 66502	Outpatient Radiology, Diagnostic Imaging, and PET
Mercy Light 1105 Sunset Ave Manhattan, KS 66502	Outpatient Radiology, Diagnostic Imaging, and PET
Diabetes Center 1105 Sunset Ave Manhattan, KS 66502	Outpatient Radiology, Diagnostic Imaging, and PET
Riley County EMS 2011 Claflin Rd Manhattan, KS 66502	Outpatient Radiology, Diagnostic Imaging, and PET
Pottawatomie County EMS - Wamego 406 Miller Drive Bldg F Wamego, KS 66547	Outpatient Radiology, Diagnostic Imaging, and PET
Pottawatomie County EMS - Onaga 200 W 9th Onaga, KS 66521	Outpatient Radiology, Diagnostic Imaging, and PET
Pottawatomie County EMS - St Mary's 206 S Grand Ave St Marys, KS 66536	Outpatient Radiology, Diagnostic Imaging, and PET

Form 990 Schedule H, Part V Section D. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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)
Pottawatomie County EMS-Westmoreland 206 Oregon Trail Drive Westmoreland, KS 66549	Outpatient Radiology, Diagnostic Imaging, and PET

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Mercy Regional Health Center Inc

Employer identification number
48-1186704

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) Manhattan Area Chamber of Commerce 501 Poyntz Ave Manhattan, KS 66502	48-0319620	501(c)(6)	60,000				Advantage Manhattan Investment
(2) KSU Ahearn Fund 1800 College Ave Manhattan, KS 66502	48-0667209	501(c)(3)	9,700				Ahearn Fund - Event Seating & Donation
(3) KSU Foundation 2323 Anderson Ave Ste 500 Manhattan, KS 66502	48-0667209	501(c)(3)	15,000				Pre-Health Scholarship
(4) Flint Hills Community Clinic 401 Houston St Ste C Manhattan, KS 66502	20-2306015	501(c)(3)	5,506				Annual Donation & Flu Shot Donation

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

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

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	All grants and assistance are reviewed and approved by a grant committee consisting of members of the Board of Trustees Grants expenses are reviewed by the accounting department, and detailed reports are requested from all grantees

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Mercy Regional Health Center Inc

Employer identification number
48-1186704

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax indemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	☐ Compensation committee	☐ Written employment contract		
	☐ Independent compensation consultant	☐ Compensation survey or study		
	☐ Form 990 of other organizations	☐ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**	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?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or 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 3	Via Christi Health, Inc , a related organization of Mercy Regional Health Center, Inc , uses the following to establish the compensation of the organizatio's CEO -Compensation Committee -Independent Compensation Consultant -Compensation Survey or Study -Approval by the Board or Compensation Committee
Part I, Lines 4a-b	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 funded annually based on participation and are not vested until the 5 year service requirement is reached Due to the substantial risk of forfeiture provision, there is no guarantee that these executives will ever receive any benefit under the program The amount funded annually under the program to the executives is reported as compensation on Form 990 Schedule J, Part II, Column B in the year funded The amount ultimately paid under the program to executives is reported on Form 990 Schedule J, Part II, Column F There were no distributions from a supplemental nonqualified retirement plan during the year

Additional Data

Software ID:
Software Version:
EIN: 48-1186704
Name: Mercy Regional Health Center Inc

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
John Broberg President/Sr Administrator	(I)	0	0	0	0	0	0	0
	(II)	271,118	4,886	6,892	21,228	8,541	312,665	0
Carleton Rider Chief Admin Officer	(I)	0	0	0	0	0	0	0
	(II)	454,635	0	121,299	26,362	2,126	604,422	0
Dave Gambino Trustee	(I)	0	0	0	0	0	0	0
	(II)	395,610	22,500	11,266	81,140	15,588	526,104	0
Harold Taylor Med Staff Pres /Physician	(I)	241,586	24,032	374	20,714	14,558	301,264	0
	(II)	0	0	0	0	0	0	0
David Hadley end 13114 Assistant Treasurer	(I)	0	0	0	0	0	0	0
	(II)	444,000	14,650	9,649	96,500	22,851	587,650	0
Jeff Seirer start 2114 Assistant Treasurer	(I)	0	0	0	0	0	0	0
	(II)	251,983	6,922	4,668	50,220	18,614	332,407	0
Carla Yost Admin Opertations	(I)	185,523	2,677	9,722	13,581	15,471	226,974	0
	(II)	0	0	0	0	0	0	0
Vishwanatha S Nadig MD Physician	(I)	624,587	0	2,162	19,125	9,618	655,492	0
	(II)	0	0	0	0	0	0	0
John R Daley Physician	(I)	325,786	20,000	13,461	10,200	11,009	380,456	0
	(II)	0	0	0	0	0	0	0
Casey M Poell MD Physician	(I)	284,594	32,857	418	21,675	12,904	352,448	0
	(II)	0	0	0	0	0	0	0
Asad Mohmand Physician	(I)	285,410	0	486	19,145	2,226	307,267	0
	(II)	0	0	0	0	0	0	0
David Wichman Physician	(I)	230,763	0	451	18,498	22,635	272,347	0
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Mercy Regional Health Center Inc

Employer identification number
48-1186704

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	City of Manhattan Kansas	48-6023836	56301PBF8	01-23-2013	28,469,624	Refunding of Series 2001 Bond Issue		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	28,469,624			
4	Gross proceeds in reserve funds	54,098			
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	509,959			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds				
11	Other spent proceeds	27,905,567			
12	Other unspent proceeds				
13	Year of substantial completion				

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X						
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X						

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶								
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5								
7	Does the bond issue meet the private security or payment test?		X						
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X						
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?		X						

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X						
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?	X							
b	Exception to rebate?	X							
c	No rebate due?		X						
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X						
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was the hedge terminated?								

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X						
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X						
7	Has the organization established written procedures to monitor the requirements of section 148?		X						

Part V Procedures To Undertake Corrective Action

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?								

Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation
Part III, Column A	Refunding Pre-2003 Issues Part III has not been completed since the refunded bonds were issued prior to 2003

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Mercy Regional Health Center Inc

Employer identification number
48-1186704

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Suzanne Broberg	Wife of John Broberg - President/Senior Administrator	41,615	Employment		No

Part V Supplemental Information

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

Return Reference	Explanation

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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
Mercy Regional Health Center Inc

Employer identification number
48-1186704

Return Reference	Explanation
Form 990, Part VI, Section A, line 2	Many of the persons listed on Part VII have a "business relationship" with each other by virtue of employment by Via Christi Health, Inc related entities

Return Reference	Explanation
Form 990, Part VI, Section A, line 6	Mercy Regional Health Center, Inc has a single corporate member, Via Christi Health, Inc

Return Reference	Explanation
Form 990, Part VI, Section A, line 7a	Mercy Regional Health Center, Inc has a single corporate member, Via Christi Health, Inc , who has the ability to elect members to the governing body of Mercy Regional Health Center, Inc

Return Reference	Explanation
Form 990, Part VI, Section A, line 7b	All decisions that have a material impact to Mercy Regional Health Center, Inc financial information or corporation as a whole are subject to approval by its sole corporate member, Via Christi Health, Inc

Return Reference	Explanation
Form 990, Part VI, Section B, line 11	Management, including certain officers, work diligently to complete the Form 990 and attached schedules in a thorough manner Prior to filing the return, all Board Members are provided the Form 990 and management team members are available to answer any Board Member's questions

