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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
Sacred Heart Health System Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 5151 North 9th Avenue | Room/suite

City or town, state or province, country, and ZIP or foreign postal code
Pensacola, FL 325048721

D Employer identification number
59-0634434

E Telephone number
(850)416-7000

G Gross receipts $ 674,345,761

F Name and address of principal officer
Susan Cornejo
5151 North 9th Avenue
Pensacola, FL 325048721

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 ▶ 0928

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

J Website: ▶ www sacred-heart org

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

L Year of formation 1915

M State of legal domicile FL

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Provides necessary medical care to the sick and poor regardless of the ability to pay

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**	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	13
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	5,339
6	Total number of volunteers (estimate if necessary)	**6**	13
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	760,184
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	87,507

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	10,524,683	7,254,992
9	Program service revenue (Part VIII, line 2g)	632,752,709	652,470,518
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	7,648,133	6,923,335
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	5,478,101	3,322,081
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	656,403,626	669,970,926
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,897,724	1,783,276
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)	327,380,141	326,068,043
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)	322,754,537	330,530,305
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	652,032,402	658,381,624
19	Revenue less expenses Subtract line 18 from line 12	4,371,224	11,589,302

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	829,872,591	708,743,203
21	Total liabilities (Part X, line 26)	384,857,360	258,699,101
22	Net assets or fund balances Subtract line 21 from line 20	445,015,231	450,044,102

Part II Signature Block

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

Sign Here

Signature of officer — 2015-05-15 Date

Susan Cornejo CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Jennifer Ernteman				P00693666

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

Sacred Heart Hospital provides necessary medical care to the sick and poor of our community regardless of the ability to pay Services include inpatient routine and inpatient ancillary support of the healthcare mission of the hospital Please see the statement of Program Service Accomplishments for further detail on the relationship of activities to the accomplishment of the exempt purpose

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 $ 484,853,356 including grants of $ 1,783,276) (Revenue $ 649,744,517)

Sacred Heart Health System provides primary, secondary, and tertiary health care services to residents of the communities it serves There is special emphasis on service to the poor and those most in need The System includes the flagship 566 beds medical, surgical acute care hospital in Pensacola, Florida Housed within the Pensacola facility is the 117 bed Children's Hospital, the only one in Northwest Florida Sacred Heart Hospital on the Emerald Coast is a 58 bed medical surgical hospital located in Miramar Beach, FL Sacred Heart Hospital of the Gulf is a 19 bed medical surgical hospital located in Port St Joe, FL Sacred Heart Health System together with LHP Hospital Group, Inc operates 323-bed Bay County Health System, LLC dba Bay Medical Sacred Heart Health System located in Panama City, FL Sacred Heart Health System expands awareness, education and promotion of health by offering healthcare, classes and seminars for the community

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

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ 484,853,356

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		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	0		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		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	5,339		
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	0		
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**	14		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	13		
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

▶Susan Cornejo 5151 N 9th Ave
Pensacola, FL 32504 (850) 416-7000

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			

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			
1b **Sub-Total** ▶										
c **Total from continuation sheets to Part VII, Section A** ▶										
d **Total (add lines 1b and 1c)** ▶								11,942,553	3,222,676	1,319,130

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 ▶ 341

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

Section B. Independent Contractors

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

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

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 0

Part VIII Statement of Revenue

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

				(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				
	e	Government grants (contributions)	1e	2,169,590			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	5,085,402			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		7,254,992			
Program Service Revenue			Business Code				
	2a	Net Patient Revenue	621990	646,128,889	645,368,705	760,184	
	b	Management Services	541610	5,253,635	5,253,635		
	c	Medical Transportation	480000	1,025,339	1,025,339		
	d	Education	611710	62,655	62,655		
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		652,470,518			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		6,970,128			6,970,128
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					
			(i) Real	(ii) Personal			
	6a	Gross rents	3,514,229				
	b	Less rental expenses	4,306,442				
	c	Rental income or (loss)	-792,213				
	d	Net rental income or (loss) . . . . . ▶			-792,213			-792,213
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory		21,600			
	b	Less cost or other basis and sales expenses		68,393			
	c	Gain or (loss)		-46,793			
	d	Net gain or (loss) . . . . . ▶			-46,793			-46,793
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	Cafeteria Revenue	621990	2,038,364			2,038,364
	b	E H R Incentive	900099	1,108,700	1,108,700		
	c	Unconsolidated Ops	621990	-3,401,975	-3,401,975		
	d	All other revenue		4,369,205	327,458		4,041,747
	e	**Total.** Add lines 11a–11d . . . . . ▶		4,114,294			
	12	**Total revenue.** See Instructions . . . . . ▶		669,970,926	649,744,517	760,184	12,211,233

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	1,783,276	1,783,276		
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	4,175,594		4,175,594	
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	258,861,170	220,763,460	38,097,710	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	6,941,639	856,279	6,085,360	
9 Other employee benefits	39,247,410	2,669,918	36,577,492	
10 Payroll taxes	16,842,230	13,722,704	3,119,526	
11 Fees for services (non-employees)				
a Management				
b Legal	342,545		342,545	
c Accounting				
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	59,595,945	6,766,738	52,829,207	
12 Advertising and promotion	2,061,799	22,127	2,039,672	
13 Office expenses	1,403,420	1,019,429	383,991	
14 Information technology				
15 Royalties . .				
16 Occupancy	11,481,816	11,481,816		
17 Travel	1,144,229	864,139	280,090	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	994,231	362,080	632,151	
20 Interest	3,621,214		3,621,214	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	20,866,887	13,247,183	7,619,704	
23 Insurance	3,265,840	2,126,714	1,139,126	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a Medical Supplies	125,407,426	121,143,658	4,263,768	
b Rental Expense	26,411,831	26,411,831		
c Professional Fees	25,949,723	22,468,860	3,480,863	
d Service Fees	6,691,997	6,691,997		
e All other expenses	41,291,402	32,451,147	8,840,255	
25 **Total functional expenses.** Add lines 1 through 24e	658,381,624	484,853,356	173,528,268	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			1	
	2	Savings and temporary cash investments		14,920,763	2	10,019,857
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		113,785,345	4	121,998,942
	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		17,592,363	8	17,998,084
	9	Prepaid expenses and deferred charges		3,911,678	9	4,130,573
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 676,045,145			
	b	Less accumulated depreciation	10b 370,170,449	285,843,623	10c	305,874,696
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11		33,198,682	12	22,526,807
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		7,124,701	14	6,351,860
	15	Other assets See Part IV, line 11		353,495,436	15	219,842,384
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		829,872,591	16	708,743,203
Liabilities	17	Accounts payable and accrued expenses		51,090,305	17	72,580,897
	18	Grants payable			18	
	19	Deferred revenue		7,425,652	19	7,134,068
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		326,341,403	25	178,984,136
	26	**Total liabilities.** Add lines 17 through 25		384,857,360	26	258,699,101
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		436,348,760	27	442,028,157
	28	Temporarily restricted net assets		8,666,471	28	8,015,945
	29	Permanently restricted net assets			29	
		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		445,015,231	33	450,044,102
	34	Total liabilities and net assets/fund balances		829,872,591	34	708,743,203

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	669,970,926
2	Total expenses (must equal Part IX, column (A), line 25)	2	658,381,624
3	Revenue less expenses Subtract line 2 from line 1	3	11,589,302
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	445,015,231
5	Net unrealized gains (losses) on investments	5	11,974,042
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	-18,534,473
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	450,044,102

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	Yes	
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	Yes	

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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
Sacred Heart Health System Inc

Employer identification number
59-0634434

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
Sacred Heart Health System Inc	59-0634434

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)?	Yes		
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?	Yes		4,231
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		194,598
j	Total Add lines 1c through 1i			198,829
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	Sacred Heart Health System, Inc engaged consultants to assist in various lobbying activities pertaining to state and federal health care legislation, including healthcare reform Staff and consultants wrote letters and met personally with state and local legislators on these matters Sacred Heart Health System, Inc does not participate in or intervene in (including the publishing or distributing of 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
Sacred Heart Health System Inc

Employer identification number
59-0634434

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	36,149	36,833	32,833	29,420	25,094
b	Contributions			4,000	3,413	4,326
c	Net investment earnings, gains, and losses	493	-684			
d	Grants or scholarships					
e	Other expenditures for facilities and programs					
f	Administrative expenses					
g	End of year balance	36,642	36,149	36,833	32,833	29,420

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 100 000 %
- c Temporarily restricted endowment ▶

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

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

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

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	5,298,519	49,380,879		54,679,398
b Buildings	23,746,153	353,784,623	219,895,392	157,635,384
c Leasehold improvements				
d Equipment		187,835,686	150,275,057	37,560,629
e Other		55,999,285		55,999,285
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				305,874,696

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) Due from Affiliates	-3,510,472
(2) Interest in Investments Held by Ascension Health Alliance	177,719,924
(3) Temporarily Restricted Investments	7,835,706
(4) Ascension Deferred Compensation	13,094,264
(5) Other Misc Assets	24,702,962
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	219,842,384

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
Intercompany Debt with Ascension Health Alliance	113,346,496
Deferred Compensation	13,094,264
Due to Affiliates	-39,256
Retirement Plan Obligation	8,769,888
Self Insurance Trust	3,738,497
Other Liabilities	16,230,678
Third Party Payables	7,691,697
MOB Liability Accounting Ownership	11,727,971
AR Credit Balances	4,423,901
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	178,984,136

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 V, Line 4	The endowment fund was established for the benefit of Sacred Heart Health System with the intended purpose of providing resource materials for parents

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 59-0634434
Name: Sacred Heart Health System Inc

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

1 (a) Description of Liability	(b) Book Value
Intercompany Debt with Ascension Health Alliance	113,346,496
Deferred Compensation	13,094,264
Due to Affiliates	-39,256
Retirement Plan Obligation	8,769,888
Self Insurance Trust	3,738,497
Other Liabilities	16,230,678
Third Party Payables	7,691,697
MOB Liability Accounting Ownership	11,727,971
AR Credit Balances	4,423,901

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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
Sacred Heart Health System Inc

Employer identification number
59-0634434

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	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c	Yes	
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		No
	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)			13,831,050		13,831,050	2 100 %
b Medicaid (from Worksheet 3, column a)			122,766,613	86,315,787	36,450,826	5 540 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			136,597,663	86,315,787	50,281,876	7 640 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			11,036,657	5,356,381	5,680,276	0 860 %
f Health professions education (from Worksheet 5)			1,337,642		1,337,642	0 200 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			371,130	169,357	201,773	0 030 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			940,847		940,847	0 140 %
j **Total.** Other Benefits			13,686,276	5,525,738	8,160,538	1 230 %
k **Total.** Add lines 7d and 7j			150,283,939	91,841,525	58,442,414	8 870 %

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						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**						

Part 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 33,386,593		
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 5,180,297		
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	136,476,415
6	Enter Medicare allowable costs of care relating to payments on line 5	6	137,949,248
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-1,472,833
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

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

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
4

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 Sacred Heart Hospital

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

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years begining on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) See Part V, Section C, Line 5d			
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 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 Sacred Heart on the Emerald Coast

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) 2

			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 Part V, Section C, Line 5d			
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 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 Sacred Heart Hospital on the Gulf

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) 3

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years begining on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) See Part V, Section C, Line 5d			
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 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 Bay Medical Center

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) 4

			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 Part V, Section C, Line 5d			
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? **26**

	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, Ln 7 Col(f)	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 the Catholic Health Association ("CHA") guidelines The organization uses a costing 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 the information in the table, a cost-to-charge ratio was calculated and applied

Form and Line Reference	Explanation
Part II, Community Building Activities	Physical Improvements & Housing SHHS contributed to the construction of Habitat for Human ity homes SHHS participated with a coalition of local agencies including the EscaRosa Coa lition on the Homeless, Community Action Program, Inc , and the Alfred-Washburn Center, to developing low-income housing solutions, and provided physical improvements to the dwelli ngs of low-income homeowners Workforce Development SHHS provided job placement at SHHS f acilities for their own employees as well as individuals from the community at large Sacr ed Heart offers free "Freedom from Smoking" programs at no cost to help with the physical, psychological and habitual components of nicotine addictions Improving healthy behaviors is a top priority as identified in the CHNA and tobacco use and its adverse impact on mul tiple health indicators as a key contributor to poor health outcomes in the community In response, Sacred Heart enacted a tobacco free hire policy effective January 1, 2014 Other priorities are addressed through health education for the community with regular classes on topics such as stress management, violence prevention, diabetes management, babysitting , CPR, newborn parenting, preparing for joint replacement surgery, surviving after stroke, caregiver training, and coping with cancer SHHS has an on-going relationship with the sc hool mentoring program in partnership with the Escambia and Santa Rosa School Districts S HHS actively works to reduce its waste stream by recycling cardboard, office paper, tin, a luminum, and plastics In conjunction with our dietary service partner Touchpoint, the sys tem has eliminated most Styrofoam containers in favor of post-consumer paper products Sac red Heart Hospital provides medical education through the following residency programs FS U college of Medicine Pediatric Residency, FSU College of Medicine OB/GYN Residency, LECOM Internal Medicine Residency, and Sacred Heart Hospital Pharmacy Residency The Sacred Hea rt Women's Center provides low-cost OB/GYN services to more than 17,500 uninsured or under insured patients in FY14 The center is staffed by 13 full-time medical residents in conju nction with 6 board-certified high-risk pregnancy and gynecologic oncology physicians 12 residents serve at SHHP in first, second and third year internal medicine programs The pe diatric program has 26 residents in general and sub specialty fields Sacred Heart also pa rtners with the following medical education institutions to provide onsite training for th eir students in health related fields Florida State University College of Medicine, Lake Erie College of Osteopathic Medicine, University of West Florida, Pensacola State College, Virginia Medical College, Jefferson Davis Community College, Pensacola Christian College, and Escambia County School District Health Academy Coalition Building SHHS participates with other community building agencies such as Bay Area Works, Poverty Solutions of Escam bia County, Business Leaders' Network and the Able Trust, United Way, Catholic Charities, and the Pensacola Bay Area Chamber of Commerce for jobs creation, training, and the elimin ation of generational poverty Through Mission in Motion, a mobile health screening service which visits sites that travels throughout Northwest Florida and Southwest Alabama, Sacre d Heart provided free health screenings to the poor, children, elderly, and uninsured or u nder insured Services for adults include screening for blood pressure, anemia, blood suga r, cholesterol, glaucoma, and osteoporosis screenings SHHS associates volunteered 1,037 h ours and a total of 2,017 adults received health screenings Services for children include free physical exams by a physician, and screenings for hearing, vision, and blood pressur e, a total of 846 children were screened Sacred Heart facilitates the meetings of support groups for patients and families coping with the following health problems obesity, brea st cancer, cancer, prostate cancer, children with attention deficit disorders, heart disea se, parents of multiples, and osteoporosis On a monthly basis, Sacred Heart held communit y blood drives at a variety of Sacred Heart locations to support One Blood, Inc , the regi onal blood center provider Sacred Heart's Miracle Camp hosted overnight, multi-day campin g retreats for adults and children who have been diagnosed with chronic and critical illne sses Camps include the biannual adult Camp Bluebird which served more than 92 persons wit h various forms of cancers Pediatric patients with diseases such as cancer, diabetes, art hritis, asthma, and cardiovascular disease were also served A camp for overweight and obe se children was established in FY13 with day-camps established in 2014 Helping persons ac hieve and maintain a healthy weight is a goal selected by members of the healthcare commun ity based on the CHNA A variety of other day retreats for diseases such as sickle cell an emia are held throughout the year Over 130 childr