Return Reference	Explanation
Form 990, Part VI, Section B, line 12c	The Organization's policy is monitored as part of the system-wide procedures of Via Christi Health, Inc and not at the organizational level The system-wide procedures are as follows 1 - At time of appointment and annually thereafter, all interested persons, including board and committee members, complete a disclosure statement which addresses actual or potential conflicts of interest, 2 - The disclosure statement is done electronically and the return of the completed statement is a condition of continued appointment, employment, or participation with the organization, 3 - All actual or potential conflicts are reviewed, investigated, and resolved by the chief governance officer and the corporate responsibility officer, with the results shared with the chief executive of the organization, and 4 - Periodic reviews are conducted by governance, compliance, and internal audit to ensure the organization is operating consistent with the policy and enforcing the policy's terms

Return Reference	Explanation
Form 990, Part VI, Section B, line 15b	Mercy Regional Health Center, Inc uses the policies established by Via Christi Health, Inc (VCH) VCH has established a common philosophy, strategy, and processes for executive compensation Through the oversight of the VCH Executive Compensation Committee, executive compensation is competitively positioned at its stated market position when compared to the compensation paid by relevant organizations (comparably-sized health systems, hospitals, and long-term care providers) VCH recognizes its responsibility to ensure that its executive compensation program is appropriate in view of its mission and tax-exempt status and that its compensation levels and expenditures are reasonable and not excessive To ensure these ends, the VCH Executive Compensation Committee has established and approved the executive compensation philosophy for VCH and all related entities It will also approve all changes in the compensation package for VCH executives in advance On an annual basis, the Committee conducts a comprehensive review of total compensation for all executives It also reviews and approves "off-cycle" compensation transactions as needed In their review, the Committee considers the following factors - Market data from independent compensation surveys and sources that reflect comparable positions in organizations of similar size and scope, - Difficulties in recruiting and retaining executives, - Skills, experience and performance history of individual executives, - Critical business or strategic issues that the organization may face, and - Market position for total compensation The adequacy, competitiveness, and cost of the VCH total executive compensation program are reviewed on an ongoing basis and changes are made as the Committee determines appropriate The executive compensation program will be maintained such that it will fall within the safe harbor guidelines established by the intermediate sanctions regulations The Committee also employs the services of an independent compensation consultant to prepare market analysis to aid and support the Committee's actions, provide documentation of market trends for budget setting purposes, review annual compensation changes to ensure "reasonableness" and provide attestation, and provide consultation on all executive compensation issues The Committee also relies on third-party validation of performance measures used in the determination of compensation

Return Reference	Explanation
Form 990, Part VI, Section C, line 19	Mercy Regional Health Center, Inc 's governing documents and Conflict of Interest Policy are available to the public upon request

Return Reference	Explanation
Form 990, Part IX, line 11g	Service Center Fees Program service expenses 0 Management and general expenses 7,598,163 Fundraising expenses 0 Total expenses 7,598,163 Purchased Services - Medical, Lab & Pharmacy, Other Program service expenses 1,322,026 Management and general expenses 186,065 Fundraising expenses 0 Total expenses 1,508,091 Prof Fees, Contract Labor, Maintenance Service Contracts & Other Program service expenses 5,873,687 Management and general expenses 334,934 Fundraising expenses 0 Total expenses 6,208,621 Contra Depreciation Program service expenses 0 Management and general expenses -609,310 Fundraising expenses 0 Total expenses -609,310

Return Reference	Explanation
Form 990, Part XI, line 9	Pension 188,165 Restricted Long-Lived Asset Contribution 83,584 FMV Adjustment -8,182,863 Reclass Investment in WHA -1,372,815 Reclass Sponsor Contrib to Treas Stock per AH -9,785,319 MRHC Buyout Entries 20,905,457 Correct of 6/13 Reimb from Foundation 17,943

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Mercy Regional Health Center Inc

Employer identification number
48-1186704

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

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

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? 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) Ambulatory Surgery Center LP 8200 E Thorn Drive Suite 300 Wichita, KS 67226 48-1114690	Surgery Center	KS	N/A									
(2) AMS Diagnostics LLC 8200 E Thorn Drive Suite 300 Wichita, KS 67226 48-1223653	Radiology Services	KS	N/A									
(3) Kansas Surgery and Recovery Center LLC 2770 North Webb Road Wichita, KS 67226 48-1148580	Surgery Center	KS	N/A									
(4) MR Imaging Center LLC 8200 E Thorn Drive Suite 300 Wichita, KS 67226 48-1000538	Imaging Center	KS	N/A									
(5) St Joseph MRI LLC 8200 E Thorn Drive Suite 300 Wichita, KS 67226 48-1007220	Imaging Center	KS	N/A									
(6) Mercy Imaging LLC 1823 College Avenue Manhattan, KS 66502 48-1251984	Radiology Services	KS	Mercy Regional Health Center Inc	Related	695,014	1,210,961		No			No	75 000 %

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) Affiliated Medical Services Laboratory Inc 2916 E Central Wichita, KS 67214 48-1239522	Medical Laboratory	KS	N/A	C					No
(2) Integrated Healthcare Systems Inc 3311 East Murdock Wichita, KS 67208 48-0941549	Clinic Services	KS	N/A	C					No
(3) VCH Iowa PC Trust 8200 E Thorn Drive Suite 300 Wichita, KS 67226 27-6937322	Beneficiary Trust	IA	N/A	T					No
(4) VCH Iowa PC 8200 E Thorn Drive Suite 300 Wichita, KS 67226 27-3983977	Professional Association	IA	N/A	C					No
(5) Via Christi Clinic PA 3311 East Murdock Wichita, KS 67208 48-0993446	Professional Association	KS	N/A	C					No
(6) Via Christi Clinic Services Inc 8200 E Thorn Drive Suite 300 Wichita, KS 67226 27-3984287	Clinic Services	KS	N/A	C					No
(7) Sunflower Assurance Ltd PO Box 1085 Grand Cayman KY1-1102 CJ 98-0223159	Insurance Company	CJ	N/A	C					No

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		No
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	Yes	
i Exchange of assets with related organization(s)	1i	Yes	
j Lease of facilities, equipment, or other assets to related organization(s)	1j		No
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	Yes	
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	Yes	