Form and Line Reference	Explanation
Part II, Community Building Activities	en were served at these camps SHHS is actively engaged in physician and physician extender recruitment for underserved communities Physician recruitment includes primary care as well as subspecialty physicians Recruitment placement is based on unmet community needs, high priority health status indicators, and federally designated manpower shortages Much of the Health System's service area is rural Sacred Heart Hospital in Pensacola is proud to work with Lutheran Services to provide the Ryan White Title II Case Management Program, serving those in our community living with AIDS and the HIV virus Our program is designed to provide comprehensive information and assistance to clients and their families in areas including outpatient medical care, dental care, mental health services, and medications Through this program, clients and their families are also linked by United Way's 2-1-1 service to with local agencies that can assist with needs related to housing, transportation , drug and alcohol treatment, and food

Form and Line Reference	Explanation
Part III, Line 4	The provision for doubtful accounts is based upon management's assessment of expected net collections considering economic conditions, historical experience, trends in health care 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 Health Ministry 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 Ascension Health Accounts receivable are written off after collection efforts have been followed in accordance with the Health Ministry'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 Health Ministry has not experienced material changes in write-off trends and has not materially changed its charity care policy in the current fiscal year

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 not be treated as community benefit The cost to charge ratio method is used in determining the shortfall

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

Form and Line Reference	Explanation
Part VI, Line 2	The Comprehensive Community Health Needs Assessment (CHNA) provides the general public as well as policy leaders with data and information on the health status of the population and existing resources to address health issues and was conducted in collaboration with the Partnership for a Healthy Community (Sacred Heart Hospital in Pensacola), the Walton County Health Improvement Partnership and the Florida Department of Health-Walton County (Sacred Heart Hospital on the Emerald Coast), and the Florida Department of Health-Gulf County (Sacred Heart Hospital on the Gulf) The CHNA also contains plans for Sacred Heart Health System to sustain and develop new community benefit programs that address prioritized needs from the study The community enjoys a rich history of cooperation as Sacred Heart Health System and Baptist Health Care have jointly-sponsored four assessments of Escambia and Santa Rosa Counties in Northwest Florida since 1995 The studies have been widely used by the two competing organizations and many other health care providers in the market area to develop plans for addressing priority health needs The partnership study conducted by Florida HealthTrac provides current and trended data on 234 health indicators for Escambia County and 233 for Santa Rosa County The study reports data at county and zip code levels, and includes comparisons to peer counties in the State of Florida, as well as at the national level The study also incorporates key demographic and socioeconomic data, and data on lifestyle/behavioral risk factors that impact health status The assessment tool enables Sacred Heart Health System the ability to track community health needs on an annual basis as it is aggregated from various sources within the State of Florida constantly updated in real time Studies of Walton and Gulf Counties continue to bear evidence of similar health outcomes as those experienced in Escambia and Santa Rosa Counties Florida ranks near the bottom nationally for public and preventative health funded outlays Walton County is designated as a primary care health professional shortage population and a medically underserved population for low-income persons Health priorities for Escambia/Santa Rosa include smoking cessation, attaining and maintaining a healthy weight, and access/care navigation The priorities for Walton County include healthy behaviors, preventative care and health resource awareness Gulf County priorities include a healthy economy, health and care management resources, and mental health

Form and Line Reference	Explanation
Part VI, Line 3	Financial counselors assist individuals who do not have insurance to qualify for Medicaid, SCHIP, and other programs Counselors are trained not only in the policy, program and form processes, but also to respond with compassion, understanding and sensitivity toward persons living in poverty These services are available at established patient encounter locations such as pre-registration, registration, admissions and discharge, or at any other time requested along the continuum of patient care Further, trained counselors may assist with charity care or discount care based on the patient's personal income, their assets, and the size of their medical services bill Self-pay patients are granted a 40% discount applied to their total charges A summary of financial assistance services, policies and programs are found on the health system website, posted predominately in key areas and made available through brochures A Guide to your Hospital Bill outlines payment and assistance options and it can be found in most areas of the hospital including admitting, emergency department, and diagnostic services

Form and Line Reference	Explanation
Part VI, Line 4	Sacred Heart Health System provides primary, secondary, and tertiary health care services to residents of the communities we serve This includes the greater Pensacola MSA consisting of Escambia and Santa Rosa Counties, and Okaloosa, Walton, Bay, Gulf and Franklin Counties in Northwest Florida and Baldwin and Escambia counties in Southwest Alabama There is special emphasis on service to the poor and those most in need The system includes the flagship 566 bed medical, surgical acute care hospital in Pensacola, Florida Housed within the Pensacola facility is the 117 bed Children's Hospital, the only one in Northwest Florida Sacred Heart Hospital on the Emerald Coast is a 58 bed medical surgical hospital located in Miramar Beach, Florida Sacred Heart Hospital of the Gulf is a 19 bed medical surgical hospital located in Port St Joe, FL In 2013, Sacred Heart Health System entered into a joint venture with LHP Hospital Group, Inc to operate 323-bed Bay Medical - Sacred Heart located in Panama City, Florida The regional referral center serves Bay County and surrounding communities Sacred Heart Health System also provides long-term care and operates a 120 bed long-term care, The Haven of Our Lady of Peace in Pensacola, which is a joint venture with the Methodist Homes for the Aging

Form and Line Reference	Explanation
Part VI, Line 5	Sacred Heart Health System provides many community benefits such as social services, pastoral care, community meeting space, and health education, all at no charge SHHS has an open medical staff with privileges available to all qualified physicians in the area The system is governed by a body of SHHS leaders with independent persons, representative of the community, comprising a majority of the board It also engages in medical or scientific research programs and in the training and education of health care professionals Other facilities and programs that promote the health of the community include a Pediatric Medical Clinic and a Pediatric Dental Clinic which provide services to low income children, and an adult dental clinic for emergency care The Seton Center for Obstetrics and Gynecology provides services to low-income women eligible for Medicaid

Form and Line Reference	Explanation
Part VI, Line 6	Sacred Heart Health System, Inc and Subsidiaries (the Health Ministry) is a member of Ascension Health In December 2011, Ascension Health Alliance, doing business as Ascension, became 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 health care facilities, or Health Ministries, located in 23 of the United States and the District of Columbia In addition to serving as the sole corporate member of Ascension Health, Ascension serves as the member or shareholder of various other subsidiaries Ascension, its subsidiaries, and the Health Ministries are referred to collectively from time to time hereafter as the System 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 Louis 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 - American Province and the Sisters of Sorrowful Mother of the Third Order of St Francis of Assisi - US/Caribbean Province The Health Ministry's principal operations consist of three nonprofit acute care hospitals Sacred Heart Hospital located in Pensacola, Florida, Sacred Heart Hospital on the Emerald Coast, located in Destin, Florida and Sacred Heart Hospital on the Gulf, located on the Port St Joe, Florida The Health Ministry also owns and operates other health care related entities, including a nursing facility and physicians' medical group The Health Ministry provides inpatient, outpatient, and emergency care services for residents of Northwest Florida Admitting physicians are primarily practitioners in the local area The Health Ministry is related to Ascension Health's other sponsored organizations through common control Substantially all expenses of Ascension Health are related to providing health care services MissionThe 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 health care because of inadequate resources and/or who are uninsured or underinsured - Unpaid cost of public program excluding Medicare, represents the unpaid cost of services provided to persons covered by public programs for persons loving in poverty and other vulnerable persons - Cost of other programs for 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 utilizes, internal cost data and is estimated by reducing charges forgone by a factor derived from the ratio of total operating expenses to billed charges for patient care The amount of traditional charity care provided, determined on the basis of cost, was approximately $13,002,000 and $14,087,000 for the years ended June 30, 2014 and 2013, respectively

Additional Data

Software ID:
Software Version:
EIN: 59-0634434
Name: Sacred Heart Health System Inc

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

Form and Line Reference	Explanation
Sacred Heart Hospital	Part V, Section B, Line 3 The CHNA process was facilitated by Partnership for a Healthy Community (PFAHC), a nonprofit tax-exempt organization whose mission is to sponsor community health status assessments for the two counties and to support and promote collaborative initiatives that address priority health problems In addition to PFAHC, Sacred Heart Health System, Baptist Health Care ("BHC"), and Escambia Community Clinics ("ECC"), a federally qualified health center, were lead organizations and funders of the CHNA process Senior leadership from Sacred Heart, BHC, Florida Department of Health-Escambia County and the University of West Florida also served as members of a PFAHC workgroup that designed the CHNA process, assimilated the results and provided recommendations to the PFAHC Board of Directors PFAHC's Board of Directors provided oversight and input throughout the development of the assessment and establishment of priority health needs PFAHC board members include health care providers, business, public health, education, community organizations, and advocates who serve minority, low-income and disadvantaged populations A list of the PFAHC Board of Directors is provided in Attachment B of CHNA The results of the assessment were reviewed with the Boards of the four sponsoring organizations In December 2012, a Community Forum was also held to share and discuss the results of the assessment with the public Announcements and invitations to attend the Community Forum were distributed by email from an extensive database that had been developed and used during the previous community health needs assessments conducted by PFAHC, supplemented with additional contacts provided by the sponsoring organizations Local media were also notified and were present at the Community Forum Approximately 75 people representing community constituencies attended the Forum In addition, the Forum was recorded for public viewing on the PFAHC website (www pfahc org) A list of organizations represented at the Community Forum is provided in Attachment C of CHNA

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
Sacred Heart on the Emerald Coast	Part V, Section B, Line 3 The CHNA process was led by Florida Department of Health - Walton County (WCHD), with active participation by the area's two hospitals, community organizations and private and public agencies which collectively comprise the Walton County Community Health Improvement Partnership (WCHIP) The CHNA process included WCHIP meetings, a community survey, and a Health Summit comprised of Walton County residents and members of the health provider community More than 100 people representing 50 different community agencies and organizations and the general public participated in various meetings throughout the process In addition, 92 Walton County residents completed a community survey to provide information about perceptions of the health of the community, its residents, and the health care system To ensure input from persons with a broad knowledge of the community, email notifications and invitations were sent to more than 270 stakeholders and representatives of the public Meetings were also announced following Florida public notice requirements and sent to media distribution lists, including local radio, newspaper, and television stations

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
Sacred Heart Hospital on the Gulf	Part V, Section B, Line 3 The CHNA was led by the Florida Department of Health - Gulf County (GCHD), in collaboration with SHHG, community organizations and agencies from Gulf County, and interested organizations from neighboring Franklin County Key participants included SHHG, Gulf County Emergency Operations Center, Bay, Gulf, and Franklin County Healthy Start Coalitions, Florida Department of Health-Franklin County, Tobacco Prevention Program, Teen Outreach Program, and several faith-based organizations The CHNA process included focus groups, workshops, a community survey, and several forums with Gulf County residents To ensure input from persons with a broad knowledge of the community, notices of all meetings were placed in the local newspaper and through radio advertisement In addition, invitations to meetings and forums where specific organizational input was needed were sent by regular mail, followed by email reminders Notices were also sent to an extensive distribution list of community leaders and the media A total of 346 Gulf County residents completed a Community Health Survey about perceptions of the health of the community, its residents, and the health care system An additional 17 community members participated in focus groups to assess perceptions about health care quality and access A forum of 27 community representatives identified strengths, weaknesses, opportunities, and threats within the Gulf County health care system Finally, the CHNA process concluded with a workshop to identify strategic priorities and goals for health improvement activities The workshop was facilitated by Quad R, a consulting firm experienced in leading community health improvement projects

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
Bay Medical Center	Part V, Section B, Line 3 The CHNA was facilitated by the Department of Health - Bay County staff and Quad R, LLC, a community health improvement consulting firm Participating agencies included BMC, Gulf Coast Medical Center, Emerald Coast Rehabilitation Hospital, Florida Department of Health, Department of Health-Bay County, Gulf Coast State College, Florida State University-Panama City, University of Florida/IFAS Extension Bay County, Early Learning Coalition of Northwest Florida, Life Management Center, CARE, Second Chance, WeCare- Mullins Pharmacy, Healthy Start, Bay District Schools, Big Bend Health Council, Bridge Care/Youth in Action, Children's Medical Services, City of Panama City Community Redevelopment Agency, Covenant Hospice and Homeless and Hunger Coalition of Northwest Florida The CHNA process included CHTF member interviews, three workshops, and a community survey of Bay County residents To ensure input from persons with a broad knowledge of the community, all meetings were publicly noticed and the community survey was publicized in local newspapers, magazines, television and radio

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
Sacred Heart Hospital	Part V, Section B, Line 4 The needs assessment was conducted with the following additional hospital facilities - Partnership for a Healthy Community- Baptist Health Care - Escambia Community Clinics

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
Sacred Heart on the Emerald Coast	Part V, Section B, Line 4 The needs assessment was conducted in collaboration with the Florida Department of Health -Walton County

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
Sacred Heart Hospital on the Gulf	Part V, Section B, Line 4 The CHNA was led by the Florida Department of Health - Gulf County (GCHD), in collaboration with SHHG, community organizations and agencies from Gulf County, and interested organizations from neighboring Franklin County Key participants included SHHG, Gulf County Emergency Operations Center, Bay, Gulf, and Franklin County Healthy Start Coalitions, Florida Department of Health-Franklin County, Tobacco Prevention Program, Teen Outreach Program, and several faith-based organizations

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
Bay Medical Center	Part V, Section B, Line 4 Gulf Coast Medical Center

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
Sacred Heart Hospital	Part V, Section B, Line 5d sacred-heart org/CHNA/SHHP_CHNA_41713 pdfSacred Heart Hospital distributed the CHNA documents at a Community Forum

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
Sacred Heart on the Emerald Coast	Part V, Section B, Line 5d sacred-heart org/CHNA/SHHEC_CHNA_42013 pdfSacred Heart on the Emerald Cost distributed the CHNA documents at a Community Forum

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
Sacred Heart Hospital on the Gulf	Part V, Section B, Line 5d sacred-heart org/CHNA/SHHG_CHNA_41913 pdfSacred Heart Hospital on the Gulf distributed the CHNA documents at a Community Forum

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
Bay Medical Center	Part V, Section B, Line 5d www sacred-heart org/CHNA/Bay%20Medical%20CHNA%20 Summary%20rev2%20FINAL pdfBay Medical Center distributed the CHNA documents at a Community Forum

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
Sacred Heart Hospital	Part V, Section B, Line 7 There were three prioritized needs identified in the CHNA, of which Sacred Heart Hospital of Pensacola will not address one need Sacred Heart Hospital of Pensacola is not directly involved in the Obesity priority because there is already a community coalition of providers focused on childhood obesity and there are other community assets with a mission or the facilities to improve physical activity Sacred Heart Hospital of Pensacola will, however, continue to be a member of the Community Garden Coalition and maintain a community garden on its campus to improve access to healthy foods for its associates and to donate excess foods to Manna Food Pantries for those who are needy

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
Sacred Heart Hospital on the Gulf	Part V, Section B, Line 7 There were four prioritized needs identified in the CHNA, of which SHHG will not address two needs SHHG will not address the Economic Health priority, as that priority is focused on improved efforts by government and economic development organizations to attract funds and jobs to the community to build economic well-being and infrastructure However, SHHG is a major employer that brought 125 new jobs to the community with its opening and will continue to be an advocate for economic development in the community as appropriate SHHG will also not address the Social/Mental Health priority The Florida Department of Health - Gulf County provides mental health counseling services and Life Management Services of Northwest Florida provides outpatient substance abuse services These community resources will be lead organizations for this priority SHHG will, however, collaborate to improve awareness of these resources and to advocate for expanded service capabilities in the community

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
Bay Medical Center	Part V, Section B, Line 7 There were three prioritized needs identified in the CHNA, of which BMC will not address the Healthy Lifestyles Education priority The Healthy Lifestyles Education Action Plan includes two goals that involve development of a tool kit for youth on hygiene, physical activity, nutrition and bullying for nonprofit organizations, after school programs and childcare facilities, and creation of a resource directory for community organizations serving specific populations (e g , persons with disabilities) Other CHTF participating agencies have specific knowledge and expertise in these areas and will serve in a lead role and community partner for these initiatives

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
Sacred Heart Hospital	Part V, Section B, Line 14g Signs are posted in waiting rooms and at the admissions offices to notify patients that the hospital has a financial assistance policy In addition, every billing statement, the Hospital's website, and admission packets include information regarding the financial assistance policy The policy is provided at the request of the patient

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
Sacred Heart on the Emerald Coast	Part V, Section B, Line 14g Signs are posted in waiting rooms and at the admissions offices to notify patients that the hospital has a financial assistance policy In addition, every billing statement, the Hospital's website, and admission packets include information regarding the financial assistance policy The policy is provided at the request of the patient

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
Sacred Heart Hospital on the Gulf	Part V, Section B, Line 14g Signs are posted in waiting rooms and at the admissions offices to notify patients that the hospital has a financial assistance policy In addition, every billing statement, the Hospital's website, and admission packets include information regarding the financial assistance policy The policy is provided at the request of the patient

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
Bay Medical Center	Part V, Section B, Line 14g Signs are posted in waiting rooms and at the admissions offices to notify patients that the hospital has a financial assistance policy In addition, every billing statement, the Hospital's website, and admission packets include information regarding the financial assistance policy The policy is provided at the request of the patient

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)
Sacred Heart Occ Health Strategies 6665 Pensacola Blvd Pensacola, FL 32505	Help employers to gain control over healthcare expenses
Sacred Heart Pediatric Care Center 1675 Trinity Drive Pensacola, FL 32504	Help employers to gain control over healthcare expenses
Sacred Heart Cardiac Rehab Center 1601 Airport Blvd Pensacola, FL 32501	Help employers to gain control over healthcare expenses
Sacred Heart Pulmonary Rehab Center 1601 Airport Blvd Pensacola, FL 32501	Help employers to gain control over healthcare expenses
Sacred Center for OBGYN 5045 Carpenters Creek Dr Pensacola, FL 32503	Help employers to gain control over healthcare expenses
Outpatient Laboratories 1549 Airport Blvd Pensacola, FL 32504	Help employers to gain control over healthcare expenses
Outpatient Rehabilitation Center 4406 N Davis Hwy Pensacola, FL 32503	Help employers to gain control over healthcare expenses
Sacred Heart Medical Park-Pace 3754 Hwy 90 Pace, FL 32571	Help employers to gain control over healthcare expenses
Sacred Heart Medical Park-Airport 1549 Airport Blvd Pensacola, FL 32504	Help employers to gain control over healthcare expenses
Sacred Heart Urgent Care 6665 Pensacola Blvd Pensacola, FL 32505	Help employers to gain control over healthcare expenses
Laboratory Services 5151 N 9th Ave Pensacola, FL 32504	Help employers to gain control over healthcare expenses
Laboratory Services 4511 N Davis Hwy Pensacola, FL 32503	Help employers to gain control over healthcare expenses
Laboratory Services 400 Milestone Blvd Pensacola, FL 32533	Help employers to gain control over healthcare expenses
Laboratory Services 3754 El Rito Drive Pensacola, FL 32407	Help employers to gain control over healthcare expenses
Laboratory Services Sorrento road Pensacola, FL 32507	Help employers to gain control over healthcare expenses

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)
Rehab Center 4929 Mobile Hwy Pensacola, FL 32526	Help employers to gain control over healthcare expenses
Rehab Center 3754 Hwy 90 Pensacola, FL 32571	Help employers to gain control over healthcare expenses
Rehab Center 3408 Santa Rosa Dr Pensacola, FL 32563	Help employers to gain control over healthcare expenses
Rehab Center 13137 Sorrento Road Pensacola, FL 32507	Help employers to gain control over healthcare expenses
Occupational Health Strategies 4412 N Davis Hwy Pensacola, FL 32503	Help employers to gain control over healthcare expenses
Ann L Baroco Center for Women's Hlth 5375 N 9th Avenue Pensacola, FL 32504	Help employers to gain control over healthcare expenses
Sacred Heart Pharmacy 5149 N 9th Avenue Pensacola, FL 32514	Help employers to gain control over healthcare expenses
Regional Prenatal Center 5153 N 9th Avenue Pensacola, FL 32504	Help employers to gain control over healthcare expenses
Surgical Weight Loss Center 5149 N 9th Avenue Pensacola, FL 32514	Help employers to gain control over healthcare expenses
Sacred Heart Cancer Center 1545 Airport Blvd Pensacola, FL 31504	Help employers to gain control over healthcare expenses
Pace Surgery Center 3754 Hwy 90 Pace, FL 32571	Help employers to gain control over healthcare expenses

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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
Sacred Heart Health System Inc

Employer identification number
59-0634434

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
See Additional Data Table							

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . ▶ 14

3 Enter total number of other organizations listed in the line 1 table . . . ▶ 0

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 grant funds awarded to Sacred Heart Health System, Inc are monitored and administered by administration leaders in Operations Operations monitor expenditures to ensure that use of the funds is consistent with the requirements in the applicable award agreement/contract Sacred Heart Health System, Inc requires that support be maintained for all qualified expenditure of grant funds Finance meets with Operations on an annual basis before fiscal year end to review their operating budgets for compliance

Additional Data

Software ID:
Software Version:
EIN: 59-0634434
Name: Sacred Heart Health System Inc

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
The Nemours Foundation 10140 Centurion Pkwy N Jacksonville,FL 32256	59-0634433	501(c)(3)	815,722				General Purpose

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Escambia Community Clinics Inc 2200 N Palafox St Pensacola,FL 32501	59-3105246	501(c)(3)	593,750				General Purpose

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Habitat for Humanity 300 W Leonard St Pensacola, FL 32501	59-2186044	501(c)(3)	187,250				General Purpose

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Sacred Heart Foundation 5151 N 9th Ave Ste 250 Pensacola,FL 32504	59-2436597	501(c)(3)	42,500				General Purpose

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
American Heart Assocation Inc PO Box 4002900 Des Moines,IA 50430	13-5613797	501(c)(3)	32,500				General Purpose

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Destin Charity Wine Auction Foundation 215 Grande Blvd Ste 101 Miramar, FL 32550	20-4475403	501(c)(3)	18,000				General Purpose

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Hope Medical Clinic 150 Beach Drive Destin, FL 32541	26-3811078	501(c)(3)	16,554				General Purpose

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Pensacola Sports Association PO Box 12463 Pensacola,FL 32591	59-0767953	501(c)(3)	16,500				General Purpose

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Waterfront Rescue Mission Inc PO Box 870 Pensacola,FL 32591	59-0838106	501(c)(3)	15,000				General Purpose

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
American Cancer Society Midwest Division 5401 Corporate Woods Dr 100 Pensacola,FL 32504	41-0724036	501(c)(3)	12,000				General Purpose

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Catholic Charities 1815 N 6th Ave Pensacola,FL 32503	59-3213644	501(c)(3)	10,000				General Purpose

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
South Walton Beaches Wine & Food Festival 600 Grande Blvd Ste 203 Miramar, FL 32550	46-1479755	501(c)(3)	10,000				General Purpose

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Crossroads Center Inc 444 Valparaiso Pkwy Bldg C Valparaiso, FL 32580	20-5518720	501(c)(3)	7,500				General Purpose

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Autism Pensacola Inc PO Box 30213 Pensacola,FL 32503	11-3643957	501(c)(3)	6,000				General Purpose

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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
Sacred Heart Health System Inc

Employer identification number
59-0634434

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	☐ Compensation committee	☐ Written employment contract		
	☐ Independent compensation consultant	☐ Compensation survey or study		
	☐ Form 990 of other organizations	☐ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**	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	Ascension Health, a related organization of Sacred Heart Health System, Inc uses the following to establish the compensation of the organization's President - Compensation Committee, - Independent Compensation Consultant, - Compensation Survey or Study, and - Approval by the Board or Compensation Committee
Part I, Lines 4a-b	
Part I, Line 4a	Severance Payments Dana Bledsoe - $176,343 Peter E Heckathorn - $273,802 William J Dobak - $19,231
Part I, Line 4b	Eligible executives participate in a program that provides for supplemental retirement benefits The payment of benefits under the program, if any, is entirely dependent upon the facts and circumstances under which the executive terminates employment with the organization Benefits under the program are unfunded and non-vested Due to the substantial risk of forfeiture provision, there is no guarantee that these executives will ever receive any benefit under the program Any amount ultimately paid under the program to the executive is reported as compensation on Form 990, Schedule J, Part II, Column B in the year paid The following individuals received payment from the supplemental nonqualified retirement plan in the amount as noted Kerry Eaton - $26,048 Buddy Elmore - $49,639 Karen Emmanuel - $43,634 Roger Hall - $53,367 Peter Heckathorn - $38,218 Nina Jeffords - $24,507 James Ward - $40,701 Dana N Bledsoe - $71,159 Laura Irwin - $24,049 Henry Roberts - $8,081 Roger Poitras - $3,171 Susan Davis - $427,500

Additional Data

Software ID:
Software Version:
EIN: 59-0634434
Name: Sacred Heart Health System 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				
Susan L Davis RN President/CEO (start 1/14)	(I)	0	0	0	0	0	0	0
	(II)	837,640	1,182,201	86,242	592,480	27,475	2,726,038	427,500
Carol Carlan President - Foundation	(I)	0	0	0	0	0	0	0
	(II)	191,457	29,696	4,362	5,538	13,105	244,158	0
Roger Poitras President - SHMG	(I)	0	0	0	0	0	0	0
	(II)	296,193	118,049	5,248	7,650	26,998	454,138	3,171
Carol Whittington VP - Human Resources	(I)	312,286	100,000	2,977	7,650	22,278	445,191	0
	(II)	0	0	0	0	0	0	0
Susan Cornejo start 1013 Chief Financial Officer - SHHS	(I)	0	0	0	0	0	0	0
	(II)	314,801	124,272	32,515	48,132	19,156	538,876	0
James Ward MD Chief Medical Officer	(I)	369,036	0	63,050	7,598	22,546	462,230	40,701
	(II)	0	0	0	0	0	0	0
Henry Stovall President - SHHP	(I)	354,467	100,000	7,711	7,650	18,535	488,363	0
	(II)	0	0	0	0	0	0	0
Roger Hall President - SHHEC & SHHG	(I)	300,023	0	63,409	7,650	20,268	391,350	53,367
	(II)	0	0	0	0	0	0	0
Karen Emmanuel General Counsel	(I)	294,090	0	50,003	7,650	11,291	363,034	43,634
	(II)	0	0	0	0	0	0	0
Denise Barton VP Business Development	(I)	215,728	0	3,066	6,600	16,760	242,154	0
	(II)	0	0	0	0	0	0	0
Teresa D Smith VP Cancer Services	(I)	182,309	0	2,699	5,600	16,443	207,051	0
	(II)	0	0	0	0	0	0	0
Kerry Eaton Chief Operating Officer	(I)	410,648	100,000	35,028	7,650	8,945	562,271	26,048
	(II)	0	0	0	0	0	0	0
Amy Wilson Chief Nursing Officer	(I)	157,027	0	767	4,740	8,211	170,745	0
	(II)	0	0	0	0	0	0	0
Justin Labrato CFO - SHMG	(I)	171,594	0	1,487	1,308	20,068	194,457	0
	(II)	0	0	0	0	0	0	0
Nina Jeffords COO/CNO	(I)	169,497	0	30,327	5,148	11,005	215,977	24,507
	(II)	0	0	0	0	0	0	0
Stephanie J Duggan MD CMO SHHP	(I)	381,183	16,658	5,456	7,650	21,824	432,771	0
	(II)	0	0	0	0	0	0	0
Michael L Goodman MD Physician	(I)	642,157	1,573,612	6,342	7,650	41,400	2,271,161	0
	(II)	0	0	0	0	0	0	0
William J Dobak MD Physician	(I)	206,788	983,642	21,613	5,892	37,287	1,255,222	0
	(II)	0	0	0	0	0	0	0
Tarek Eldawy MD Physician	(I)	378,144	690,248	4,650	7,650	37,451	1,118,143	0
	(II)	0	0	0	0	0	0	0
Paul A Tamburro MD Physician	(I)	373,517	595,956	2,810	7,650	21,949	1,001,882	0
	(II)	0	0	0	0	0	0	0

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				
Mark S Boatright MD Physician	(I) (II)	345,732 0	622,124 0	4,902 0	7,650 0	33,707 0	1,014,115 0	0 0
Buddy Elmore Former CFO	(I) (II)	409,258 0	0 0	82,850 0	7,650 0	28,596 0	528,354 0	49,639 0
Peter Heckathorn Former EVP SHMG	(I) (II)	117,386 0	0 0	315,730 0	3,171 0	19,608 0	455,895 0	38,218 0
Laura A Irwin Former Employee	(I) (II)	90,453 0	0 0	26,369 0	2,564 0	9,125 0	128,511 0	24,049 0
Dana N Bledsoe Former Employee	(I) (II)	136,352 0	0 0	411,392 0	3,942 0	20,586 0	572,272 0	71,159 0

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Sacred Heart Health System Inc

Employer identification number
59-0634434

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) CNNM LLC	A Board Member at SHHS is an owner	209,435	Building Lease		No
(2) Emmanuel Sheppard and Condon	A Board Member at SHHS is a partner	128,868	Legal Services		No
(3) Studer Group	A Board Member at SHHS is an owner	318,189	Consulting Services		No

Part V Supplemental Information

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

Return Reference	Explanation
Schedule L, Part IV	All transactions reported on Part IV are reported at arms-length for fair market value

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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
Sacred Heart Health System Inc