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

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

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

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

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

Part VII Supplemental Information

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

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 48-1186704
Name: Mercy Regional Health Center 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) Ascension Health Alliance 4600 Edmundson Road St Louis, MO 63134 45-3358926	National Health System	MO	Section 501(c)(3)	Schedule A, Line 11a	N/A		No
(1) Ascension Health PO Box 45998 St Louis, MO 63145 31-1662309	National Health System	MO	Section 501(c)(3)	Schedule A, Line 11a	Ascension Health Alliance		No
(2) Via Christi Health Inc 8200 E Thorn Drive Suite 300 Wichita, KS 67226 48-1172107	Health System Parent	KS	Section 501(c)(3)	Schedule A, Line 11c	Ascension Health		No
(3) Via Christi Villages Inc 2622 W Central Suite 100 Wichita, KS 67203 48-0559086	Management Company	KS	Section 501(c)(3)	Schedule A, Line 11c	Via Christi Health Inc	Yes	
(4) Cornerstone Assisted Living Inc 2622 W Central Suite 100 Wichita, KS 67203 48-1241079	Retirement Home	KS	Section 501(c)(3)	Schedule A, Line 9	Via Christi Villages Inc	Yes	
(5) Via Christi Village Hays Inc 2225 Canterbury Drive Hays, KS 67601 20-2828680	Retirement Home	KS	Section 501(c)(3)	Schedule A, Line 9	Via Christi Villages Inc	Yes	
(6) Via Christi Care at Home Inc 2622 W Central Suite 100 Wichita, KS 67203 27-1889960	Health Agency	KS	Section 501(c)(3)	Schedule A, Line 9	Via Christi Villages Inc	Yes	
(7) Via Christi Healthcare Outreach Program for Elders Inc 2622 W Central Suite 101 Wichita, KS 67203 48-1236589	PACE Community Program	KS	Section 501(c)(3)	Schedule A, Line 9	Via Christi Villages Inc	Yes	
(8) Via Christi Village Georgetown Inc 1655 S Georgetown Wichita, KS 67218 48-1129325	Retirement Home	KS	Section 501(c)(3)	Schedule A, Line 9	Via Christi Villages Inc	Yes	
(9) Via Christi Village Manhattan Inc 2800 Willow Grove Road Manhattan, KS 66502 48-1078862	Retirement Home	KS	Section 501(c)(3)	Schedule A, Line 9	Via Christi Villages Inc	Yes	
(10) Via Christi Village McLean Inc 777 N McLean Blvd Wichita, KS 67203 48-1247723	Retirement Home	KS	Section 501(c)(3)	Schedule A, Line 9	Via Christi Villages Inc	Yes	
(11) Via Christi Village Pittsburg Inc 1502 E Centennial Drive Pittsburg, KS 66762 74-3070971	Retirement Home	KS	Section 501(c)(3)	Schedule A, Line 9	Via Christi Villages Inc	Yes	
(12) Via Christi Village Ponca City Inc 1601 Academy Road Ponca City, OK 74604 73-1153337	Retirement Home	OK	Section 501(c)(3)	Schedule A, Line 9	Via Christi Villages Inc	Yes	
(13) Via Christi Hospital Pittsburg Inc 1 Mt Carmel Way Pittsburg, KS 66762 48-0543778	Hospital	KS	Section 501(c)(3)	Schedule A, Line 3	Via Christi Health Inc	Yes	
(14) Mount Carmel Foundation Inc 1 Mt Carmel Way Pittsburg, KS 66762 48-0961283	Foundation	KS	Section 501(c)(3)	Schedule A, Line 11a	Via Christi Hospital Pittsburg Inc	Yes	
(15) Via Christi Health Alliance in Accountable Care Inc 8200 E Thorn Drive Suite 300 Wichita, KS 67226 46-2872857	ACO	KS			Via Christi Health Inc	Yes	
(16) Via Christi Hospital Wichita St Teresa Inc 14800 W St Teresa Wichita, KS 67235 27-1965272	Hospital	KS	Section 501(c)(3)	Schedule A, Line 3	Via Christi Health Inc	Yes	
(17) Via Christi Hospitals Wichita Inc 929 N Saint Francis Wichita, KS 67214 48-1172106	Hospital	KS	Section 501(c)(3)	Schedule A, Line 3	Via Christi Health Inc	Yes	
(18) Gerard House Inc 3144 N Hood Wichita, KS 67204 48-1049532	Hospital Support	KS	Section 501(c)(3)	Schedule A, Line 9	Via Christi Hospitals Wichita Inc	Yes	
(19) Via Christi Rehabilitation Hospital Inc 1151 N Rock Road Wichita, KS 67206 48-1158274	Rehabilitation Hospital	KS	Section 501(c)(3)	Schedule A, Line 3	Via Christi Hospitals Wichita Inc	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(21) Via Christi Property Services Inc 8200 E Thorn Drive Suite 300 Wichita, KS 67226 48-0948571	Property Management	KS	Section 501(c)(4)	N/A	Via Christi Hospitals Wichita Inc	Yes	
(1) Via Christi Health Partners Inc 8200 E Thorn Drive Suite 300 Wichita, KS 67226 48-0958974	Management Company	KS	Section 501(c)(3)	Schedule A, Line 9	Via Christi Health Inc	Yes	
(2) Mercy Community Health Foundation Inc PO Box 13 Manhattan, KS 66502 48-1152279	Foundation	KS	Section 501(c)(3)	Schedule A, Line 9	Mercy Regional Health Center Inc	Yes	
(3) Wamego Hospital Association Inc 711 Genn Drive Wamego, KS 66547 72-1526400	Hospital	KS	Section 501(c)(3)	Schedule A, Line 3	Mercy Regional Health Center Inc	Yes	
(4) Mercy Regional Home Medical Services LLC 2439 Claflin Road Manhattan, KS 66502 43-2024491	Medical Equipment	KS	Section 501(c)(3)	Schedule A, Line 9	Mercy Regional Health Center Inc	Yes	
(5) Salina Regional Home Medical Services LLC 520 South Santa Fe Ave Salina, KS 67401 43-1948057	Medical Equipment	KS	Section 501(c)(3)	Schedule A, Line 9	Salina Regional Health Center Inc	Yes	

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
Via Christi Health Inc	I	801,272	Actual Amount Transferred
Via Christi Health Inc	L	99,214	Actual Amount Transferred
Via Christi Health Inc	O	130,557	Actual Amount Transferred
Via Christi Health Inc	P	3,702,684	Actual Amount Transferred
Via Christi Health Inc	Q	24,020,578	Actual Amount Transferred
Via Christi Health Inc	S	9,358,130	Actual Amount Transferred
Via Christi Hospitals Wichita Inc	P	235,479	Actual Amount Transferred
Via Christi Hospitals Wichita Inc	S	259,737	Actual Amount Transferred
Wamego Hospital Association	C	61,710	Actual Amount Transferred
Wamego Hospital Association	L	305,040	Actual Amount Transferred
Wamego Hospital Association	P	89,399	Actual Amount Transferred
Wamego Hospital Association	Q	86,831	Actual Amount Transferred
Mercy Community Health Foundation Inc	L	181,724	Actual Amount Transferred
Mercy Community Health Foundation Inc	M	181,724	Actual Amount Transferred
Mercy Imaging LLC	C	103,190	Actual Amount Transferred
Mercy Imaging LLC	L	99,454	Actual Amount Transferred
Mercy Imaging LLC	P	102,252	Actual Amount Transferred
Mercy Imaging LLC	Q	63,123	Actual Amount Transferred

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Form **4562**
Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No 1545-0172

2013

Attachment Sequence No **179**

Name(s) shown on return	Business or activity to which this form relates	**Identifying number**
Mercy Regional Health Center Inc		48-1186704

Part I **Election To Expense Certain Property Under Section 179**

Note: *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount (see instructions)	1	500,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4	Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5	Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	

6	**(a)** Description of property	**(b)** Cost (business use only)	**(c)** Elected cost

7	Listed property Enter the amount from line 29	7	
8	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2012 Form 4562	10	
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2014 Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

Part II **Special Depreciation Allowance and Other Depreciation (Do not include listed property)** (See instructions)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III **MACRS Depreciation (Do not include listed property.)** (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2013	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B—Assets Placed in Service During 2013 Tax Year Using the General Depreciation System

	(a) Classification of property	**(b)** Month and year placed in service	**(c)** Basis for depreciation (business/investment use only—see instructions)	**(d)** Recovery period	**(e)** Convention	**(f)** Method	**(g)** Depreciation deduction
19a	3-year property						
b	5-year property						
c	7-year property						
d	10-year property						
e	15-year property						
f	20-year property						
g	25-year property			25 yrs		S/L	
h	Residential rental property			27 5 yrs	MM	S/L	
				27 5 yrs	MM	S/L	
i	Nonresidential real property			39 yrs	MM	S/L	
					MM	S/L	

Section C—Assets Placed in Service During 2013 Tax Year Using the Alternative Depreciation System

20a	Class life				S/L	
b	12-year		12 yrs		S/L	
c	40-year		40 yrs	MM	S/L	

Part IV **Summary** (see instructions.)