Employer identification number
59-0634434

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part VI, Section A, line 2	
Form 990, Part VI, Section A, line 6	Sacred Heart Health System, Inc has a single corporate member, Ascension Health
Form 990, Part VI, Section A, line 7a	Sacred Heart Health System, Inc has a single corporate member, Ascension Health, who has the ability to elect members to the governing body of Sacred Heart Health System, Inc
Form 990, Part VI, Section A, line 7b	Ascension Health has designed a system authority matrix which assigns authority for key decisions that are necessary in the operation of the system Specific areas that are identified in the authority matrix are new organizations & major transactions, governing documents, appointments/removals, evaluation, debt limits, strategic & financial plans, assets, system policies & procedures These areas are subject to certain levels of approval by Ascension per the system authority matrix
Form 990, Part VI, Section B, line 11	Management, including certain officers, works diligently to complete the Form 990 and attached schedules in a thorough manner Prior to filing the return, all Board Members are provided the Form 990 and management team members are available to answer any Board Members questions
Form 990, Part VI, Section B, line 12c	The organization regularly and consistently monitors and enforces compliance with the Conflict of Interest Policy in that any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of the committees with governing board delegated powers considering the proposed transaction or arrangement The remaining individuals on the governing board or committee will decide if conflicts of interest exist Each director, principal officer and member of a committee with governing board delegated powers annually signs a statement which affirms such person has received a copy of the Conflict of Interest Policy, has read and understands the policy, has agreed to comply with the policy, and understands that the organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish its tax-exempt purpose Form 990, Part VI, Section B, Line 15a In determining the compensation of the organization's CEO, the process, performed by Ascension Health, a related organization of Sacred Heart Health System, Inc , included a review and approval by independent persons, comparability data and contemporaneous substantiation of the deliberation and decision The Compensation Committee reviewed and approved the compensation In the review of the compensation, the CEO was compared to individuals at other organizations in the area who hold the same title During the review and approval of the compensation, documentation of the decision was recorded in the committee minutes The individual was not present when her compensation was decided
Form 990, Part VI, Section B, line 15b	In determining compensation of other officers and key employees of the organization, the process included a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision The Compensation Committee and the Board of Directors reviewed and approved the compensation In the review of the compensation, the other officers and key employees of the organization were compared to individuals at other similar organizations in the region and nationally that hold the same title During the review and approval of the compensation, documentation of the decision was recorded in the board minutes Individuals were not present when their compensation was decided
Form 990, Part VI, Section C, line 19	The organization will provide any documents open to public inspection upon request
Form 990, Part VII, Section B	Independent Contractor Reporting Compensation of independent contractors is paid by and reported on the Form 1096, Annual Summary and Transmittal of U S Information Returns, of Ascension Health EIN 31-1662309 Expenses are allocated to and reimbursed by the filing organization to Ascension Health As such, the organization has not reported independent contractors paid on Form 990, Part VII, Section B
Form 990, Part XI, line 9	Deferred Pension Cost -1,528,256 Transfer to Ascension -317,968 Transfer to/from Affiliates -16,037,721 Other Changes in Fund Balance -650,528

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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
Sacred Heart Health System Inc

Employer identification number
59-0634434

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
(1) Ascension Health Alliance PO Box 45998 St Louis, MO 45998 45-3358926	National Health System	MO	Section 501(c)(3)	Schedule A, Line 11a	N/A		No
(2) 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
(3) Haven of Our lady of Peace Inc 5151 N 9th Ave Pensacola, FL 32504 59-3620346	Nursing Home	FL	Section 501(c)(3)	Schedule A, Line 9	Sacred Heart Health System	Yes	
(4) Sacred Heart Foundation Inc 5151 N 9th Ave Pensacola, FL 32504 59-2436597	Foundation	FL	Section 501(c)(3)	Scheudle A, Line 7	Sacred Heart Health System	Yes	
(5) Sacred Heart Health Ventures Inc 5151 N 9th Ave Pensacola, FL 32504 57-1183283	Investment	FL	Section 501(c)(3)	Schedule A, Line 11a	Sacred Heart Health System	Yes	

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) Interventional Rehabilitation Center LLC 1549 Airport Blvd Suite 420 Pensacola, FL 32503 59-3673361	Medical Services	FL	N/A									
(2) PET LLC 5149 North 9th Ave Suite 124 Pensacola, FL 32504 59-3788701	Medical Services	FL	N/A									
(3) Endoscopy Group LLC 4810 North Davis HWY Pensacola, FL 32503 59-3519881	Medical Services	FL	N/A									
(4) Gulf Region Radiation Oncology MSO LLC 5147 N 9th Ave Pensacola, FL 32504 26-1353083	Medical Management Services	FL	Sacred Heart Health System Inc	Related	231,833	1,810,423		No			No	51 000 %

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) Gulf Coast Diversified Inc 5154 N 9th Ave Pensacola, FL 32507 59-2432798	Investment	FL	Sacred Heart Health System Inc	C	2,211,048	16,612,352	100 000 %		No
(2) Gulf Region Radiation Oncology Centers Inc 1545 Airport Blvd Ste 1000 Pensacola, FL 32503 26-0623827	Medical Management Services	FL	Sacred Heart Health System Inc	C	3,657,730	560,684	50 000 %		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	Yes	
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		No
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h		No
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j		No
k Lease of facilities, equipment, or other assets from related organization(s)	1k		No
l Performance of services or membership or fundraising solicitations for related organization(s)	1l	Yes	
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n		No
o Sharing of paid employees with related organization(s)	1o	Yes	
p Reimbursement paid to related organization(s) for expenses	1p	Yes	
q Reimbursement paid by related organization(s) for expenses	1q		No
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
(1) Sacred Heart Foundation Inc	S	1,503,289	Cost
(2) Sacred Heart Foundation Inc	Q	273,110	Cost
(3) Haven of Our Lady of Peace Inc	L	224,218	Cost
(4) Haven of Our Lady of Peace Inc	O	7,692,107	Cost
(5) Ascension Health	R	21,801,000	Cost

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

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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**
Sacred Heart Health System Inc		59-0634434

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	10,181
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	10,181
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

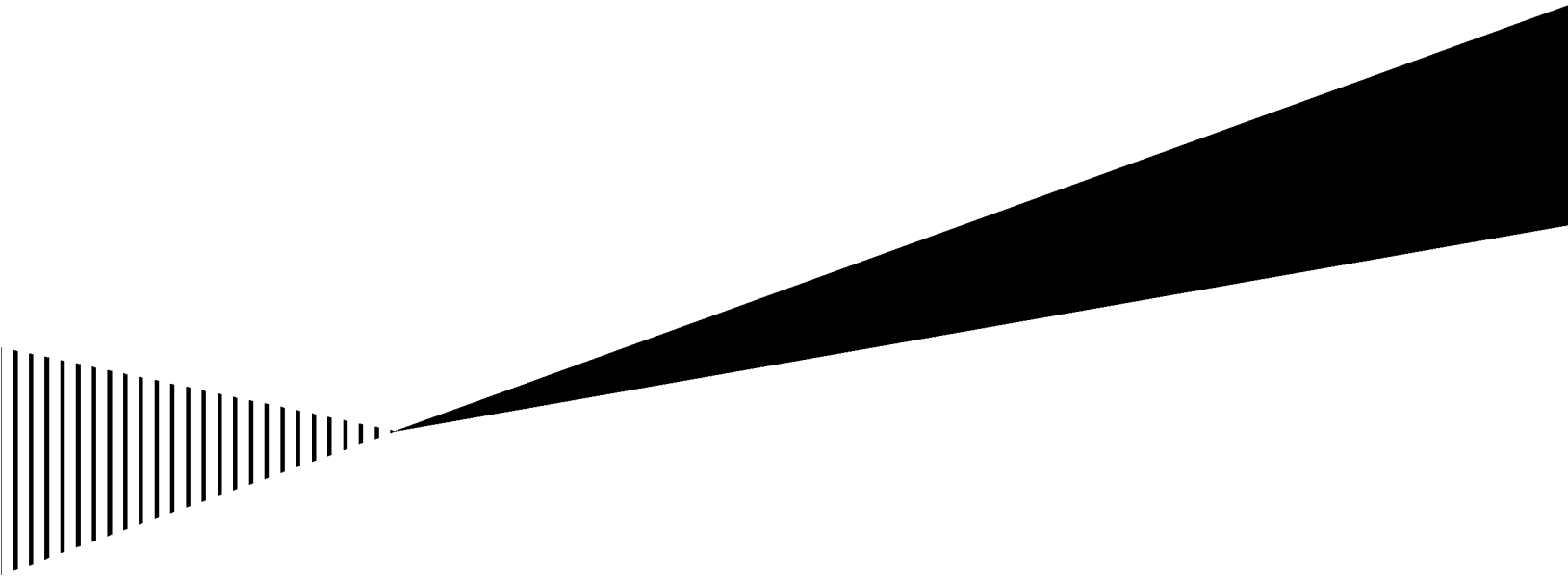
Part VI **Amortization**

(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

Sacred Heart Health System, Inc and Subsidiaries–
Member of Ascension Health, a subsidiary
of Ascension Health Alliance, d/b/a Ascension
Years Ended June 30, 2014 and 2013
With Report of Independent Auditors

Ernst & Young LLP



EY

Building a better working world

Sacred Heart Health System, Inc. and Subsidiaries

Consolidated Financial Statements
and Supplementary Information

Years Ended June 30, 2014 and 2013

Contents

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

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ey com

Report of Independent Auditors

The Board of Directors
Sacred Heart Health System, Inc and Subsidiaries

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U S generally accepted accounting principles, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free 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 Sacred Heart Health System, Inc and Subsidiaries 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 15, 2014

Sacred Heart Health System, Inc. and Subsidiaries

Consolidated Balance Sheets
(Dollars in Thousands)

	June 30	
	2014	**2013**
Assets		
Current assets		
Cash and cash equivalents	**$ 13,995**	$ 19,380
Accounts receivable, less allowances for doubtful accounts ($80,742 and $88,678 in 2014 and 2013, respectively)	**107,833**	98,225
Current portion of assets limited as to use	**3,491**	4,302
Estimated third-party payor settlements	**15,603**	17,729
Inventories	**18,028**	17,650
Other receivables	**20,782**	10,953
Other current assets	**5,492**	7,415
Total current assets	**185,224**	175,654
Assets limited as to use and other long-term investments	**15,260**	13,697
Interest in investments held by Ascension	**191,189**	186,990
Property and equipment, net	**309,293**	286,878
Other assets		
Land held for expansion	**4,702**	4,702
Investment in unconsolidated entities	**22,888**	33,546
Other	**22,859**	23,394
Total other assets	**50,449**	61,642
Total assets	**$ 751,415**	$ 724,861

	June 30	
	2014	**2013**
Liabilities and net assets		
Current liabilities		
Current portion of long-term debt	**$ 1,826**	$ 1,807
Accounts payable and accrued liabilities	**82,636**	57,028
Estimated third-party payor settlements	**6,530**	6,619
Current portion of self-insurance liabilities	**792**	1,149
Intercompany accounts payable	**7,764**	10,899
Other current liabilities	**3,693**	–
Total current liabilities	**103,241**	77,502
Noncurrent liabilities		
Long-term debt	**121,473**	123,157
Self-insurance liabilities	**2,946**	2,850
Pension and other postretirement liabilities	**8,809**	13,453
Other liabilities		
Deferred compensation	**13,101**	12,519
Other	**25,823**	27,273
Total noncurrent liabilities	**172,152**	179,252
Total liabilities	**275,393**	256,754
Net assets		
Unrestricted		
Controlling interest	**466,240**	457,357
Noncontrolling interests	**1,475**	1,802
Unrestricted net assets	**467,715**	459,159
Temporarily restricted	**8,270**	8,912
Permanently restricted	**37**	36
Total net assets	**476,022**	468,107
Total liabilities and net assets	**$ 751,415**	$ 724,861

See accompanying notes.

Sacred Heart Health System, Inc. and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets

(Dollars in Thousands)

	Year Ended June 30	
	2014	**2013**
Operating revenue		
Net patient service revenue	**$ 753,591**	$ 730,851
Less provision for doubtful accounts	**83,777**	80,351
Net patient service revenue, less provision for doubtful accounts	**669,814**	650,500
Other revenue	**21,189**	22,772
Loss from unconsolidated entities	**(3,205)**	(3,980)
Net assets released from restrictions for operations	**1,347**	1,921
Gain on sale of assets	**18**	503
Total operating revenue	**689,163**	671,716
Operating expenses		
Salaries and wages	**269,020**	272,615
Employee benefits	**63,112**	58,459
Purchased services	**63,821**	53,871
Professional fees	**37,412**	39,736
Supplies	**127,152**	132,546
Insurance	**3,725**	2,619
Interest	**5,336**	5,319
Depreciation and amortization	**30,938**	29,458
Other	**70,468**	74,602
Total operating expenses before impairment, restructuring, and nonrecurring gains (losses), net	**670,984**	669,225
Income (loss) from operations before impairment, restructuring, and nonrecurring gains (losses), net	**18,179**	2,491
Impairment, restructuring, and nonrecurring gains (losses), net	**(8,199)**	(5,479)
Income (loss) from operations	**9,980**	(2,988)
Nonoperating gains (losses)		
Investment return	**21,750**	14,999
Other	**(1,120)**	(3,967)
Total nonoperating gains (losses), net	**20,630**	11,032
Excess of revenues and gains over expenses and losses	**30,610**	8,044
Less noncontrolling interests	**(1,963)**	(2,051)
Excess of revenues and gains over expenses and losses attributable to controlling interest	**28,647**	5,993

Sacred Heart Health System, Inc. and Subsidiaries

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

(Dollars in Thousands)

	Year Ended June 30	
	2014	**2013**
Unrestricted net assets		
Excess of revenues and gains over expenses and losses	**$ 28,647**	$ 5,993
Pension and other postretirement liability adjustments	**(1,535)**	1,278
Transfers to sponsor and other affiliates, net	**(21,801)**	(10,645)
Net assets released from restrictions for property acquisitions	**3,336**	3,215
Other	**236**	38
Increase (decrease) in unrestricted net assets, controlling interest	**8,883**	(121)
Unrestricted net assets, noncontrolling interest		
(Deficit) of revenues and gains over expenses and losses	**(327)**	(231)
(Decrease) in unrestricted net assets, noncontrolling interest	**(327)**	(231)
Temporarily restricted net assets, controlling interest		
Contributions and grants	**3,961**	3,985
Net change in unrealized gains/losses on investments	**80**	10
Net assets released from restrictions	**(4,683)**	(5,137)
Other	**–**	(38)
(Decrease) in temporarily restricted net assets	**(642)**	(1,180)
Permanently restricted net assets		
Other	**1**	–
Increase in permanently restricted net assets	**1**	–
Increase (decrease) in net assets	**7,915**	(1,532)
Net assets, beginning of year	**468,107**	469,639
Net assets, end of year	**$ 476,022**	$ 468,107

See accompanying notes

Sacred Heart Health System, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
(Dollars in Thousands)

	Year Ended June 30	
	2014	**2013**
Operating activities		
Increase (decrease) in net assets	**$ 7,915**	$ (1,532)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	**30,938**	29,458
Provision for bad debts	**83,777**	80,351
Loss from unconsolidated entities	**3,212**	3,980
Interest, dividends, and net (gains) losses on investments	**(21,750)**	(14,999)
Loss (gain) on sale of assets, net	**(18)**	(503)
Impairment and nonrecurring expenses	**8,199**	5,479
Transfers to sponsor and other affiliates, net	**21,801**	10,645
Restricted contributions, investment return and other restricted activity	**(3,336)**	(3,215)
(Increase) decrease in		
Accounts receivable	**(93,385)**	(75,397)
Estimated third-party payor settlements	**2,037**	3,209
Inventories and other current assets	**(7,779)**	(3,483)
Investments classified as trading, including interest in investments held by Ascension	**16,134**	12,439
Other assets	**1,563**	(3,297)
Increase (decrease) in		
Accounts payable and accrued liabilities	**28,711**	(3,470)
Intercompany accounts payable	**(3,135)**	4,396
Self-insurance liabilities	**(261)**	310
Other noncurrent liabilities	**(5,515)**	6,267
Net cash provided by operating activities	**69,109**	50,638
Investing activities		
Property and equipment additions, net	**(44,315)**	(36,818)
Changes in accrued expenses related to capital expenditures	**(10,585)**	(116)
Proceeds from sale of property and equipment	**53**	1,170
Distributions received from unconsolidated entities	**483**	589
Net cash used in investing activities	**(54,364)**	(35,175)

Sacred Heart Health System, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (continued)
(Dollars in Thousands)

	Year Ended June 30	
	2014	**2013**
Financing activities		
Repayment of long-term debt	**$ (1,665)**	$ (1,979)
Transfers from (to) sponsors and other affiliates, net	**(21,801)**	(10,594)
Restricted contributions, investment income and other	**3,336**	3,215
Net cash used in financing activities	**(20,130)**	(9,358)
Net (decrease) increase in cash and cash equivalents	**(5,385)**	6,105
Cash and cash equivalents at beginning of year	**19,380**	13,275
Cash and cash equivalents at end of year	**$ 13,995**	$ 19,380

See accompanying notes.