21	Listed property Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	22	645
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V **Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: *For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete* ***only*** *24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.*

Section A—Depreciation and Other Information (Caution: *See the instructions for limits for passenger automobiles.***)**

24a Do you have evidence to support the business/investment use claimed? ☐ **Yes** ☐ **No** | **24b** If "Yes," is the evidence written? ☐ **Yes** ☐ **No**

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation/ deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						**25**		
26 Property used more than 50% in a qualified business use								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1						**28**		
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1							**29**	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person
If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (**do not** include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal(noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions)

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2013 tax year (see instructions)					
43 Amortization of costs that began before your 2013 tax year				**43**	
44 Total. Add amounts in column (f) See the instructions for where to report				**44**	

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

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.

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	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 $1billion line of credit and issuing commercial paper The commercial paper program is supported by the $1billion 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	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	**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	**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	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	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	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	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	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.

	Target Allocation	Percentage of Plan Assets At Year-End	
Asset Category	**2015**	**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

Report of Independent Auditors on Supplementary Information

The Board of Directors
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 Credit Group Consolidated Balance Sheets, the Credit Group Consolidated Statements of Operations and Changes in Net Assets, and the Schedule of Credit Group Cash and Investments 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

Credit Group[1] Financial Statements
Consolidated Balance Sheets
(Dollars in Thousands)

	June 30, 2014	2013
Assets		
Current assets		
Cash and cash equivalents	**$ 414,489**	$ 413,891
Short-term investments	**60,957**	73,881
Accounts receivable, less allowance for doubtful accounts ($1,077,662 and $1,130,769 at June 30, 2014 and 2013, respectively)	**1,979,167**	1,887,031
Inventories	**270,472**	237,594
Due from brokers	**343,757**	178,380
Estimated third-party payor settlements	**225,709**	108,559
Other	**617,517**	1,009,996
Total current assets	**3,912,068**	3,909,332
Long-term investments	**14,970,497**	13,778,749
Property and equipment, net	**6,297,972**	6,227,296
Other assets		
Investment in unconsolidated entities	**539,394**	532,483
Capitalized software costs, net	**684,996**	651,627
Due from affiliates	**637,799**	651,022
Other	**1,353,604**	1,341,384
Total other assets	**3,215,793**	3,176,516
Total assets	**$ 28,396,330**	$ 27,091,893

Continued on next page

[1]The Credit Group Financial Statements are comprised of the System (see Note 1) excluding the System's investment in Via Christi Health, Inc prior to March 31, 2013 and assets, liabilities and net assets of Alexian Brothers Health System (ABHS), St John Health System, Inc (St John), and Ministry Health Care, Inc (Ministry) As discussed in Note 3, Ascension Health became the sole corporate member of Via Christi Health, Inc on April 1, 2013, at which time Via Christi Health, Inc became a member of the Credit Group The Credit Group Financial Statements also include the System's noncontrolling interest (see Note 2) of the Alpha Fund (see Notes 4 and 5), which represents $1,490,082, or approximately 10 7%, and $1,450,580, or approximately 12 9%, of the Alpha Fund's net assets as of June 30, 2014 and 2013, respectively See Note 5 for further discussion of noncontrolling interests of the Alpha Fund

Ascension

Credit Group[1] Financial Statements
Consolidated Balance Sheets (continued)
(Dollars in Thousands)

	June 30, 2014	2013
Liabilities and net assets		
Current liabilities		
Current portion of long-term debt	**$ 69,301**	$ 66,291
Long-term debt subject to short-term remarketing arrangements	**1,345,530**	1,187,125
Accounts payable and accrued liabilities	**1,926,657**	1,903,339
Estimated third-party payor settlements	**344,262**	352,343
Due to brokers	**332,169**	493,420
Current portion of self-insurance liabilities	**220,710**	202,113
Other	**154,472**	531,141
Total current liabilities	**4,393,101**	4,735,772
Noncurrent liabilities		
Long-term debt (senior and subordinated)	**3,961,654**	4,221,758
Self-insurance liabilities	**517,691**	519,423
Pension and other postretirement liabilities	**319,808**	404,516
Other [2]	**2,658,030**	2,252,568
Total noncurrent liabilities	**7,457,183**	7,398,265
Total liabilities	**11,850,284**	12,134,037
Net assets		
Unrestricted		
Controlling interest	**14,418,042**	12,919,514
Noncontrolling interests [3]	**1,655,092**	1,591,091
Unrestricted net assets	**16,073,134**	14,510,605
Temporarily restricted	**349,104**	334,201
Permanently restricted	**123,808**	113,050
Total net assets	**16,546,046**	14,957,856
Total liabilities and net assets	**$ 28,396,330**	$ 27,091,893

[2]Includes $1,490,730 and $1,241,017 at June 30, 2014 and 2013, respectively, representing the amounts due to ABHS, St John and Ministry from Ascension attributable to interests in investments held by Ascension

[3]Includes $1,490,082 and $1,450,580 at June 30, 2014 and 2013, respectively, attributable to the Alpha Fund (see Notes 4 and 5)

Ascension

Credit Group Financial Statements
Consolidated Statement of Operations and Changes in Net Assets
(Dollars in Thousands)

	Year Ended June 30, 2014	2013
Operating revenue		
Net patient service revenue	$ 15,791,162	$ 14,730,194
Less provision for doubtful accounts	1,090,775	1,027,245
Net patient service revenue, less provision for doubtful accounts	14,700,387	13,702,949
Other revenue	1,307,373	1,090,380
Total operating revenue	16,007,760	14,793,329
Operating expenses		
Salaries and wages	6,664,407	6,282,418
Employee benefits	1,402,949	1,372,742
Purchased services	880,836	798,329
Professional fees	1,112,707	1,012,804
Supplies	2,306,106	2,106,666
Insurance	102,453	88,747
Interest	132,946	126,307
Depreciation and amortization	712,801	651,391
Other	2,026,905	1,861,777
Total operating expenses before impairment, restructuring and nonrecurring losses, net	15,342,110	14,301,181
Income from operations before self-insurance trust fund investment return and impairment, restructuring and nonrecurring losses, net	665,650	492,148
Self-insurance trust fund investment return	66,174	34,985
Impairment, restructuring and nonrecurring losses, net	(218,279)	(168,937)
Income from operations	513,545	358,196
Nonoperating gains (losses)		
Investment return [4]	1,357,908	731,181
Loss on extinguishment of debt	(1,605)	(4,079)
(Loss) gain on interest rate swaps	(1,407)	53,746
Income from unconsolidated entities	5,016	8,137
Contributions from business combinations	–	982,018
Other	(56,771)	(73,497)
Total nonoperating gains, net	1,303,141	1,697,506
Excess of revenues and gains over expenses and losses	1,816,686	2,055,702
Less noncontrolling interests	246,390	131,380
Excess of revenues and gains over expenses and losses attributable to controlling interest	1,570,296	1,924,322

Continued on next page

[4]Includes the investment return of $1,533,134 and $762,550 for the years ended June 30, 2014 and 2013, respectively, attributable to the Alpha Fund Of the Alpha Fund's investment return, $193,400 and $106,039 for the years ended June 30, 2014 and 2013, respectively, is included in the noncontrolling interests

Ascension

Credit Group Financial Statements
Consolidated Statement 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	**$ 1,570,296**	$ 1,924,322
Transfers from (to) sponsors and other affiliates, net	**9,815**	(6,138)
Contributed net assets	**(1,534)**	(1,049)
Membership interest changes, net	**45,255**	–
Net assets released from restrictions for property acquisitions	**54,869**	60,084
Pension and other postretirement liability adjustments	**(2,725)**	31,469
Change in unconsolidated entities' net assets	**4,571**	5,523
Other	**(17,656)**	2,759
Increase in unrestricted net assets, controlling interest, before loss from discontinued operations	**1,662,891**	2,016,970
Loss from discontinued operations	**(164,363)**	(76,829)
Increase in unrestricted net assets, controlling interest	**1,498,528**	1,940,141
Unrestricted net assets, noncontrolling interest		
Excess of revenues and gains over expenses and losses	**246,390**	131,380
Distributions of capital	**(530,534)**	(829,932)
Contributions of capital	**400,675**	1,578,371
Contributions from business combinations	**–**	63,757
Membership interest changes, net	**(52,530)**	–
Increase in unrestricted net assets, noncontrolling interest[5]	**64,001**	943,576
Temporarily restricted net assets, controlling interest		
Contributions and grants	**81,762**	80,893
Investment return	**27,264**	17,524
Net assets released from restrictions	**(96,232)**	(97,345)
Contributions from business combinations	**–**	11,868
Other	**2,109**	3,040
Increase in temporarily restricted net assets, controlling interest	**14,903**	15,980
Permanently restricted net assets, controlling interest		
Contributions	**10,290**	2,581
Investment return	**635**	1,744
Contributions from business combinations	**–**	6,717
Other	**(167)**	407
Increase in permanently restricted net assets, controlling interest	**10,758**	11,449
Increase in net assets	**1,588,190**	2,911,146
Net assets, beginning of period	**14,957,856**	12,046,710
Net assets, end of period	**$ 16,546,046**	$14,957,856

[5]Includes net distributions of $153,898, comprised of distributions of $487,564 and contributions of $333,666 for the year ended June 30, 2014 and net contributions of $755,906, comprised of contributions of $1,555,146 and distributions of $799,240 for the year ended June 30, 2013, attributable to the Alpha Fund

Ascension

Schedule of Credit Group Cash and Investments
(Dollars in Thousands)

The Credit Group's cash and investments at June 30, 2014 and 2013, are presented in the table that follows. Total cash and investments, net, includes both the Credit Group's membership interest in the Alpha Fund as well as the noncontrolling interests held by other Alpha Fund members. Credit Group unrestricted cash and investments, net, represent the Credit Group's cash and investments excluding the noncontrolling interests held by other Alpha Fund members and assets limited as to use.

	June 30, 2014	2013
Cash and cash equivalents	**$ 414,489**	$ 413,891
Short-term investments	**60,957**	73,881
Long-term investments	**14,970,497**	13,778,749
Subtotal	**15,445,943**	14,266,521
Other Alpha Fund and Ascension Legacy Portfolio assets and liabilities:		
In other current assets	**30,671**	459,050
In other long-term assets	**2,641**	2,785
In accounts payable and 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	**15,301,757**	14,006,251
Less noncontrolling interests of Alpha Fund	**1,490,082**	1,450,580
Less interest in investments held by Ascension on behalf of:		
Alexian Brothers Health System	**369,491**	347,403
St. John Health System	**417,881**	378,162
Ministry Health System	**703,358**	515,452
Credit Group cash and investments, net including assets limited as to use	**12,320,945**	11,314,654
Less assets limited as to use:		
Under bond indenture agreements	**10,079**	17,724
Self insurance trust funds	**758,775**	701,237
Temporarily or permanently restricted	**425,947**	390,959
Credit Group unrestricted cash and investments, net	**$11,126,144**	$ 10,204,734

Ascension

Schedule of Credit Group Statistical Information (unaudited)
(Dollars in Thousands)

	For the Year Ended June 30,	
	2014	**2013**
Total Available Beds	**18,634**	18,463
Total Patient Days	**4,263,264**	3,784,649
Total Discharges	**631,831**	616,603
Average Length of Stay	**6.75**	6.14
Total Outpatient Visits	**19,619,835**	18,520,894

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

	June 30,	
	2014	**2013**
Medicare – traditional and managed	**36%**	37%
Medicaid – traditional and managed	**12**	12
Commercial and other managed care	**43**	43
Self-Pay and other	**9**	8
	100%	100%

Significant concentrations of accounts receivable, less allowance for doubtful accounts, at June 30, 2014 and 2013, are as follows:

	June 30,	
	2014	**2013**
Medicare – traditional and managed	**22%**	22%
Medicaid – traditional and managed	**9**	8
Commercial and other managed care	**46**	43
Self-Pay and other	**23**	27
	100%	100%

Via Christi HEALTH

Community Needs Implementation Strategy

FY2013-2014

Mercy Regional Health Center - Manhattan, Kansas

June 11, 2014

Reporting Dates: **Quarterly reports due to Community Benefit Director three days following the close of each fiscal quarter**. VCH's Community Benefit Policy states that an update is to be given to the VCH ministry's board at least quarterly.

Fiscal Year by Quarter	Quarterly Reports Due Dates to Community Benefit Director		Date Quarterly Activities Reported to Via Christi Board of Directors
	Dates Due	Dates Delivered	
2010 CHNA	NA	NA	November 17, 2010 - Approved
2011-2012 Implementation Strategy	NA	Quarterly	July 20, 2011 - Reviewed
2010-2013 Implementation Strategy	NA	Quarterly	March 2011 Approved
2011-2013 Implementation Strategy		9/2011	September 21, 2011 – Approved
2012 Aging Assessment	NA	Quarterly	September 19, 2012 – Reviewed
2012-13 Implementation Strategy	NA	May 17, 2012	September 19, 2012 - Approved
2013-14 Implementation Strategy			October 16, 2013 – Approved
• 1QFY2014	October 3, 2013	October 1, 2013	October 16, 2013 -- Approved
• 2QFY2014	January 6, 2014		Did not present
• 3QFY2014	April 3, 2014	April 3, 2014	April 18, 2014 -- Approved
• 4QFY2014	July 3, 2014	June 10, 2014	June 18, 2014 - Approved

Mercy Regional Health Center's Mission:

Mercy Regional Health Center's (MRHC) mission is to promote community health by providing quality, compassionate healthcare services that embrace our values of quality, human dignity and community.

Significant Community Health Needs Assessment Identified

2010 CHNA Significant Needs Included:

- Need to establish a health coalition for Riley County for grant writing, information sharing and wellness education
- Lack of shared medical records
- Shortages of specialists especially internal medicine, primary care, OB/GYNs, pediatricians and psychiatrists
- Urgent care accessibility (primarily after normal working hours and weekends) for substance abuse/mentally ill in crisis

2012 Aging Assessment Significant Needs Included:

- Accessibility for health care specialists without traveling long distances
- Oral health
- Like to see Via Christi HOPE Program expanded state-wide with roving gerontologists/geriatricians
- Fragmented psychological and health care support system for frail elders and/or those with multiple chronic diseases

Target Areas and Population:
Mercy Regional Health Center (MRHC) located in Manhattan, Kansas, primarily serves the people living in the City of Manhattan, Riley and Pottawatomie Counties. Although in some service lines, MRHC's outreach may extend beyond those areas due to the rural nature of northeast Kansas. The specific service line focus for MRHC hospital is outlined below:

Mercy Regional Health Center offers:

• Mother's Essentials: A Breastfeeding Store	• Cancer Services and Outreach
• Cardiac Services – The Heart Institute	• Critical Care Services
• Diabetes Center	• Emergency Services – 24/7
• Kidney Care – Flint Hills Kidney Services	• Laboratory Services
• Nutrition Clinic	• Birth & Women's Center
• Occupational Health	• Orthopedics – Joint Care Center
• Pain Management Center	• Pediatrics
• Pharmacy	• Radiology
• Rehabilitation – Outpatient & Inpatient Services	• Respiratory Services
• Sleep Disorder Services	• Primary Stroke Center
• Surgical Services	• Mercy LIGHT – Weight Management Program
• Behavioral Health Services – Outpatient Adult & Senior Adult Program	

Description on how ISP was developed and priorities selected:
The 2010 Community Health Needs Assessment (CHNA) interviewed 41 community stakeholders who represented minority populations, schools, faith-based organizations, not-for-profit organizations, and government agencies. The 2012 Aging Assessment included 224 interviews state-wide. Of those 224, there were 23 one-on-one interviews with various health care providers, caregivers, not-for-profit agencies, government representatives, home health care providers in Riley County and 11 seniors who reside in Via Christi Village and who volunteered to participate in sharing their needs prior to moving into VCV. Complete list of participants is available on Via Christi Health's web page. (http://www.via-christi.org/community-benefit). (NOTE: The list does not include the names of the elderly residents for protection of their privacy.)