1. Organization and Mission

Organizational Structure

Sacred Heart Health System, Inc and Subsidiaries (the Health Ministry) is a member of Ascension Health In December 2011, Ascension Health Alliance, doing business as Ascension, became 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 health care facilities, or Health Ministries, located in 23 of the United States and the District of Columbia In addition to serving as the sole corporate member of Ascension Health, Ascension serves as the member or shareholder of various other subsidiaries Ascension, its subsidiaries, and the Health Ministries are referred to collectively from time to time hereafter as the System

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 – American Province and the Sisters of the Sorrowful Mother of the Third Order of St Francis of Assisi – US/Caribbean Province

The Health Ministry's principal operations consist of three nonprofit acute care hospitals Sacred Heart Hospital located in Pensacola, Florida, Sacred Heart Hospital on the Emerald Coast, located in Destin, Florida and Sacred Heart Hospital on the Gulf, located in Port St Joe, Florida The Health Ministry also owns and operates other health care related entities, including a nursing facility and physicians' medical group The Health Ministry provides inpatient, outpatient, and emergency care services for residents of northwest Florida Admitting physicians are primarily practitioners in the local area The Health Ministry is related to Ascension Health's other sponsored organizations through common control Substantially all expenses of Ascension Health are related to providing health care services

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

1. Organization and Mission (continued)

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 health care because of inadequate resources and/or who are uninsured or underinsured

- 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 utilizes internal cost data and is estimated by reducing charges forgone by a factor derived from the ratio of total operating expenses to billed charges for patient care

The amount of traditional charity care provided, determined on the basis of cost, was approximately $13,002 and $14,087 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 are reported in the accompanying supplementary information

(Dollars in Thousands)

2. Significant Accounting Policies

Principles of Consolidation

All corporations and other entities for which operating control is exercised by the Health Ministry or one of its member corporations are consolidated, and all significant inter-entity transactions have been eliminated in consolidation

Investments in entities where the Health Ministry does not have operating control are recorded under the equity or cost method of accounting For entities recorded under the equity method of accounting, the following reflects the Health Ministry's interest in unconsolidated entities in the Consolidated Balance Sheets, as well as income or loss for such entities included in the consolidated excess of revenues and gains over expenses and losses in the accompanying Consolidated Statements of Operations and Changes in Net Assets

	Investment Recorded in Consolidated Balance Sheets as of June 30		**Effect on Consolidated Excess (Deficit) of Revenues and Gains over Expenses and Losses for the Years Ended June 30**	
	2014	**2013**	**2014**	**2013**
Destin Ambulatory Surgical Center, LLC	**$ 362**	$ 347	**$ 190**	$ 575
Escambia Clinics Holdings, Inc	**467**	475	**(7)**	–
Gulf Region Radiation Oncology, LLC	**1,810**	6,339	**177**	125
Bay County Health System, LLC	**20,249**	26,385	**(3,572)**	(4,680)
	$ 22,888	$ 33,546	**$ (3,212)**	$ (3,980)

The Health Ministry's equity in the net income (loss) of unconsolidated entities is recorded in other operating revenue if the investment relates to providing health care services The Health Ministry recorded $3,212 and $3,980 in other operating loss for the years ended June 30, 2014 and 2013, respectively

2. Significant Accounting Policies (continued)

Due to a history of operating losses and the magnitude of the difference between the estimated fair value and the carrying value of its equity investments, the Health Ministry determined the carrying value of its equity investments in Gulf Region Radiation Oncology, LLC and Bay County Health System, LLC to be other-than-temporarily impaired as of June 30, 2014 Accordingly, the Health Ministry recorded impairment charges of $4,522 and $3,086, respectively, during the year ended June 30, 2014, to write down the carrying value of these investments, which has been reflected in "impairment, restructuring, and nonrecurring gains (losses), net" in the Consolidated Statement of Operations and Changes in Net Assets for the period

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 and the Long-Term Debt note

Cash and Cash Equivalents

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

Interest in Investments Held by Ascension, Investments and Investment Return

As of June 30, 2014 and 2013, the Health Ministry has an interest in investments held by Ascension, which is reflected in the Consolidated Balance Sheets, and represents the Health Ministry's pro rata share of Ascension's investment interest in the Ascension Alpha Fund, LLC (Alpha Fund) Ascension has an investment interest in the Alpha Fund, as a member of the Alpha Fund, and invests funds in the Alpha Fund on behalf of the Health Ministry Ascension Investment Management, LLC (AIM), formerly known as Catholic Healthcare Investment Management Company, LLC, a wholly owned subsidiary of Ascension, acts as manager and

2. Significant Accounting Policies (continued)

serves as the principal investment advisor for the Alpha Fund, overseeing the investment strategies offered to the Alpha Fund's members AIM provides expertise in the areas of assets allocation, selection and monitoring of outside investment managers, and risk management Certain Health Ministry assets continue to be held through the Ascension Legacy Portfolio

The Health Ministry also invests in equity securities that are locally managed Primarily all of these funds are held in the Sacred Heart Foundation, where the Health Ministry has significant beneficial interest in foundation assets

The Health Ministry reports its interest in investments held by Ascension in the accompanying Consolidated Balance Sheets as long term based on liquidity The Health Ministry reports its other investments, including Foundation investments in the accompanying balance sheets based upon the long or short term nature of the investments and whether such investments are restricted by law or donors or designated for specific purposes by a governing body of the Health Ministry

The Health Ministry's investments are measured at fair value and are classified as trading securities The Alpha Fund's and the Ascension Legacy Portfolio's investments 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 The Alpha Fund's and the Ascension Legacy Portfolio's investments also include alternative investments and other investments, which are valued based on the net asset value of the investments In addition, the Alpha Fund participates, and the Ascension Legacy Portfolio participated, in securities lending transactions whereby a portion of its investments is loaned to selected established brokerage firms in return for cash and securities from the brokers as collateral for the investments loaned

Purchases and sales of investments are accounted for on a trade-date basis Investment returns consist of dividends, interest, and gains and losses on the Health Ministry's investments, as well as the Health Ministry's return on its interest in investments held by Ascension, and 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

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

Inventories

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

Deferred Compensation

Certain executives of the Health Ministry participate in a deferred compensation plan Total cost for the plan in 2014 and 2013 was $623 and $453, respectively The plan assets of $13,101 are recorded at fair value in other long-term assets with an offsetting noncurrent liability, included in other noncurrent liabilities on the Consolidated Balance Sheets equal to the assets

Intangible Assets

Intangible assets primarily consist of capitalized computer software costs, including software internally developed 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 other noncurrent assets on the Consolidated Balance Sheets and are comprised of the following

	June 30	
	2014	**2013**
Capitalized computer software costs	**$ 32,475**	$ 29,412
Less accumulated amortization	**(26,111)**	(22,287)
Total intangible assets, net	**$ 6,364**	$ 7,125

Computer software costs are amortized over a range of 3 to 7 years Total amortization expense for 2014 and 2013 was $3,830 and $2,227, respectively

(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	**$ 51,182**	$ 50,380
Buildings and equipment	**580,061**	561,501
	631,243	611,881
Less accumulated depreciation	**(378,002)**	(355,261)
	253,241	256,620
Construction in progress	**56,052**	30,258
Total property and equipment, net	**$ 309,293**	$ 286,878

Depreciation is determined on a straight-line basis over the estimated useful lives of the related assets Depreciation expense in 2014 and 2013 was $27,108 and $27,231, respectively

Estimated useful lives by asset category are as follows land improvements – 5 to 15 years, buildings – 5 to 40 years, and equipment – 5 to 15 years Interest costs incurred as part of related construction are capitalized during the period of construction Net interest capitalized in 2014 and 2013 was $456 and $329, respectively

Noncontrolling Interest

The consolidated financial statements include all assets, liabilities, revenue and expenses of less than 100% owned or controlled entities the Health Ministry controls in accordance with applicable accounting guidance Accordingly, the Health Ministry has reflected a noncontrolling interest for the portion of net assets not owned or controlled by the Health Ministry separately on the Consolidated Balance Sheets

2. Significant Accounting Policies (continued)

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use by the Health Ministry 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 donor's 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

Performance Indicator

The performance indicator is 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, contributions of property and equipment

Operating and Nonoperating Activities

The Health Ministry's primary mission is to meet the health care needs in its market area through a broad range of general and specialized health care services, including inpatient acute care, outpatient services, long-term care, and other health care 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 Health Ministry's primary mission are considered to be nonoperating, consisting primarily of investment income

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

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 include estimated retroactive adjustments under reimbursement agreements with third-party payors The Health Ministry 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 (decreased) net patient service revenue by approximately $4,071 and ($4,965) for the years ended June 30, 2014 and 2013, respectively

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

	Year Ended June 30	
	2014	**2013**
Medicare	**34%**	35%
Medicaid	**13**	12
Blue Cross	**26**	27
Third Party	**23**	21
Self-pay	**4**	5
	100%	100%

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

The System grants credit without collateral to its patients, most of whom are 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	**2013**
Medicare	**17%**	14%
Medicaid	**13**	15
Blue Cross	**12**	8
Third Party	**29**	39
Self-pay	**29**	24
	100%	14%

The provision for doubtful accounts is based upon management's assessment of expected net collections considering economic conditions, historical experience, trends in health care 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 Health Ministry 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 Ascension Health Accounts receivable are written off after collection efforts have been followed in accordance with the Health Ministry'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 Health Ministry has not experienced material changes in write-off trends and has not materially changed its charity care policy in the current fiscal year

2. Significant Accounting Policies (continued)

The Health Ministry entered into an agreement August 13, 2013, to transfer certain patient receivables with recourse to a third party in exchange for cash at a discounted rate The Health Ministry is deemed to have retained the risk of ownership of the receivables, which serve as collateral for the cash advanced to the Health Ministry, and the Health Ministry continues to reflect the receivable and related liability to the third party on its consolidated balance sheets As of June 30, 2014, receivables subject to this arrangement were $3,693 and are included in other current assets The Health Ministry estimates its recourse obligation, which is reflected in accounts payable and other accrued liabilities

Electronic Health Record Incentive Payments

The American Recovery and Reinvestment Act of 2009 (ARRA) included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH) The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program beginning in 2011 for eligible providers that adopt and meaningfully use certified EHR technology Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period Initial Medicaid incentive payments are available to providers that adopt, implement or upgrade certified EHR technology Providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicaid incentive payments

The Health Ministry accounts for HITECH incentive payments as a gain contingency Income from Medicare incentive payments is recognized as revenue after the Health Ministry has demonstrated that it complied with the meaningful use criteria over the entire applicable compliance period and the cost report period that will be used to determine the final incentive payment has ended The Health Ministry recognizes revenue when qualifying patient volume thresholds and meaningful use objectives have been met for the applicable reporting period Incentive payments totaling $5,862 and $3,340 for the years ended June 30, 2014 and 2013, respectively, are included in total operating revenue in the accompanying Consolidated Statements of Operations and Changes in Net Assets Income from incentive payments is subject to retrospective adjustment as the incentive payments are calculated using Medicare cost report data that is subject to audit Additionally, the Health Ministry's compliance with the meaningful use criteria is subject to audit by the federal government

2. Significant Accounting Policies (continued)

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

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 discounted net cash flows or other estimates of fair value For the year ended June 30, 2014, amount was comprised of long-lived asset impairments related to investments in unconsolidated entities of approximately $7,608 and restructuring and nonrecurring expenses of $591

During the years ended June 30, 2014 and 2013, the Health Ministry recorded total impairment, restructuring, and nonrecurring losses of $8,199 and $5,479, respectively For the year ended June 30, 2014, this amount was comprised of impairments of investments in unconsolidated entities of approximately $7,608 and restructuring and nonrecurring expenses of $591 The restructuring and nonrecurring expenses for the year ended June 30, 2014, primarily related to flood damage incurred in April 2014 For the year ended June 30, 2013, this amount was related to changes in business operations, including reorganization and severance charges

Hospital or Health Ministry Income Taxes

The member health care entities of the Health Ministry are primarily tax-exempt organizations under Internal Revenue Code Section 501(c)(3) or 501(c)(2), and their related income is exempt from federal income tax under Section 501(a)

Reclassification

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

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

Subsequent Events

The Health Ministry evaluates the impact of subsequent events, which are events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the financial statements as of the balance sheet date For the year ended June 30, 2014, the Health Ministry evaluated subsequent events through September 15, 2014, representing the date on which the financial statements were available to be issued During this period, there were no material subsequent events that required recognition or disclosure in the financial statements

3. Cash and Cash Equivalents, Interest in Investments Held by Ascension, and Assets Limited as to Use and Other Long-Term Investments

At June 30, 2014 and 2013, the Health Ministry's investments are comprised of its interest in investments held by Ascension and certain other investments, including investments held and managed by Sacred Heart Foundation Board-designated investments represent investments designated by resolution of the Sacred Heart Foundation to put amounts aside primarily for future capital expansion and improvements Assets limited as to use primarily include investments restricted by donors The Health Ministry's cash and cash equivalents, short-term investments, interest in investments held by Ascension and assets limited as to use and other long-term investments are reported in the accompanying Consolidated Balance Sheets as presented in the following table

	June 30	
	2014	**2013**
Cash and cash equivalents	**$ 13,995**	$ 19,380
Current portion of assets limited as to use	**3,491**	4,302
Assets limited as to use and other long-term investments		
Assets limited as to use	**8,294**	6,003
Other long-term investments	**6,966**	7,694
Total assets limited as to use and other long-term investments	**15,260**	13,697
Other noncurrent assets (deferred compensation assets)	**13,101**	12,519
Interest in investments held by Ascension Health Alliance	**191,189**	186,990
Total	**$ 237,036**	$ 236,888

(Dollars in Thousands)

3. Cash and Cash Equivalents, Interest in Investments Held by Ascension, and Assets Limited as to Use and Other Long-Term Investments (continued)