MRHC's leadership was given a briefing in late 2010 and again in 2012 regarding the major findings of each assessment. Following discussion, MRHC's leaders established the priorities, taking into account the scope of the problem identified, whether there was a health component associated with the problem, whether the problem supported the mission of MRHC, and whether MRHC's resources could have a positive outcome if the ministry got involved.

How Mercy Regional Health Center will address priorities
The vision of the Flint Hills Wellness Coalition (FHWC) is to create a healthier community for residents of Manhattan and Riley County through policy, system, environmental and personal changes. The nutritional goal is to educate people as to what is healthy food and how to prepare it, as well as to inspire people to make healthy food choices for nutrition.

- As an active member of the FHWC, MRHC will provide expertise in nutrition counseling and make suggestions on what outcomes to measure in order to promote community progress on this goal. Possible measures may include offering and promoting healthy vending options in city-owned building and/or delivering healthy food educational classes to employees.
- Other agencies involved in this partnership include: Riley County Health Department, Riley County Extension, Greater Manhattan Community Foundation, City of Manhattan, Fort Riley Public Health, Kansas State University Master of Public Health Program, and the USD #383 Food Service. Additionally, the Manhattan Broadcasting Company is in financial partnership with the coalition.
- Outcomes and perceptions of changes initiated with city employees will be measured so that program improvements can be made before offering similar initiatives to other employers community-wide.

Another need identified by the 2010 Community Health needs Assessment was the lack of access to prenatal care. In response, MRHC formed a work group to assess challenges and resources related to this need. The workgroup meets monthly and includes representatives from MRHC, Wamego Health Center, Riley and Pottawatomie County Health Departments, Women's Health Group and community clinics (Community Health Ministries, Flint Hills Community Clinic and Konza Prairie Health Center). The goal of this group is to develop and implement a plan for uninsured and underinsured pregnant women to access prenatal care in the surrounding areas. This group has accomplished the following:

- Conducted a community comparison by researching the resources provided to the uninsured pregnant population in neighboring cities
- Identified financial obstacles for the pregnant and uninsured in relation to accessing prenatal care
- Researched programs and resources available to assist women in accessing insurance.

Following the elimination of the Family Center Systems of Care (roughly $5M), the Governor's Mental Health Initiative has identified six regions to cover the Regional Recover Center to address mental health needs. Riley County, along with 14 other counties in Region 4 has identified two major goals for 2014.

- To increase access to crisis and respite beds and
- To increase access to child psychiatry

MRHC will continue to collaborate on meeting the mental health needs of the community and surrounding areas, however, resources for this need has been reduced by the State Legislature and the need continues to increase so mental health care providers are working closely with the community law enforcement officers, the Crawford County Mental Health Department, health care providers, schools, and others who have first-hand knowledge of the mental health and substance abuse problems seen in their professional line of work. In addition, current area behavioral assessment capacity and services were reviewed for determining whether a need for expansion was warranted. The feasibility of reestablishing a MRHC inpatient unit for those in crisis will be explored during the 2013-2014 timeframe but reimbursement for IP services are not cost-effective at this time. MRHC will continue to have conversations with specialists in the area who may be in a position to relocate or at least provide some services locally on a regular schedule.

Based on the findings of the 2012 Aging Assessment, MRHC has been actively recruiting for both specialty physicians as well as additional Family Practice/General Surgeons to the community. They also are participating in conversations with Community Partner agencies regarding the facilitation and implementation of an updated Community Needs Assessment. The Riley County Senior Center assumed the role of lead agency of the project and entered into partnership with Wichita State University's Center for Community Support Resources for help with facilitation and compilation of assessment results. The Center received grant support from The Caroline Peine Foundation as well as matching funds from Mercy Regional Health Center, Wamego Health Center and United Way of the Flint Hills to pay for the partnership with Wichita State University.

Anticipated impact of MRHC's actions

- The Accessing Prenatal Care workgroup's goal for 2014 is to develop and implement a plan for uninsured and underinsured pregnant women to access prenatal care in the surrounding areas. How the new Accountable Care Act will impact the reimbursement for this program is secondary compared to the recruitment of OB/GYNs who will be available to deliver the services on a full-time basis. MRHC is working hard with others in the community and Via Christi Physician Services to recruit additional specialists.

- There seems to be a lot of activity with the Governor's Mental Health Initiative and the $10 million dollars that has been budgeted for its implementation. However, part of the money being used for this initiative was generated through the $5 million elimination of the Family Center Systems of Care already discussed. MRHC will continue to be involved in this initiative to ensure collaborative gains made in this area will not be lost or further erode due to changes in State support. It is anticipated that MRHC's Behavior Outpatient Program will continue to address this issue as a high priority. In addition, MRHC is working diligently to recruit a new psychiatrist who can assist in the Outpatient Program.

- Through the combined efforts of the Flint Hills Wellness Coalition, MRHC believes good progress can be made in educating the general public about the need for good food choices by working through existing organizations and employers. By educating employers about the need for better food choices being offered in vending machines and making sure that people get access to health care services early for preventative care, it is anticipated that progress will be made for all age groups. But to move the needle in the right direction for all will take a coordinated approach and certainly employers, schools, faith-based communities and other large organizations can help in raising awareness and offering educational opportunities in partnership with the Coalition.

- The recruitment of new Specialty and Family Practice Physicians will increase accessibility of care for the entire population with special interest in the Senior Population.

- Collaboration with Community Partners to implement an updated needs assessment will target new areas for improvement in the general health and wellbeing of the community. It will also provide Mercy with an opportunity to expand and improve upon services they currently offer to the community.

An ISP chart for following the actions that MRHC is taking to address the significant health issues identified is included below along with steps already taken during FY2013-2014 to monitor the progress made. The issues identified are long-term problems with no quick solutions so it is anticipated that our involvement with these needs may overlap CHNA's and ISP's.

FY 2013-2014 COMMUNITY NEEDS IMPLEMENTATION STRATEGY PLAN (ISP)

SCOPE

This implementation strategy plan (ISP) profiles the initiatives that resulted from the findings of the 2010 Community Health Needs Assessment conducted in Manhattan and the 2012 Aging Assessment conducted in various locations throughout Kansas and Oklahoma where Via Christi owns and operates senior care facilities.

RACI MATRIX – Assignment of Roles and Responsibilities

The RACI Matrix is used to:

- Ensure that the right people are involved in a project or a decision;
- Ensure that individual responsibilities are clear;
- Analyze individual workloads; and
- Minimize conflict by clarifying responsibilities and reducing unnecessary overlap of tasks.

RACI stands for "Responsible, Accountable, Consulted, and Informed."

- **Responsible (R)** The people who are Responsible (R) own the work, decision or objective. It is their responsibility to do what needs to be done. Several people can be jointly responsible to complete the assigned work; one is given the program manager with reporting responsibility.
- **Accountable (A)** The person who is Accountable (A) "owns" the work and must sign off or approve work when completed. Several people can be jointly accountable and hold final authority.
- **Consulted (C)** The people who are Consulted (C) are those whose options are sought, typically subject matter experts; and with whom there is two-way communication.
- **Informed (I)** The people who are Informed (I) are kept up-to-date on progress and with whom there is one-way communication.

STATUS SYSTEM

A color status system is used by the responsible project manager to indicate progress or success.

- No significant progress to report
- On Track: Progressing as planned
- Minor Issues: Progress delayed. Issues expected to be resolved
- Major Issues: At risk for missing goal
- Complete: Goal Achieved

ACTIONS BEING TAKEN BY MRHC TO ADDRESS PRIORITIZED NEEDS

MRHC Mission: Inspired by the Gospel and our Catholic tradition, we serve as a healing presence with special concern for our neighbors who are vulnerable.
MRHC Core Values: Human Dignity ◆ Stewardship ◆ Excellence
Vision Elements: Patient Centered ◆ Clinician Led ◆ Clinical Integration ◆ Quality / Value ◆ Best Place to Practice ◆ Best Place to Work ◆ Healthier Communities

Goal #1: Provide patient centered care that drives value to the communities we serve

Intent: Create and deliver services that put the patient and resident first in all aspects of care delivery. Strengthen relationships with our patients, residents and their families. Demonstrate excellence in quality to include clinical effectiveness, safety and service and the most reasonable cost. Focus on improving the health and well-being of the communities Via Christi serves.

Initiatives	Timeframe with History	Responsibility	FY2014 Progress Indicators			
Q1 Quality – Achieve improved clinical and operational effectiveness, safety, service and community health, including development of common processes and infrastructure.						
d. Implement key priority(ies) from CHNA to address needs for the underserved. (VCH Strategic Plan Goal)						

Initiatives	Timeframe with History	Responsibility	FY2014 Progress Indicators			
			Q1	Q2	Q3	Q4
Mercy Regional Health Center – Manhattan **Quarterly Updates** 2010 CHNA – Need to establish a health coalition for Riley County for grant writing, information sharing and wellness education, lack of shared medical records (State of KS is pursuing this need), shortages of specialists especially internal medicine, primary care, OB/GYN, pediatricians and psychiatrists, and urgent care accessibility for substance abuse/mentally ill in crisis • 3QFY2011 - The Flint Hills Wellness Coalition (formerly known as the Public Health Advisory Committee & Healthy Little Apple Coalition) was formed in April 2011 • 2 - 4QFY2012 – Various meetings held to plan out "next steps" in addressing how the community partnership was going to function, how best to get the community moving behind the initiative and possible funding sources for identified priorities • 1QFY2013 – The Healthy Little Apple Coalitions held various meetings during the course of the quarter and submitted a grant for Access to Health Food initiative • 3QFY2013 – The Riley County Public Health Advisory Committee met several times – the topic prenatal care for the uninsured was discussed and it was decided that the group needed to expand to include Community Health Ministries from Wamego and Pottawatomie Co Health Department & Women's Health So, those new groups are to be extended an invitation to future meetings • 1QFY2014 – The Riley County Health Department contacted MRHC to discuss the need for a postpartum support group in Riley Co Representatives from both organizations have met to formulate a plan to provide a support group starting in October 2013 • 1QFY2014 – 8 new physicians have been recruited to the Manhattan area and will have hospital privileges The new doctors include specialists in the area of psychiatry, OB/GYN, hospitalist, urology, cardiology, emergency services and family practice • 1QFY2014 – The City of Manhattan has agreed to work with the FHWC to develop a nutrition initiative targeted at city employees and other participants in the city's health insurance and wellness program The coalition has received a $25,000 grant from the KS Health Foundation to get this initiative started The grant is for 3 years for a total of $75,000 • 1QFY2014 – FHWC has created a Facebook page as well as radio ad recordings to create community awareness on topics related to health vending, members attended the KHF food hub meeting to learn more about locally grown foods, and MRHC is partnering with KSU, Riley Co K-State Research & Extension, Riley Co Health Dept and local fitness facilities to host a community wide Healthy Choices Expo and Health Screening Event in the Spring of 2014 • 1QFY2014 – The Prenatal Care Workgroup has conducted a resource inventory of prenatal care services for uninsured/underinsured women in the area The group will now focus on developing and implementing a plan to ensure these specialist services are more available On August 19, with representation from Riley, Geary and Potawatomie County Health Departments as well as the Women's Health Group, MRHC's Birth and Women's Center, Life Choice Ministries and local faith partners, discussion was held regarding current resources and the ultimate outcomes regarding lack of prenatal care access on infant mortality	2010 CHNA presented to BOD Nov 17, 2010 Implementation Strategy Plan presented to BOD July 20, 2011 2012 ISP BOD Action Sept 19, 2012 Approved	**R: Kristin Cottam** A John Broberg I Renée Hanrahan & Lynnette RauvolaBouta/ Peg Tichacek	[redacted]	[redacted]	[redacted]	[redacted]

Initiatives	Timeframe with History	Responsibility	FY2014 Progress Indicators			
Quarterly Updates (continued) • 2QFY2014 – The Prenatal Care Workgroup received a program introduction from Terrah Strodah with Geary County's Delivering Change Program Delivering Change receives funding from the March of Dimes, the Geary County Community Health Foundation and private donors to provide assistance to pregnant women who cannot access prenatal care due to lack of insurance or low income standards After the presentation, the prenatal care workgroup expressed an interest in partnering with Delivering Change and modeling services in Riley County after Geary County's success Mercy's administration has approved the partnership and steps are being taken to move forward collaboratively • 2QFY2014—The FHWC sponsored a variety of "healthy eating" radio advertisements during the holiday season They also hosted an agency meet and greet in December The meet and greet served as a way to share successes from 2013 with current and future community partners • 2QFY2014 – Delivering Change Geary County has applied for funding through HRSA to care services for uninsured/underinsured women in the area The group will now focus on developing and implementing a plan to ensure these specialist services are more available On August 19, with representation from Riley, Geary and Potawatomie County Health Departments as well as the Women's Health Group, MRHC's Birth and Women's Center, Life Choice Ministries and local faith partners, discussion was held regarding current resources and the ultimate outcomes regarding lack of prenatal care access on infant mortality • 2QFY2014 – The Prenatal Care Workgroup identified funding to help pay for prenatal care as a definite need Kristin Cottam submitted a letter of intent to apply for funding through the Junior League of the Flint Hills in the amount of $5000 If the letter of intent is approved, Mercy will complete a full grant application Kristin Cottam and Margie Michal (Mercy Community Foundation) also plan to privately solicit funds We are also seeking approval for the funds raised in the 2014 Golf Classic to be used to help pay for prenatal care expenses for the uninsured • 3QFY2014—Kristin Cottam has applied for 2 grants from local community action groups Funding from the grants will support the Delivering Change Riley and Potawatomie County — Access to Prenatal Care Initiative If awarded full funding, Mercy will receive $15,000 Mercy's Community Health Foundation is also making plans to privately solicit funds from community business partners and will also donate all proceeds from the 2014 Golf classic A goal of $50,000 raised by September 1 has been set Funding from the grants and foundation solicitations will assist in the startup of a scholarship program for pregnant women who do not qualify for insurance and cannot afford a self-pay contract with their obstetrics provider • 3QFY2014—Kim Cox, Director of Mercy's Birth and Women's Center and Kristin Cottam, Community Education Specialist presented the Delivering Change program to Mercy's Board of Directors at their Board Retreat in February • 3QFY2014 – Kim Cox and Kristin Cottam attended a Training provided by March of Dimes on their becoming a Mom program Also in attendance were partners from the Riley County and Potawatomie County Health Departments The Riley County Health Department plans to apply for funding from the March of Dimes to host Becoming a Mom classes The Health Departments program will support efforts of the Delivering Change scholarship program						