The composition of cash and investments classified as cash and cash equivalents, short-term investments, board-designated investments, assets limited as to use, and other investments is summarized as follows

	June 30	
	2014	**2013**
Cash and cash equivalents	**$ 13,995**	$ 19,380
Assets limited as to use		
Cash and current portion of pledges receivable	**3,491**	4,302
Noncurrent portion of pledges receivable, net	**522**	258
Long-term investments at fair value	**12,588**	10,392
Real property	**2,150**	3,047
Current portion of assets limited as to use, noncurrent portion of assets limited as to use, and other long-term investments	**18,751**	17,999
Interest in investments held by Ascension Health Alliance	**191,189**	186,990
Other noncurrent assets (deferred compensation assets)	**13,101**	12,519
Cash and cash equivalents, short-term investments, interest in investments held by Ascension Health Alliance, assets limited as to use and other long-term investments	**$ 237,036**	$ 236,888

(Dollars in Thousands)

3. Cash and Cash Equivalents, Interest in Investments Held by Ascension, and Assets Limited as to Use and Other Long-Term Investments (continued)

As of June 30, 2014 and 2013, the composition of total Alpha Fund and HSD investments is as follows

	June 30	
	2014	**2013**
Cash, cash equivalents and short-term investments	**2.5%**	3 3%
U S government obligations	**21.8**	24 7
Asset-backed securities	**6.7**	8 6
Corporate and foreign fixed income investments	**11.0**	12 0
Equity securities	**19.6**	17 4
Alternative investments and other investments		
Private equity and real estate funds	**7.0**	5 8
Hedge funds	**23.0**	21 9
Commodities funds and other investments	**8.4**	6 3
Total	**100.0%**	100 0%

Investment return recognized by the Health Ministry is summarized as follows

	2014	**2013**
Return on interest in investments held by Ascension	**$ 9,076**	$ 8,474
Net gains on investments reported at fair value	**12,674**	6,525
Total investment return included in nonoperating gains	**$ 21,750**	$ 14,999

4. Fair Value Measurements

The Health Ministry categorizes, for disclosure purposes, assets and liabilities measured at fair value in the financial statements based upon whether the inputs used to determine their fair values are observable or unobservable Observable inputs are inputs which 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

4. Fair Value Measurements (continued)

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 Health Ministry'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

The Health Ministry 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 investments in active markets or exchanges or prices quoted for identical or similar investments 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, respectively

4. Fair Value Measurements (continued)

As of June 30, 2014 and 2013, the Level 2 and Level 3 assets listed in the fair value hierarchy tables below utilize the following valuation techniques and inputs

Pooled short-term investment funds

The fair value of pooled short-term investment funds is based on cost 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 the annuity contract, the contract value, and the annualized weighted-average yield to maturity of the underlying investment portfolio

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

Real property

The fair value of investments in real property is based on independent third party appraisals

As discussed in the Significant Accounting Policies and the Cash and Cash Equivalents, Interest in Investments Held by Ascension, and Assets Limited as to Use and Other Long-Term Investments notes, SHHS has an interest in investments held by Ascension As of June 30, 2014, 21%, 38%, and 41% of total Alpha Fund assets that are measured at fair value on a recurring basis were measured based on Level 1, Level 2, and Level 3 inputs, respectively, while 0%, 100%, and 0% of total Alpha Fund liabilities that are measured at fair value on a recurring basis were measured at such fair values based on Level 1, Level 2, and Level 3 inputs, respectively As

(Dollars in Thousands)

4. Fair Value Measurements (continued)

of June 30, 2013, 20%, 43%, and 37% of total Alpha Fund assets that were measured at fair value on a recurring basis were measured based on Level 1, Level 2, and Level 3 inputs, respectively, while 0%, 100%, and 0% of total Alpha Fund liabilities that were measured at fair value on a recurring basis were measured based on Level 1, Level 2, and Level 3 inputs, respectively

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

	Level 1	Level 2	Level 3	Total
June 30, 2014				
Assets limited as to use and other long-term investments				
Equity securities	**$ 8,925**	**$ –**	**$ –**	**$ 8,925**
Corporate fixed income	**–**	**3,663**	**–**	**3,663**
Deferred compensation assets, included in other noncurrent assets				
Equity securities	**8,980**	**–**	**–**	**8,980**
Pooled short-term investment fund	**–**	**–**	**4,121**	**4,121**
Real property	**–**	**–**	**2,150**	**2,150**
Total	**$ 17,905**	**$ 3,663**	**$ 6,271**	**$ 27,839**

(Dollars in Thousands)

4. Fair Value Measurements (continued)

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

	Level 1	Level 2	Level 3	Total
June 30, 2013				
Assets limited as to use and other long-term investments				
Equity securities	$ 9,334	$ –	$ –	$ 9,334
Corporate fixed income		1,058		1,058
Deferred compensation assets, included in other noncurrent assets				
Equity securities	8,325	–	–	8,325
Pooled short-term investment fund	–	–	4,194	4,194
Real property	–	–	3,047	3,047
Total	$ 17,659	$ 1,058	$ 7,241	$ 25,958

(Dollars in Thousands)

4. Fair Value Measurements (continued)

During the years ended June 30, 2014 and 2013, the changes in the fair value of the foregoing assets measured using significant unobservable inputs (Level 3) were comprised of the following

	Deferred Compensation Assets	Real Property Assets
July 1, 2012	$ 4,060	$ –
Purchases, issuances, and settlements	1,640	3,047
Sales	(1,402)	–
Transfers into Level 3	419	–
Transfers out of Level 3	(523)	–
June 30, 2013	4,194	3,047
July 1, 2013	**4,194**	**3,047**
Purchases	**2,249**	–
Sales	**(1,995)**	–
Transfers into Level 3	**526**	–
Transfers out of Level 3	**(853)**	–
Unrealized loss relating to investments still held at reporting date	–	**(897)**
June 30, 2014	**$ 4,121**	**$ 2,150**

(Dollars in Thousands)

5. Long-Term Debt

Long-term debt consists of the following

	June 30 2014	2013
Intercompany debt with Ascension, payable in installments through November 2053, interest (3 0% and 3 5% at June 30, 2014 and 2013, respectively) adjusted based on prevailing blended market interest rate of underlying debt obligations	**$ 123,148**	$ 124,946
Other	**151**	18
	123,299	124,964
Less current portion	**(1,826)**	(1,807)
Long-term debt, less current portion	**$ 121,473**	$ 123,157

Scheduled principal repayments of long-term debt are as follows

Year ending June 30	
2015	$ 1,826
2016	1,534
2017	1,851
2018	1,825
2019	2,172
Thereafter	114,091
Total	$ 123,299

Certain members of Ascension formed the Ascension Health Credit Group (Senior Credit Group) Each Senior Credit Group member is identified as either a senior obligated group member, senior designated affiliate, or 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 Ascension Though senior designated affiliates and senior limited designated affiliates are not obligated to make debt service payments on the obligations under the Senior MTI, Ascension 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

5. Long-Term Debt (continued)

MTI, including repayment of the outstanding obligations Additionally, each senior limited designated affiliate has an independent limited designated affiliate agreement and promissory note with Ascension with stipulated repayment terms and conditions, each subject to the governing law of the senior limited designated affiliate's state of incorporation The Health Ministry is a senior obligated group member under the terms of the Senior MTI

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 Ascension Though subordinate designated affiliates and subordinate limited designated affiliates are not obligated to make debt service payments on the obligations under the Subordinate MTI, Ascension may cause each subordinate designated affiliate to 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 Ascension, with stipulated repayment terms and conditions, each subject to the governing law of the subordinate limited designated affiliate's state of incorporation The Health Ministry is a subordinate obligated group member under the terms of the Subordinate MTI

The borrowing portfolio of the Senior and Subordinate Credit Group includes a combination of fixed and variable rate hospital revenue bonds, commercial paper and other obligations, the proceeds of which are in turn loaned to the Senior and Subordinate Credit Group members subject to a long-term amortization schedule of 1 to 39 years

5. Long-Term Debt (continued)

Certain portions of Senior and Subordinate Credit Group borrowings may be periodically subject to interest rate swap arrangements to effectively convert borrowing rates on such obligations from a floating to a fixed interest rate or vice versa based on market conditions Additionally, Senior and Subordinate Credit Group borrowings may, from time to time, be refinanced or restructured in order to take advantage of favorable market interest rates or other financial opportunities Any gain or loss on refinancing, as well as any bond premiums or discounts, are allocated to the Senior and Subordinate Credit Group members based on their pro rata share of the Senior and Subordinate Credit Group's obligations Senior and Subordinate Credit Group refinancing transactions rarely have a significant impact on the outstanding borrowings or intercompany debt amortization schedule of any individual Senior and Subordinate Credit Group member

The carrying amounts of intercompany debt with Ascension and other debt approximate fair value based on a portfolio market valuation provided by a third party

The Senior and Subordinate Credit Group financing documents contain certain restrictive covenants, including a debt service coverage ratio

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 rate debt (including commercial paper) or for general corporate purposes, toward 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 Subordinate 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 27, 2014 As of June 30, 2014, $57,455 of letters of credit had been extended under the revolving line of credit, although there were no borrowings under any of the letters of credit

The outstanding principal amount of all hospital revenue bonds is $5,119,505 which represents 36% of the combined unrestricted net assets of the Senior and Subordinate Credit Group members at June 30, 2014

5. Long-Term Debt (continued)

Guarantees are contingent commitments issued by the Senior and Subordinate Credit Groups, generally to guarantee the performance of a sponsored organization or an affiliate to a third party in borrowing arrangements such as commercial paper issuances, bond financing, and similar transactions The term of the guarantee is equal to the term of the related debt which can be as short as 30 days or as long as 26 years The maximum potential amount of future payments the Senior and Subordinate Credit Groups could be required to make under their guarantees and other commitments at June 30, 2014, is approximately $380,000

During the years ended June 30, 2014 and 2013, interest paid was approximately $5,792 and $5,647, respectively Capitalized interest was approximately $456 and $329 for the years ended June 30, 2014 and 2013, respectively

6. Pension Plans

The Health Ministry participates in the Ascension Health Pension Plan and the Ascension Health Defined Contribution Plan Details of these plans are as follows

Ascension Health Pension Plan

The Health Ministry participates in the Ascension Health Pension Plan, (the Ascension Plan), a noncontributory defined benefit pension plan which covers substantially all eligible employees of certain System entities Benefits are based on each participant's years of service and compensation The Ascension Plan's assets are invested in the Ascension Health Master Pension Trust (the Trust), a master trust primarily consisting of cash and cash equivalents, equity, fixed income funds and alternative investments, consisting of various private equity, hedge funds, real estate funds, private equity funds, commodity funds, private credit funds, and certain other private funds The Trust also invests in derivative instruments, the purpose of which is to economically hedge the change in the net funded status of the Ascension Plan for a significant portion of the total pension liability that can occur due to changes in interest rates Contributions to the Ascension Plan are based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants Net periodic pension income of $6,058 and $1,973 was recognized by the Health Ministry in 2014 and 2013, respectively The service cost component of net periodic pension cost charged to the Health Ministry is actuarially determined while all other components are allocated based on the Health Ministry's pro rata share of Ascension Health's overall projected benefit obligation

6. Pension Plans (continued)

The assets of the Ascension Plan are available to pay the benefits of eligible employees of all participating entities In the event participating entities are unable to fulfill their financial obligations under the Ascension Plan, the other participating entities are obligated to do so As of June 30, 2014, the Ascension Plan had a net unfunded liability of $73,655 The Health Ministry's allocated share of the Ascension Plan's net unfunded liability reflected in the accompanying Consolidated Balance Sheets at June 30, 2014 and 2013, was $8,809 and $13,453, respectively As a result of updating the funded status of the Plan, Ascension Health transferred an additional pension liability of $1,535 and $235 to the Health Ministry during 2014 and 2013, respectively These transfers are included in pension and other postretirement liability adjustments in the accompanying Consolidated Statements of Operations and Changes in Net Assets

As of June 30, 2014 and 2013, the fair value of the Ascension Plan's assets available for benefits was $4,249,592 and $3,849,706, respectively As discussed in the Fair Value Measurements note, the Health Ministry, as well as the System, follows a three-level hierarchy to categorize assets and liabilities measured at fair value In accordance with this hierarchy, as of June 30, 2014, 23%, 39%, and 38% of the Ascension Plan's assets which are measured at fair value on a recurring basis were categorized as Level 1, Level 2, and Level 3, respectively With respect to the Ascension Plan's liabilities measured at fair value on a recurring basis, 0%, 98%, and 2% were categorized as Level 1, Level 2, and Level 3, respectively, as of June 30, 2014 Additionally, as of June 30, 2013, 21%, 39%, and 40% of the Ascension Plan's assets which are measured at fair value on a recurring basis were categorized as Level 1, Level 2, and Level 3, respectively With respect to the Ascension Plan's liabilities measured at fair value on a recurring basis, 0%, 0%, and 100% were categorized as Level 1, Level 2, and Level 3, respectively, as of June 30, 2013

Ascension Health Defined Contribution Plan

The Health Ministry participates in the Ascension Health Defined Contribution Plan (the Defined Contribution Plan), a contributory and noncontributory, defined contribution plan sponsored by Ascension Health which covers all eligible associates There are three primary types of contributions to the Defined Contribution Plan 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 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

6. Pension Plans (continued)

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 all employer contributions immediately Defined contribution expense, representing both employer automatic contributions and employer matching contributions, was $12,446 and $7,104 for the years ended June 30, 2014 and 2013, respectively

7. Self-Insurance Programs

The Health Ministry participates 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 Actuarially determined amounts, discounted at 6%, are contributed to the trusts and the captive insurance company 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 and are discounted at 6% in 2014 and 2013 In the event that sufficient funds are not available from the self-insurance programs, each participating entity may be assessed its pro rata share of the deficiency If contributions exceed the losses paid, the excess may be returned to participating entities

Professional and General Liability Programs

The Health Ministry participates in Ascension's professional and general liability self-insured program which provides claims-made coverage through a wholly owned on-shore trust and offshore captive insurance company, Ascension Health Insurance, Ltd (AHIL), with a self-insured retention of $10,000 per occurrence with no aggregate The Health Ministry has a deductible of $100 per claim 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

Included in operating expenses in the accompanying Consolidated Statements of Operations and Changes in Net Assets is professional and general liability expense of $2,564 and $1,333 for the years ended June 30, 2014 and 2013, respectively For the years ended June 30, 2014 and 2013, the expense has been reduced by $5,194 and $5,659, respectively, of excess premiums retained

(Dollars in Thousands)

7. Self-Insurance Programs (continued)

by Ascension's professional and general liability self-insured program which has been returned to the Health Ministry Included in current and long-term self-insurance liabilities on the accompanying Consolidated Balance Sheets are liabilities for deductibles and reserves for claims incurred but not yet reported of approximately $3,738 and $3,999, at June 30, 2014 and 2013, respectively

Workers' Compensation

The Health Ministry participates in Ascension's workers' compensation program which provides occurrence coverage through a grantor trust The trust provides coverage up to $1,000 per occurrence with no aggregate The trust provides a mechanism for funding the workers' compensation obligations of its members Excess insurance against catastrophic loss is obtained through commercial insurers Premium payments made to the trust are expensed and reflect both 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 $1,239 and $1,369 for the years ended June 30, 2014 and 2013, respectively

8. Lease Commitments

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

Year ending June 30	
2015	$ 8,281
2016	7,593
2017	6,493
2018	5,559
2019	4,438
Thereafter	17,954
Total	$ 50,318

8. Lease Commitments (continued)

The Health Ministry has subleased certain of its space under the operating leases reported above Total future minimum rents to be received under noncancelable subleases with terms of one year or more are $1,510

In prior years, the Health Ministry entered into agreements to lease four parcels of land to an unrelated third party to construct and operate medical office buildings on the premises Under the first lease, annual payments of $51 are due from the lessee, beginning on February 1, 1999, and continuing for a 51½-year period Beginning with the second lease year through the term of the lease, rental payments increase by an amount equal to 2 00% of the rent of the previous year The lessee has the option to extend the term of the lease for an additional ten-year period Under the second lease, quarterly payments of $14 are due from the lessee, beginning on July 26, 2004, and continuing for a 76½-year period Beginning with the 2007 lease year through and including the 2016 lease year, rental payments increase by an amount equal to 2 75% of the rent of the previous year After the 2016 lease year, rent will increase by the lesser of 2 75% of the immediately preceding lease year or the Consumer Price Index as defined by the lease agreement The lessee has the option to extend the term of the lease for an additional ten-year period Under the third lease, quarterly payments of $15 are due from the lessee, beginning on May 1, 2002, and continuing for a 76½-year period Beginning with the 2005 lease year through and including the 2014 lease year, rental payments increase by an amount equal to 2 75% of the rent of the previous year After the 2015 lease year, rent will increase by the lesser of 2 75% of the immediately preceding lease year or the Consumer Price Index as defined by the lease agreement The lessee has the option to extend the term of the lease for an additional ten-year period Under the fourth lease, quarterly payments of $46 are due from the lessee, beginning on October 1, 2003, and continuing for a 76½-year period Beginning with the 2005 lease year through and including the 2014 lease year, rental payments increase by an amount equal to 2 75% of the rent of the previous year After the 2015 lease year, rent will increase by the lesser of 2 75% of the immediately preceding lease year or the Consumer Price Index as defined by the lease agreement The lessee has the option to extend the term of the lease for an additional ten-year period

(Dollars in Thousands)

8. Lease Commitments (continued)

In addition, the Health Ministry is a lessor under certain operating lease agreements, primarily ground leases related to third-party-owned medical office buildings on land owned by the Health Ministry Future minimum rental receipts under all noncancelable operating leases with terms of one year or more are as follows

Year ending June 30	
2015	$ 1,939
2016	1,702
2017	1,449
2018	1,436
2019	1,431
Thereafter	49,411
Total	$ 57,368

Rental expense under operating leases amounted to $13,535 and $13,591 in 2014 and 2013, respectively

The Health Ministry entered into agreements to lease space in MOBs under construction by external development companies The Health Ministry was considered the owner of the MOBs during construction In addition, because these transactions (and the sales of other existing MOBs) did not qualify for sale-leaseback accounting, they were treated as financing transactions Accordingly, the associated financing obligations of $11,728 and $11,911 at June 30, 2014 and 2013, respectively, are included in other noncurrent liabilities in the accompanying Consolidated Balance Sheets These financing obligations will not result in cash payments All future cash obligations related to leased space within these MOBs are included as future minimum lease payments in the amounts reported above

9. Related-Party Transactions

The Health Ministry utilized various centralized programs and overhead services of the System or its other sponsored organizations including risk management, retirement services, treasury, debt management, executive management support, administrative services, and information technology services The charges allocated to the Health Ministry for these services represent both allocations of common costs and specifically identified expenses that are incurred by the System on behalf of the Health Ministry Allocations are based on relevant metrics such as the Health Ministry's pro rata share of revenues, certain costs, debt, or investments to the consolidated totals of the System The amounts charged to the Health Ministry for these services may not necessarily result in the net costs that would be incurred by the Health Ministry on a stand-alone basis The charges allocated to the Health Ministry were approximately $36,869 and $35,186 for the years ended June 30, 2014 and 2013, respectively

In addition to the charges discussed above, the Health Ministry made payments to the System of $7,057 and $7,039 for the years ended June 30, 2014 and 2013, respectively, representing the Health Ministry's share of costs to fund a System-wide information technology and process standardization project that is expected to continue through December 2015 These payments are included in transfers to sponsor and other affiliates, net, in the accompanying Statements of Operations and Changes in Consolidated Net Assets

During the years ended June 30, 2014 and 2013, the Health Ministry transferred cash and investments of $14,744 and $2,119, respectively, in support of the System's strategic initiatives The fiscal 2014 amount reflects a change in the System's methodology regarding allocation of the costs to fund certain strategic initiatives and capital projects

10. Contingencies and Commitments

In March 2013, Ascension and some of its subsidiaries were named as defendants to litigation surrounding the Church Plan status of the Ascension Plan 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 While the plaintiff in the case could appeal the decision, in such event, the Health Ministry does not believe that this matter would have a material adverse effect on the Health Ministry's financial position or results of operations

10. 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 (ICDs) were provided to certain Medicare beneficiaries in accordance with national coverage criteria In connection with this nationwide review, the Health Ministry will be reviewing applicable medical records for response to the DOJ The DOJ's investigation spans a time frame beginning in 2003 and extending through the present time The Health Ministry has submitted records in connection with this investigation but no demands or settlement negotiations have been initiated as of this date

Supplementary Information

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Report of Independent Auditors on Supplementary Information

The Board of Directors
Sacred Heart Health System, Inc and Subsidiaries

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The Schedule of Net Cost of Providing Care of Persons Living in Poverty and Other Community Benefit Programs is 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 consolidated financial statements The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

Ernst + Young LLP

September 15, 2014

Sacred Heart Health System, Inc. and Subsidiaries

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

The net cost excluding the provision for bad debt expense of providing care of persons living in poverty and other community benefit programs is as follows

	Year Ended June 30	
	2014	**2013**
	(Dollars in Thousands)	
Traditional charity care provided	**$ 13,002**	$ 14,087
Unpaid cost of public programs for persons living in poverty	**39,463**	39,540
Other programs for persons living in poverty and other vulnerable persons	**757**	806
Community benefit programs	**4,905**	4,442
Care of persons living in poverty and other community benefit programs	**$ 58,127**	$ 58,875

Sacred Heart Health System, Inc. and Subsidiaries

Details of Consolidated Balance Sheet

June 30, 2014
(Dollars in Thousands)

	Consolidated
Assets	
Current assets	
Cash and cash equivalents	$ 13,995
Accounts receivable less allowances for doubtful accounts ($80 742 and $88 678 in 2014 and 2013 respectively)	107,833
Current portion of assets limited as to use	3,491
Estimated third-party payor settlements	15,603
Intercompany accounts receivable	–
Inventories	18,028
Other receivables	20,782
Other current assets	5,492
Total current assets	185,224
Assets limited as to use and other long-term investments	15,260
Interest in investments held by Ascension	191,189
Property and equipment net	309,293
Other assets	
Land held for expansion	4,702
Investment in unconsolidated entities	22,888
Other	22,859
Total other assets	50,449
Total assets	$ 751,415
Liabilities and net assets	
Current liabilities	
Current portion of long-term debt	$ 1,826
Accounts payable and accrued liabilities	82,636
Estimated third-party payor settlements	6,530
Current portion of self-insurance liabilities	792
Intercompany accounts payable	7,764
AR Sold with Recourse	3,693
Total current liabilities	103,241
Noncurrent liabilities	
Long-term debt	121,473
Self-insurance liabilities	2,946
Pension and other postretirement liabilities	8,809
Other Liabilites	
Deferred compensation	13,101
Other	25,823
Total noncurrent liabilities	172,152
Total liabilities	275,393
Net assets	
Unrestricted	
Controlling interest	466,240
Noncontrolling interest	1,475
Unrestricted net assets	467,715
Temporarily restricted	8,270
Permanently restricted	37
Total net assets	476,022
Total liabilities and net assets	$ 751,415

Reclassification/ Eliminations	Sacred Heart Hospital - Pensacola	Sacred Heart Hospital - Emerald Coast	Sacred Heart Hospital - Gulf	Sacred Heart Foundation	Other
$ –	$ 1 116	$ 356	$ 1	$ –	$ 12 522
–	57 918	16 901	1 478	–	31 536
–	–	–	–	3 491	–
–	13 229	1 743	521	–	110
(198 324)	9 188	75 490	189	–	113 457
–	13 305	3 187	326	–	1 210
–	3 270	1 415	(63)	(172)	16 332
–	2 573	462	107	42	2 308
(198 324)	100 599	99 554	2 559	3 361	177 475
–	5 812	1 673	351	7 424	–
–	169 281	–	–	–	21 908
–	163 325	41 290	29 298	11	75 369
–	4 702				
–	2 277				20 611
–	540	387	374	11	21 547
–	7 519	387	374	11	42 158
$ (198 324)	$ 446 536	$ 142 904	$ 32 582	$ 10 807	$ 316 910
$ –	$ 979	$ 488	$ –	$ 1	$ 358
–	31 609	5 598	885	95	44 449
–	5 940	590	–	–	–
–	792	–	–	–	–
(198 324)	53 562	1 445	3 349	4 327	143 405
–	2 322	1 055	94	–	222
(198 324)	95 204	9 176	4 328	4 423	188 434
–	67 441	33 628	–	48	20 356
–	2 618	261	28	–	39
–	5 356	738	–	39	2 676
–	431	306	–	6	12 358
–	6 050	1 046	2 612	100	16 015
–	81 896	35 979	2 640	193	51 444
(198 324)	177 100	45 155	6 968	4 616	239 878
–	263 490	96 035	25 259	5 899	75 557
–	–	–	–	–	1 475
–	263 490	96 035	25 259	5 899	77 032
–	5 946	1 714	355	255	–
				37	
–	**269,436**	**97,749**	**25,614**	**6,191**	**77,032**
$ (198 324)	$ 446 536	$ 142 904	$ 32 582	$ 10 807	$ 316 910

Sacred Heart Health System, Inc. and Subsidiaries

Details of Consolidated Balance Sheet

June 30, 2013
(Dollars in Thousands)

	Consolidated
Assets	
Current assets	
Cash and cash equivalents	$ 19,380
Accounts receivable less allowances for doubtful accounts ($80 742 and $88 678 in 2014 and 2013 respectively)	98,225
Current portion of assets limited as to use	4,302
Estimated third-party payor settlements	17,729
Intercompany accounts receivable	–
Inventories	17,650
Other receivables	10,953
Other current assets	7,415
Total current assets	175,654
Assets limited as to use and other long-term investments	13,697
Interest in investments held by Ascension	186,990
Property and equipment net	286,878
Other assets	
Land held for expansion	4,702
Investment in unconsolidated entities	33,546
Other	23,394
Total other assets	61,642
Total assets	$ 724,861
Liabilities and net assets	
Current liabilities	
Current portion of long-term debt	$ 1,807
Accounts payable and accrued liabilities	57,028
Estimated third-party payor settlements	6,619
Current portion of self-insurance liabilities	1,149
Intercompany accounts payable	10,899
Other current liabilities	–
Total current liabilities	77,502
Noncurrent liabilities	
Long-term debt	123,157
Self-insurance liabilities	2,850
Pension and other postretirement liabilities	13,453
Other Liabilites	
Deferred compensation	12,519
Other	27,273
Total noncurrent liabilities	179,252
Total liabilities	256,754
Net assets	
Unrestricted	
Controlling interest	457,357
Noncontrolling interest	1,802
Unrestricted net assets	459,159
Temporarily restricted	8,912
Permanently restricted	36
Total net assets	468,107
Total liabilities and net assets	$ 724,861

Reclassification/ Eliminations	Sacred Heart Hospital - Pensacola	Sacred Heart Hospital - Emerald Coast	Sacred Heart Hospital - Gulf	Sacred Heart Foundation	Other
$ –	$ 1 333	$ 293	$ 1	$ –	$ 17 753
–	55 272	17 099	1 740	–	24 114
–	193	141	81	3 887	–
–	14 619	2 551	517	–	42
(144 866)	29 627	51 122	30	56	64 031
–	12 819	3 337	261	–	1 233
(393)	934	77	446	20	9 869
–	2 619	429	120	55	4 192
(145 259)	117 416	75 049	3 196	4 018	121 234
–	4 196	3 225	831	5 445	–
–	150 147	3	–	–	36 840
–	136 080	42 387	31 367	13	77 031
–	4 702				
–	6 814				26 732
–	830	724	924	7	20 909
–	12 346	724	924	7	47 641
$ (145 259)	$ 420 185	$ 121 388	$ 36 318	$ 9 483	$ 282 746
$ –	$ 999	$ 498	$ –	$ 1	$ 309
(5)	26 558	4 736	614	98	25 027
–	5 881	724	–	–	14
–	1 149	–	–	–	–
(145 254)	52 893	1 273	316	4 161	97 510
(145 259)	87 480	7 231	930	4 260	122 860
–	68 420	34 116	–	49	20 572
–	2 535	256	22	–	37
–	8 062	1 112	–	59	4 220
–	596	275	–	2	11 646
–	7 848	1 704	2 832	102	14 787
–	87 461	37 463	2 854	212	51 262
(145 259)	174 941	44 694	3 784	4 472	174 122
–	240 856	73 328	31 622	4 729	106 822
–	–	–	–	–	1 802
–	240 856	73 328	31 622	4 729	108 624
–	4 388	3 366	912	246	–
–	–	–	–	36	–
–	245 244	76 694	32 534	5 011	108 624
$ (145 259)	$ 420 185	$ 121 388	$ 36 318	$ 9 483	$ 282 746

Sacred Heart Health System, Inc. and Subsidiaries

Details of Consolidated Statement of Operations and Changes in Net Assets

Year Ended June 30, 2014
(Dollars in Thousands)

	Consolidated
Operating revenue	
Net patient service revenue	$ 753,591
Less provision for doubtful accounts	83,777
Net patient service revenue less provision for doubtful accounts	669,814
Other revenue	21,189
Loss from unconsolidated entities	(3,205)
Net assets released from restrictions for operations	1,347
Gain on sale of assets	18
Total operating revenue	689,163
Operating expenses	
Salaries and wages	269,020
Employee benefits	63,112
Purchased services	63,821
Professional fees	37,412
Supplies	127,152
Insurance	3,725
Interest	5,336
Depreciation and amortization	30,938
Other	70,468
Total operating expenses before impairment restructuring and nonrecurring gains (losses) net	670,984
Income (loss) from operations before impairment restructuring and nonrecurring gains (losses) net	18,179
Impairment restructuring and nonrecurring gains (losses) net	(8,199)
Income (Loss) from operations	9,980
Nonoperating gains (losses)	
Investment return	21,750
Other	(1,120)
Total nonoperating gains (losses) net	20,630
Excess of revenues and gains over expenses and losses	30,610
Less noncontrolling interests	(1,963)
Excess of revenues and gains over expenses and losses attributable to controlling interest	28,647
Unrestricted net assets	
Excess of revenues and gains over expenses and losses	28,647
Pension and other postretirement liability adjustments	(1,535)
Transfers to sponsor and other affiliates net	(21,801)
Net assets released from restrictions for property acquisitions	3,336
Other	236
Increase (decrease) in unrestricted net assets controlling interest	8,883
Unrestricted net assets noncontrolling interest	
(Deficit) of revenues and gains over expenses and losses	(327)
(Decrease) in unrestricted net assets noncontrolling interest	(327)
Temporarily restricted net assets controlling interest	
Contributions and grants	3,961
Net change in unrealized gains losses on investments	80
Net assets released from restrictions	(4,683)
Other	–
(Decrease) in temporarily restricted net assets	(642)
Permanently restricted net assets	
Other	1
Increase in permanently restricted net assets	1
Increase (decrease) in net assets	7,915
Net assets beginning of year	468,107
Net assets end of year	$ 476,022