Initiatives	Timeframe with History	Responsibility	FY2014 Progress Indicators			
Quarterly Updates (continued) • 3QFY2014 – The FHWC has submitted their grant report to the Kansas Health Foundation for their first year of programming They have also applied for the second year for full funding The group has sponsored meetings regarding implementation of a foods policy council and has also begun reaching out to Potawatomie and Geary Counties for partnerships Mercy submitted a letter of support for the grant application • 4QFY2014 – MRHC was awarded $5000 in grant funding from the Greater Manhattan Community Foundation to go towards their access to prenatal care scholarship program • 4QFY2014 – MRHC Community Health Foundation is in discussion with their board of directors regarding their ability to fundraise on behalf of the access to prenatal care scholarship program • 4QFY2014 – MRHC submitted a letter of support for the Riley County Health Department's grant application to the March of Dimes Becoming Mom program • 4QFY2014 – MRHC Continues to participate in the efforts of the Flint Hills Wellness Coalition Kristin Cottam attends their monthly meetings • 4QFY2014 – MRHC has started the process of implementing incentive based healthy choices in the restaurant and gift shop Managers from both entities are working with food vendors to identify food options that fit the healthy choice criteria set by the Kansas Health Foundation Customers from the Gift Shop and Restaurant will qualify for a $1 off coupon when they choose an approved item Funding for the $1 off coupon comes from Mercy Community Foundation matching funds for the Kansas Health Foundation Funding						
2012 Aging Assessment – Accessibility for health care specialists without traveling long distances, oral health, expansion of VC Hope Program state-wide (VCV working with State of KS on this need), fragmented psychological and health care support system for frail elders and/or those with multiple chronic diseases **Quarterly Update:** • 1QFY2012 - Convened the Community Health Advisory Council (CHAC) with VCBH leaders to work on a coordinated behavioral health partnership in Oct 2011 • 2QFY2012 – MRHC was to collect data from medical records getting details of how mental health patients entered the hospital, whether or not they were admitted and how many required secured transport to other facilities for treatment • 3QFY2012 –Data shared with group and additional data requested to ascertain the cost effectiveness of current service delivery • 4QFY2012 – A Community Interface was held on mental health needs in Riley County A group of community mental health professionals were meeting monthly from Nov 2011 – Feb 2012 but have postponed future meetings until structure/system changes have been completed by the State • 3QFY2013 - Meetings to occur monthly starting in 2013 (every 3rd Tuesday) – See progress notes under first initiative described above • 3QFY2013 – New psychiatrist is being recruited for OP Behavioral Health Team for fall '2013 start date MRHC closed geropsych (Sr Adult Program) on 6/30/2013 – patients transported to WCH's program • 4QFY2013 – Merger with Ascension Health	2012 ISP BOD Action Sept 19, 2012 Approved	**R: Kristin Cottam** A John Broberg I Renée Hanrahan & Lynnette RauvolaBouta/ Peg Tichacek	Q1	Q2	Q3	Q4

Initiatives	Timeframe with History	Responsibility	FY2014 Progress Indicators			
• 1QFY2014 – Last meeting held 7/18/2013 Lot of activity with Governor's Mental Health Initiative – 6 Regional Recover Centers identified MRHC is in Region 4 – a 15 county region 2 main goals (1) increase access to crisis/respite beds and (2) increase access to child psychiatry • 3Q2014 – Mercy is referring patients to the ATA Bus for transportation support • 3Q2014—Recruitment of adolescent psychiatrist to begin July 2015 • 3Q2014—Maggie Rassette, Director of Behavioral Health, has been in attendance at local mental health coalition meetings • 4Q2014 – Maggie Rassette, Director of Behavioral Health at MRHC continues to serve as a member of the Riley County Mental Health Task Force The Task Force meets monthly with representation from Riley County Police Department, Riley County EMS, Department of Corrections, Pawnee Mental Health and the Crisis Center The Task Force is currently assessing the largest needs of the community in regards to mental health with plans to implement goals and objectives after the most recent Community Needs Assessment Data is received • 4Q2014 – Maggie Rassette serves as a member of the Governors Behavior Health Initiative called Hospital and Home The initiative is looking for gaps in care and misuse of the State Hospital Maggie attends these meetings monthly with more frequent phone and e-mail communication amongst the group • 4QFY2014 – The Flint Hills Community Clinic continues to rely on the General practitioners to treat patients presenting with mild depression and other mild cases of mental illness They are currently looking at their referral policy in regards to patients with mental illness						
2014-2015 CHNA Partnership • 2QFY2013 – Assessment of the Public Health Advisory Board was put on hold due to resignation of Riley County Health Department's Director • 4QFY2013 – Merger with Ascension Health • 1QFY2014 – New director (Brenda Nickel) for the Riley Co Health Department was hired • 1QFY2014 – Kristin Cottom (MRHC), Renee Hanrahan (VCH) met with Brenda Nickel and Katherine Oestman of (RCHD) to formulate a plan for partnering on CHNA in 2014 Both organizations were receptive to the idea of collaboration to meet a deadline no later than June 30, 2014 • 2QFY2014 – The Riley County Senior Center officially received funding from the Caroline Peine Foundation to conduct a Community Needs Assessment The needs assessment will include a health component and will take place between February 2014 and June 2014 Mercy provided matching funds in the amount of $5000 • 3QFY2014 – Community Health Needs Assessment The Riley County Senior Center has hosted a number of Needs Assessment planning meetings where community partners have been identified and a survey process has been decided Wichita State University's Center for Community Support and Research (CCSR) will be conducting, quantifying and assessing the survey The survey will be conducted via mail, telephone and electronic methods The survey will reach out to residents of Riley and Western Potawatomie Counties Planning committees have discussed ways to encourage community members to participate The survey will be conducted mid-April through mid-May with results available June 30, 2014 • 4QFY2014 – The Community Needs Assessment wrapped up their survey of the community in May A formal report from Wichita State's CCSR program is expected early FY2015 MRHC will collaborate with community partners to identify the greatest need and implement an action plan	2012 ISP BOD Action Sept 19, 2012 Approved	**R: Kristin Cottam** A John Broberg I Renée Hanrahan & Lynnette RauvolaBouta/ Peg Tichacek	Q1	Q2	Q3	Q4

SIGNIFICANT NEEDS NOT BEING ADDRESSED & WHY

Assessment	Significant Need(s)	Why Need Not Being Addressed by MRHC
2012 Aging Assessment	Transportation for health appointments	Flint Hills Regional Breakthrough Team is working on this issue
	Via Christi HOPE program needs to be expanded and would also address home health care needs	Via Christi Village is already pursuing this need and is discussing the feasibility of this expansion with the State of Kansas
2010 CHNA	Lack of shared medical records	State of KS is already working on plan and VCH is an active part of that plan
	Recruitment of specialists that are in high need Addressing this issue is a cost of doing business and not seen as resulting from CHNA	This is going to be an on-going initiative and is discussed in the Medical Staff Development Plan