Eliminations	Sacred Heart Hospital - Pensacola	Sacred Heart Hospital - Emerald Coast	Sacred Heart Hospital - Gulf	Sacred Heart Foundation	Other
$ –	$ 418 338	$ 121 086	$ 12 570	$ –	$ 201 597
–	48 755	18 605	2 538	–	13 879
–	369 583	102 481	10 032	–	187 718
(159 800)	9 650	2 425	2 090	4 356	162 468
–	177	–	–	–	(3 382)
–	224	143	853	–	127
–	15	–	–	–	3
(159 800)	379 649	105 049	12 975	4 356	346 934
–	110 165	26 351	6 182	591	125 731
–	17 049	3 218	644	21	42 180
(413)	23 069	6 311	1 494	10	33 350
(132 961)	84 792	1 876	5 595	582	77 528
–	78 276	19 076	1 049	12	28 739
–	2 075	273	50	–	1 327
–	2 174	1 268	15	2	1 877
–	15 212	3 865	2 771	2	9 088
(22 707)	27 314	21 844	1 555	997	41 465
(156 081)	360 126	84 082	19 355	2 217	361 285
(3 719)	19 523	20 967	(6 380)	2 139	(14 351)
–	(4 439)	–	–	–	(3 760)
(3 719)	15 084	20 967	(6 380)	2 139	(18 111)
–	17 473	–	–	1 417	2 860
(463)	(213)	(32)	2	(88)	(326)
(463)	17 260	(32)	2	1 329	2 534
(4 182)	32 344	20 935	(6 378)	3 468	(15 577)
–	–	–	–	–	(1 963)
(4 182)	32 344	20 935	(6 378)	3 468	(17 540)
(4 182)	32 344	20 935	(6 378)	3 468	(17 540)
–	(918)	(127)	–	(7)	(483)
3 719	(9 236)	–	–	(2 291)	(13 993)
–	1 051	1 900	15	–	370
463	(281)	–	–	–	54
–	22 960	22 708	(6 363)	1 170	(31 592)
–	–	–	–	–	(327)
–	–	–	–	–	(327)
(5 079)	1 275	2 042	869	4 356	498
–	–	–	–	80	–
5 079	(1 275)	(2 042)	(869)	–	(5 576)
–	1 559	(1 652)	(557)	(4 428)	5 078
–	1 559	(1 652)	(557)	8	–
–	–	–	–	1	–
–	–	–	–	1	–
–	24 519	21 056	(6 920)	1 179	(31 919)
–	244 919	76 695	32 533	5 013	108 947
$ –	$ 269 438	$ 97 751	$ 25 613	$ 6 192	$ 77 028

Sacred Heart Health System, Inc. and Subsidiaries

Details of Consolidated Statement of Operations and Changes in Net Assets

Year Ended June 30, 2013
(Dollars in Thousands)

	Consolidated
Operating revenue	
Net patient service revenue	$ 730,851
Less provision for doubtful accounts	80,351
Net patient service revenue less provision for doubtful accounts	650,500
Other revenue	22,772
Loss from unconsolidated entities	(3,980)
Net assets released from restrictions for operations	1,921
Gain on sale of assets	503
Total operating revenue	671,716
Operating expenses	
Salaries and wages	272,615
Employee benefits	58,459
Purchased services	53,871
Professional fees	39,736
Supplies	132,546
Insurance	2,619
Interest	5,319
Depreciation and amortization	29,458
Other	74,602
Total operating expenses before impairment restructuring and nonrecurring gains (losses) net	669,225
Income (loss) from operations before impairment restructuring and nonrecurring gains (losses) net	2,491
Impairment restructuring and nonrecurring gains (losses) net	(5,479)
Income (Loss) from operations	(2,988)
Nonoperating gains (losses)	
Investment return	14,999
Other	(3,967)
Total nonoperating gains (losses) net	11,032
Excess of revenues and gains over expenses and losses	8,044
Less noncontrolling interests	(2,051)
Excess of revenues and gains over expenses and losses attributable to controlling interest	5,993
Unrestricted net assets	
Excess of revenues and gains over expenses and losses	5,993
Pension and other postretirement liability adjustments	1,278
Transfers to sponsor and other affiliates net	(10,645)
Net assets released from restrictions for property acquisitions	3,215
Other	38
Increase (decrease) in unrestricted net assets controlling interest	(121)
Unrestricted net assets noncontrolling interest	
(Deficit) of revenues and gains over expenses and losses	(231)
(Decrease) in unrestricted net assets noncontrolling interest	(231)
Temporarily restricted net assets controlling interest	
Contributions and grants	3,985
Net change in unrealized gains losses on investments	10
Net assets released from restrictions	(5,137)
Other	(38)
(Decrease) in temporarily restricted net assets	(1,180)
Permanently restricted net assets	
Other	–
Increase in permanently restricted net assets	–
Increase (decrease) in net assets	(1,532)
Net assets beginning of year	469,639
Net assets end of year	$ 468,107

Eliminations	Sacred Heart Hospital - Pensacola	Sacred Heart Hospital - Emerald Coast	Sacred Heart Hospital - Gulf	Sacred Heart Foundation	Other
$ –	$ 403 878	$ 110 402	$ 11 104	$ –	$ 205 467
	40 451	17 554	1 890	–	20 456
–	363 427	92 848	9 214	–	185 011
(150 881)	8 076	1 316	1 225	4 635	158 401
–	125				(4 105)
–	611	151	1 000	–	159
–	475	–	–	–	28
(150 881)	372 714	94 315	11 439	4 635	339 494
(757)	119 049	25 480	6 024	659	122 160
–	16 538	2 629	541	71	38 680
(495)	19 528	4 695	1 136	2	29 005
(120 080)	81 492	16 949	4 852	364	56 159
–	84 964	18 985	979	14	27 604
–	1 036	272	55	–	1 256
–	2 113	1 218	–	2	1 986
–	15 849	4 322	2 835	3	6 449
(26 315)	28 209	5 747	1 819	1 673	63 469
(147 647)	368 778	80 297	18 241	2 788	346 768
(3 234)	3 936	14 018	(6 802)	1 847	(7 274)
–	(3 704)	(58)	–	(23)	(1 694)
(3 234)	232	13 960	(6 802)	1 824	(8 968)
–	11 081	478	–	1 782	1 658
(819)	(2 754)	(92)	(10)	(69)	(223)
(819)	8 327	386	(10)	1 713	1 435
(4 053)	8 559	14 346	(6 812)	3 537	(7 533)
–	–	–	–	–	(2 051)
(4 053)	8 559	14 346	(6 812)	3 537	(9 584)
(4 053)	8 559	14 346	(6 812)	3 537	(9 584)
–	758	105	–	6	409
3 234	(9 791)	(14)	2 265	(2 236)	(4 103)
–	2 136	474	2	–	603
819	38	–	–	–	(819)
–	1 700	14 911	(4 545)	1 307	(13 494)
–	–	–	–	(29)	(202)
–	–	–	–	(29)	(202)
(5 787)	2 747	625	1 002	4 635	763
–	–	–	–	10	–
5 787	(2 747)	(625)	(1 002)	–	(6 550)
–	(762)	(379)	(57)	(4 627)	5 787
–	(762)	(379)	(57)	18	–
–	–	–	–	–	–
–	–	–	–	–	–
–	938	14 532	(4 602)	1 296	(13 696)
–	243 981	62 163	37 135	3 717	122 643
$ –	$ 244 919	$ 76 695	$ 32 533	$ 5 013	$ 108 947

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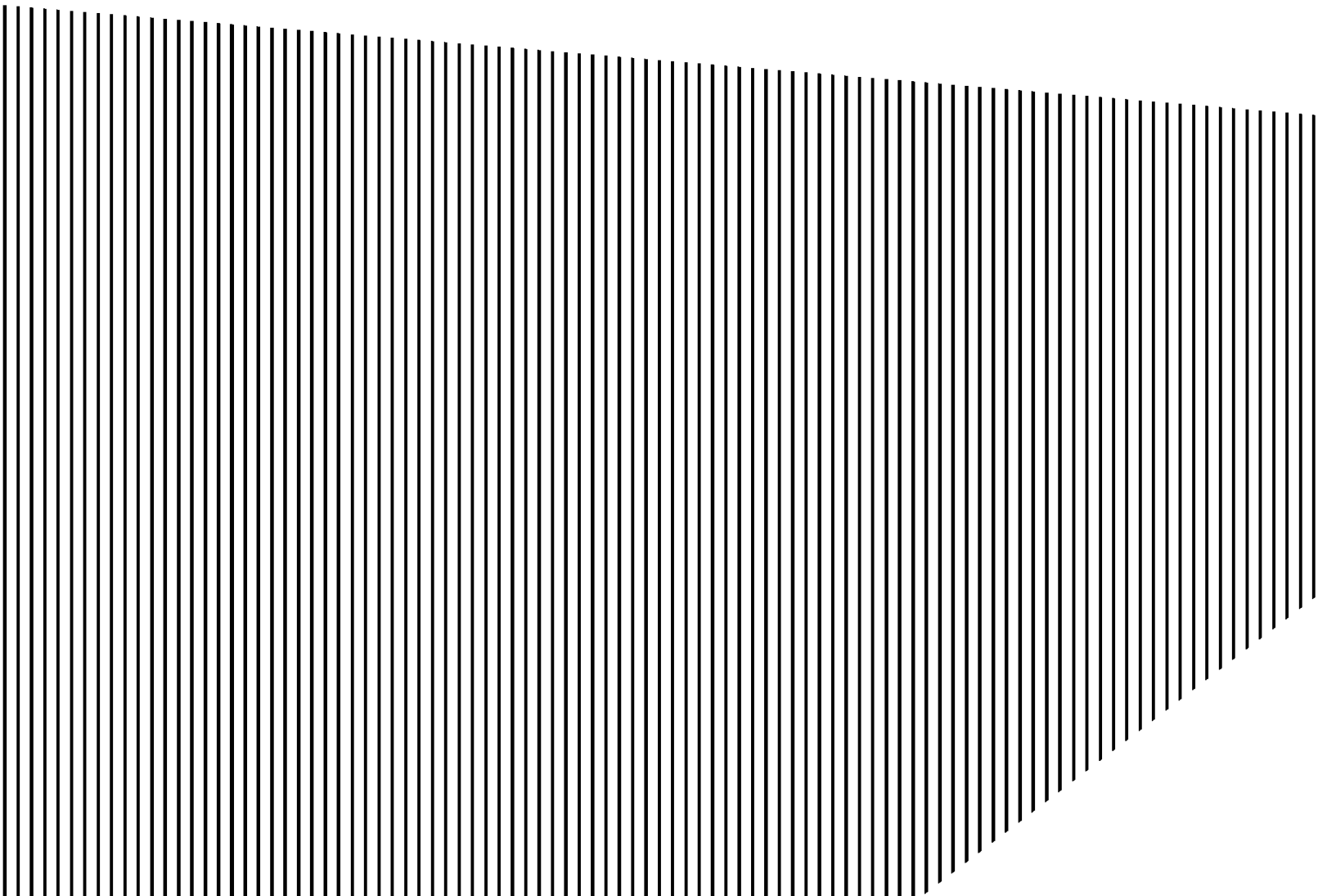

Additional Data

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Software Version:
EIN: 59-0634434
Name: Sacred Heart Health System Inc

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

(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			
Eric J Nickelsen Chairman	1 00 0 00	X		X				0	0	0
Susan L Davis RN President/CEO (start 1/14)	40 00 2 00	X		X				0	2,106,083	619,955
Richard R Baker Member	1 00 0 00	X						0	0	0
Michael L Burroughs Member	1 00 0 00	X						0	0	0
Debbie Calder Member	1 00 0 00	X						0	0	0
Sister Mary Jean Doyle Member	1 00 0 00	X						0	0	0
Robert A Emmanuel Member	1 00 1 00	X						0	0	0
Nancy A Fetterman Member (end 1/14)	1 00 1 00	X						0	0	0
John Forrester Member	1 00 0 00	X						0	0	0
Sister Nora Gatto DC Member	1 00 0 00	X						0	0	0
Sharon Kerrigan Member	1 00 0 00	X						0	0	0
Sister Lois O' Malley CSJ Member	1 00 0 00	X						0	0	0
Collier Merrill Member	1 00 0 00	X						0	0	0
Quint Studer Member	1 00 0 00	X						0	0	0
Adelaida B Torres MD Member	1 00 0 00	X						0	0	0
Carol Carlan President - Foundation	1 00 40 00			X				0	225,515	18,643
Roger Poitras President - SHMG	40 00 0 00			X				0	419,490	34,648
Carol Whittington VP - Human Resources	40 00 0 00			X				415,263	0	29,928
Susan Cornejo start 1013 Chief Financial Officer - SHHS	40 00 0 00			X				0	471,588	67,288
James Ward MD Chief Medical Officer	40 00 0 00			X				432,086	0	30,144
Henry Stovall President - SHHP	40 00 0 00			X				462,178	0	26,185
Roger Hall President - SHHEC & SHHG	1 00 0 00			X				363,432	0	27,918
Karen Emmanuel General Counsel	40 00 1 00			X				344,093	0	18,941
Denise Barton VP Business Development	40 00 1 00				X			218,794	0	23,360
Teresa D Smith VP Cancer Services	40 00 0 00				X			185,008	0	22,043

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

(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			
Kerry Eaton Chief Operating Officer	40 00 2 00				X			545,676	0	16,595
Amy Wilson Chief Nursing Officer	40 00 0 00				X			157,794	0	12,951
Justin Labrato CFO - SHMG	40 00 0 00				X			173,081	0	21,376
Nina Jeffords COO/CNO	40 00 0 00				X			199,824	0	16,153
Stephanie J Duggan MD CMO SHHP	40 00 0 00				X			403,297	0	29,474
Michael L Goodman MD Physician	40 00 0 00					X		2,222,111	0	49,050
William J Dobak MD Physician	40 00 0 00					X		1,212,043	0	43,179
Tarek Eldawy MD Physician	40 00 0 00					X		1,073,042	0	45,101
Paul A Tamburro MD Physician	40 00 0 00					X		972,283	0	29,599
Mark S Boatright MD Physician	40 00 0 00					X		972,758	0	41,357
Buddy Elmore Former CFO	0 00 2 00						X	492,108	0	36,246
Peter Heckathorn Former EVP SHMG	1 00 0 00						X	433,116	0	22,779
Laura A Irwin Former Employee	0 00 0 00						X	116,822	0	11,689
Dana N Bledsoe Former Employee	0 00 0 00						X	547,744	0	24,528